



VETERAN ENTREPRENEUR
PROGRAM

NEW

VETERAN-OWNED BUSINESS

PRE-QUALIFICATION

PROCESS

Business Entity Formation Fee
and
Franchise Tax Waiver



OVERVIEW

The Veteran Verification Letter is a NEW benefit removing barriers for veterans starting a new business.

Effective 1 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.

All businesses must file a Franchise Tax “No Tax Due” report every year, due 15 May. If 15 May falls on a weekend or holiday, the due date is the next business day.

QUALIFYING

Answering **YES** to each question may qualify the veteran(s) for the Veteran Verification Letter

1. Will the proposed entity be 100% veteran-owned?
 - a. Multiple veterans may own one business to make up 100% ownership
2. Is each veteran owner **honorably discharged** from active military service, from any branch of the United States Military, Texas National Guard, or Reserves?
3. Will the new entity form between 1 January 2022 and 31 December 2025?

38 U.S. Code 101 (18) - The term "discharge or release" includes:

- A. Retirement from the active military, naval, or air service, and
- B. The satisfactory completion of the period of active military, naval or air service for which a person was obligated at the time of entry into such service in the case of a person who, due to enlistment or reenlistment, was not awarded a discharge or release from such period of service at the time of such completion thereof and who, at such time, would otherwise have been eligible for the award of a discharge or release under conditions other than dishonorable.



PRE-QUALIFICATION PROCESS

*This process serves to verify each 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 the following:

- Texas Code Sec. 434.022 (2) "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 Section 431.001 (4) "Texas National Guard" means the Texas Army National Guard and the Texas Air National Guard.
- 38 U.S. Code 101 - (2) "veteran" means a person who served in the active military, naval, or air 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."

REQUESTING RECORDS

If you have lost or are unable to locate proof of service, a veteran may request proof of service in the following ways:

National Archives:

<https://www.archives.gov/veterans>

Department of Veterans Affairs:

<https://www.va.gov/records/>

Submit Request in Writing:

<https://www.archives.gov/files/standard-form-180.pdf>

Alternate Sources of Military Service Data, when proof of military service is needed, NPRC (MPR) attempts to reconstruct certain basic service data from alternate sources:

<https://www.archives.gov/files/st-louis/military-personnel/na-13075-questionnaire-about-military-service.pdf>



ELIGIBLE VETERAN-OWNED BUSINESS CATEGORIES

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

- I. Veteran forming a New Qualifying Business Entity on or **after** 1 January 2022 and **before** 31 December 2025
- or**
- II. Veteran who formed an entity between 1 January 2016 and 31 December 2019, and **did not** apply for the benefit during the effective dates (must be within 5 years to qualify)
- or**
- III. Veteran who formed an entity between 1 January 2022 and 31 December 2025, and **did not** apply for the benefit during the effective dates.

NON-ELIGIBLE CATEGORIES

I. *Veteran who formed an entity before 1 January 2016:*

You **do not qualify** for the benefit if you are a veteran and established a business before 1 January 2016.

II. *Veteran who formed an entity between 1 January 2020 and 31 December 2021:*

You **do not qualify** for the benefit if you are a veteran and established your business between 1 January and 31 December 2021.

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 often refer to **foreign entities** as **out-of-state** entities to reinforce the concept that entities formed in other U.S. states are foreign entities and entities formed outside the United States.

Foreign entities do not qualify for the benefit.

To understand the requirements and fees of registering your business in Texas, please visit the Texas Secretary of State (SOS):

https://www.sos.state.tx.us/corp/foreign_outofstate.shtml



PRE-QUALIFICATION CHECKLIST

STEP 1

Texas Veterans Commission, Veteran Entrepreneur Program

To initiate the process, visit the VEP landing page by clicking on the Red "Connect with a Business Consultant" button below

[CONNECT WITH A BUSINESS CONSULTANT](#)

Be prepared to share the following documentation as proof of **Honorable** or **General Under Honorable Conditions** discharge:

Discharge Documents:

- DD 214 - Service Copy 2 or Member 4 Copy (remove SSN) **or**
- Texas NGB-22, **or**
- NA Form 13038, **or**
- Department of Veteran Affairs Benefit Summary and Service Verification Letter (*one letter generated through eBenefits*)

**Must show the branch of service, dates of service, and character of service*

***See Appendix A for examples of each form*

Legal Documents:

- