



New Veteran-Owned Business Pre-Qualification Process

Business Entity Formation Fee
and Franchise Tax Waiver

Hi! You may have heard of the new benefits that remove barriers for veterans who want to form a business. Effective January 2022, the 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 5-year period. Don't get too excited! All businesses are required to file a franchise tax "No Tax Due" report every year and remember to check the Veteran-Owned Business box so your business remains in good standing.

Will your business qualify? If you answer "yes" to these questions, it may:

- 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? *
- Will this entity be formed between the dates of January 1, 2022, through December 31, 2025?

The following pages outline the veteran pre-qualification process.

**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. In determining veteran status, we refer to:*

- *Texas Code 434 § 022 (a) "veteran" means a person who has served in the army, navy, air force, coast guard, or marine corps of the United States; or (2) the Texas National Guard as defined by § 431.001 (4) "Texas National Guard" means the Texas Army National Guard and the Texas Air National Guard.*
- *38 U.S. Code § 101 - (2) The term "veteran" means a person who served in the active military, naval, air, or space service, and who was discharged or released therefrom under conditions other than dishonorable.*
- *13 CFR § 125.11 further states "A Reservist or member of the National Guard called to Federal active duty or disabled from a disease or injury incurred or aggravated in line of duty or while in training status also qualify as a veteran."*

If you have lost or are unable to locate proof of service, contact the National Archives:

<https://www.archives.gov/veterans/military-service-records>.

We are here to help all veteran entrepreneurs regardless of eligibility. For assistance, contact us at <https://www.tvc.texas.gov/entrepreneurs/contact-vep/>.

~ TVC Veteran Entrepreneur Program

Eligible Veteran-Owned Business Categories:

An eligible veteran-owned business must fit into one of three categories:

- I. Veteran Forming a New Qualifying Business Entity **after** January 1, 2022, and before December 31, 2025, **or**
- II. Veteran who formed an entity between January 1, 2016, and December 31, 2019, and **DID NOT** apply for the benefit during the effective dates; **or**
- III. Veteran who formed an entity between January 1, 2022, and December 31, 2025, and **DID NOT** apply for the benefit during the effective dates.

See Appendix A for non-eligible categories.

Pre-Qualification CHECK-LIST

Step 1. Texas Veterans Commission (TVC)

To initiate the process, visit the VEP landing page where detailed instructions explain the process: <https://www.tvc.texas.gov/entrepreneurs/>

Proof of **Honorable** or **General Under Honorable Conditions**:



- DD 214 - Service 2 or Member 4 copy, or
- NGB-22, or
- NA Form 13038, or
- Department of the VA benefits letter

See Appendix B for examples of acceptable documents.



Legal documentation (i.e., marriage/divorce) of name change if different from the document submitted to verify your service.

The Texas Veterans Commission strives to process requests within 10 business days.

Step 2. Texas Comptroller of Public Accounts

- ❑ After the veteran owner(s) have received their **Veteran Verification Letter** 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).
 - Include the unique identification code from the **Veteran Verification Letter** from the Texas Veterans Commission (TVC) for each veteran business owner
 - Input business entity name on this form EXACTLY as listed on the Certification of Formation application. Failure to be consistent in capitalization and/or punctuation will result in rejection of your application.

Step 3. Texas Secretary of State (SOS)

A veteran-owned business must submit the following documents to the SOS:

- ❑ **Veteran Verification Letter** 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.

You may submit these documents to the SOS:

- 1.) Electronically, by using SOSUpload, <https://direct.sos.state.tx.us/lef/index.aspx> -
Use Client Payment Option - (Not Credit Card)

OR

- 2.) By USPS - Mail to the Secretary of State Office:
P.O. Box 13697
Austin, TX 78711-3697

OR

- 3.) By facsimile to: (512) 463-5709

Filing fees **CANNOT** be waived if you submit these documents using SOSDirect.

NOTE: If you are requesting a **reimbursement of filing fees** you have already paid:

Email the **Veteran Verification Letter** and [Certification of New Veteran-Owned Business](#) (PDF Form 05-904) to the SOS at corpcert@sos.texas.gov. Please include your name, contact information, entity name, and file number.

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 SOS records as a veteran-owned business.

**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** 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

(512) 463-0519

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

1019 Brazos St.

P.O. Box 13697

Austin, TX 78711

(512) 463-5555

www.sos.state.tx.us

Appendix A

Non-Eligible Categories

- 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 between January 1, 2020, and December 31, 2021**
If you are a veteran and you established your business between January 1, 2020, and December 31, 2021, you **DO NOT QUALIFY** for the benefit.

