



New Veteran-Owned Business Veteran Verification Process

Business Entity Formation Fee
and Franchise Tax Waiver

Howdy! By now, you may have heard about the benefit that helps remove barriers for veterans who seek business formation. Effective January 2016, the new benefit waives the formation fee for new 100% veteran-owned business entities and relieves veteran-owned businesses of the Texas franchise tax for the initial five-year period (note: all businesses are still required to file a Franchise Tax Return).

To get started, here are some initial questions to help determine eligibility:

- Will this entity be 100% veteran-owned? (can be one or more veteran owners)
- Is/Are the veteran business owner(s) honorably discharged from **active** military duty, from any branch of the United States military, National Guard or Reserves?*

If you answered “yes” to these questions, chances are the business will qualify for the benefit.

The following pages outline the veteran verification process. *Hint.* Begin with the Texas Veterans Commission (TVC) to obtain a **Veteran Verification Letter of Honorable Discharge**.

We are here to help all veteran entrepreneurs regardless of eligibility. If you need assistance with your business or have any questions, please use the contact form at <https://www.tvc.texas.gov/entrepreneurs/>.

~ TVC Veteran Entrepreneur Program

**Please note, this process serves to verify that the individual submitting documents to the Texas Veterans Commission (TVC) in accordance with Section 171.0005(b) of the Texas Tax Code is an Honorably Discharged Veteran of the United States military. The DD-214 and NGB-22 are the only documents acceptable for veteran verification. If you served in the National Guard or Reserves and were activated and later discharged from active duty status, you should have (or be able to obtain) a DD214. The DD-214 and NGB-22 must contain the field “Character of Service” and the acceptable “Character of Service” is “Honorable” or “General Under Honorable Conditions”. The Texas Veterans Commission aims to process requests within 15 business days.*

Veteran Qualifying Categories and Instructions:

Before continuing with the veteran verification process, please read the additional information below to ensure you meet the acceptance criteria:

I. **Veteran who formed an entity prior to January 1, 2016**

If you are a veteran and you established your business prior to January 1, 2016, you do not qualify for the benefit.

II. **Veteran who formed an entity on or after January 1, 2016** and did not apply for veteran verification, follow this process for a refund of your formation fees:

If you have a veteran-owned business that was formed on or after January 1, 2016 and you did not submit the **Letter of Verification of Veterans Honorable Discharge*** (instructions on page 5 of this document) and [Certification of New Veteran-Owned Business](#) (PDF Form 05-904), you may submit those forms together under separate cover directly to the Texas Secretary of State's office. Please include a cover letter with your name and contact information and the entity name and file number and fax to (512) 463-5709 or email to: corpinfo@sos.texas.gov. Once received, if documents meet the requirements for qualification as a veteran-owned business, a refund will be issued for the filing fees if requested and the associated entity will be identified in the Texas Secretary of State records as a veteran-owned business.

*Remember to request your **Veteran Verification Letter of Honorable Discharge** from TVC first, then submit the remaining documentation as noted above.

III. **Veteran Forming a New Qualifying Business Entity**

If you are a veteran seeking to form a new veteran-owned business with the Texas Secretary of State, please submit to the Texas Secretary of State the following:

- **Veteran Verification Letter of Honorable Discharge** from the Texas Veterans Commission. Please do not send a copy of your Department of Defense Form 214 (DD214) to the Texas Secretary of State.
- Completed [Certification of New Veteran-Owned Business](#) (PDF Form 05-904) from the Texas Comptroller of Public Accounts, including the unique identification code from the **Letter of Verification of Veterans Honorable Discharge** from the Texas Veterans Commission (TVC).
- Certificate of Formation. Forms are available on the Texas Secretary of State website: www.sos.state.tx.us/corp/forms_boc.shtml.

The documents must be submitted to the Texas Secretary of State by mail, fax, or personal delivery to receive a waiver of formation filing fees. **Filing fees cannot be waived when submitting online through SOSDirect.**

IV. **Veteran Owned Business that is a Foreign or Out of State Entity:**

Whether a business entity is domestic or foreign does not depend on the location of the principal business office. Instead, it depends on where the entity was formed and what law governs its internal affairs. If an organization was formed under, and the internal affairs are governed by, the laws of a jurisdiction **other than Texas**, the organization is a “foreign entity.” We sometimes refer to foreign entities as out-of-state entities to reinforce the concept that entities formed in other U.S. states are foreign entities, as well as entities formed outside of the United States.