- III. **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.

APPENDIX B

Examples of ACCEPTABLE documents

DD 214 Service-2 copy

SPECIAL ADDITIONAL INFORMATION		
23. TYPE OF SEPARATION DISCHARGE	24. CHARACTER OF SERVICE (Include upgrades) HONORABLE	
25. SEPARATION AUTHORITY AR 635-200, PARA 5-13	26. SEPARATION CODE	27. REENTRY CODE
28. NARRATIVE REASON FOR SEPARATION [REDACTED]		
29. DATES OF TIME LOST DURING THIS PERIOD (YYYYMMDD) NONE		30. MEMBER REQUESTS COPY 4 (Initials) [REDACTED]
DD FORM 214-AUTOMATED, FEB 2000 PREVIOUS EDITION IS OBSOLETE. GENERATED BY TRANSPROC		

✓ SERVICE-2

DD 214 Member-4 copy


SPECIAL ADDITIONAL INFORMATION (For use by authorized agencies only)		
23. TYPE OF SEPARATION	24. CHARACTER OF SERVICE (Include upgrades)	
25. SEPARATION AUTHORITY	26. SEPARATION CODE	27. REENTRY CODE
28. NARRATIVE REASON FOR SEPARATION		
29. DATES OF TIME LOST DURING THIS PERIOD (YYYYMMDD)		30. MEMBER REQUESTS COPY 4 (Initials)
DD FORM 214, AUG 2009 PREVIOUS EDITION IS OBSOLETE.		

✓ MEMBER - 4

NGB 22

23. AUTHORITY AND REASON NGR 600-200, 8-26(1) Medically unfit for Retention		
24. CHARACTER OF SERVICE Honorable	25. TYPE OF CERTIFICATE USED NGB Form 55	26. REENLISTMENT ELIGIBILITY RE-3
27. <input checked="" type="checkbox"/> REQUEST <input type="checkbox"/> DECLINE COPIES OF MY NGB FORM 22		
INITIALS _____		
NGB FORM 22 1 Nov 95 (Replaces NGB Form 22, dated 1 Feb 83, which is obsolete)		
INDIVIDUAL COPY (1) M Plaintiff		


✓

 UNITED STATES OF AMERICA	
Certification of Military Service	

<i>This certifies that</i>	[REDACTED]
<i>was a member of the</i>	United States Navy
<i>from</i>	AUGUST 22, 1980
<i>to</i>	AUGUST 8, 1983
<i>Service was terminated by</i>	Honorable Discharge
<i>Last Grade, Rank, or Rating</i>	AME3
<i>Active Service Dates</i>	Same As Above
Date of Birth: [REDACTED]	Place of Birth: BROWNSVILLE, TEXAS

Given at St. Louis, Missouri on 06/25/2009	National Personnel Records Center (Military Personnel Records) National Archives and Records Administration
<small>THE ARCHIVIST OF THE UNITED STATES IS THE PHYSICAL CUSTODIAN OF THIS PERSON'S MILITARY RECORD This Certification of Military Service is issued in the absence of a copy of the actual Report of Separation or its equivalent. This document serves as verification of military service and may be used for any official purpose. Not valid without official seal.</small>	
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION	NA FORM 13038 (REV. 04-01)

Department of the VA benefits letter

	DEPARTMENT OF VETERANS AFFAIRS 810 Vermont Ave NW Washington, D.C. 20420								
<p>October 07, 2016</p> <p>John Doe 100 1st Street Leander, TX 78641</p> <p style="text-align: right;">In Reply Refer to: xxx-xx-1234 27/eBenefits</p>									
<p>Dear Mr. Doe:</p> <p>This letter certifies that John Doe was discharged from the U.S Armed Forces having served during the following period(s):</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 25%;">Branch of Service</td> <td style="width: 25%;">Entered Active Duty</td> <td style="width: 25%;">Discharged</td> <td style="width: 25%;">Character of Service</td> </tr> <tr> <td>Army</td> <td>January 12, 1987</td> <td>August 31, 2012</td> <td>Honorable</td> </tr> </table>		Branch of Service	Entered Active Duty	Discharged	Character of Service	Army	January 12, 1987	August 31, 2012	Honorable
Branch of Service	Entered Active Duty	Discharged	Character of Service						
Army	January 12, 1987	August 31, 2012	Honorable						