Foreign entities do not qualify for the benefit.

Please visit the Texas SOS website to understand the requirements and fees of registering your business in Texas: www.sos.state.tx.us/corp/foreign_outofstate.shtml.

NEW VETERAN-OWNED BUSINESS AND TEXAS FRANCHISE TAX: VERIFICATION CHECK-LIST

Step 1. Texas Veterans Commission (TVC)

To initiate the process, each veteran owner should contact a Veteran Entrepreneur Business Consultant (VEBC) via the newly updated web-form: <https://www.tvc.texas.gov/entrepreneurs>. On the form, choose the option: **“Request Veteran Verification/Unique Identifier”**. Your dedicated VEBC will contact you and you should be prepared to provide the following information and documents for the processing of your **Veteran Verification Letter**:

- Complete contact information including mailing address, email, and phone number (required to create your Veteran Verification Letter to be submitted to the Secretary of State).
- DD-214 or NGB-22 displaying full name, dates of service, rank at discharge, and character of service. **Character of service must be “Honorable” or “General Under Honorable Conditions”**.*
- Legal documentation (i.e. marriage/divorce) of name change if different from the DD-214 or NGB-22.

*Please take the necessary precautions to protect your personal information (i.e. redact or block your SSN). Also note, this process serves to verify that the individual submitting documents to the Texas Veterans Commission (TVC) in accordance with Section 171.0005(b) of the Texas Tax Code is an Honorably Discharged Veteran of the United States military. The DD-214 and NGB-22 are the only documents acceptable for veteran verification. If you served in the National Guard or Reserves and were activated and later discharged from active duty status, you should have (or be able to obtain) a DD214. The DD-214 and NGB-22 must contain the field “Character of Service” and the acceptable “Character of Service” is “Honorable” or “General Under Honorable Conditions”. The Texas Veterans Commission aims to process requests within 15 business days.

Step 2. Texas Comptroller of Public Accounts

- ❑ After the veteran owner(s) have received their **Veteran Verification Letter of Honorable Discharge** from the Texas Veterans Commission, download the [Certification of New Veteran-Owned Business](#) (PDF Form 05-904), and complete the form for all owner(s).

Step 3. Texas Secretary of State (SOS)

A veteran-owned business forming with the SOS must mail/fax the following documents to the SOS office:

- ❑ **Veteran Verification Letter of Honorable Discharge** for each owner of the business
- ❑ Texas Comptroller of Public Accounts [Certification of New Veteran-Owned Business](#) (PDF Form 05-904).
- ❑ SOS business entity formation document: https://www.sos.state.tx.us/corp/forms_boc.shtml.

Submit these documents to:

Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
Fax No.: (512) 463-5709
For filing assistance, please call the SOS: (512) 463-5555

Personal delivery can be made at:
James E. Rudder Bldg.
1019 Brazos St.
Austin, Texas 78701

**Step 4: Only applies to businesses NOT formed through
the Texas Secretary of State**

If you are forming a taxable business entity other than a corporation, limited liability company, limited partnership, limited liability partnership, or professional association, you must submit the following to the Texas Comptroller of Public Accounts office:

- Veteran Verification Letter of Honorable Discharge** for owner(s) of the business
- [Certification of New Veteran-Owned Business](#) (PDF Form 05-904)
- [Texas Business Questionnaire](#) (Comptroller Form AP – 224)

Submit these documents to:

Texas Comptroller of Public Accounts
P.O. Box 149348
Austin, TX 78714-9348

Resources

Texas Veterans Commission

Veteran Entrepreneur Program

1700 North Congress Avenue, Ste. 800

P.O. Box 12277

Austin, TX 78711

SB1049@tvc.texas.gov

www.tvc.texas.gov

Texas Comptroller of Public Accounts

P.O. Box 149348

Austin, TX 78714-9348

(512) 463-4402

www.comptroller.texas.gov

Texas Secretary of State

P.O. Box 13697

Austin, TX 78711

(512) 463-5555

www.sos.state.tx.us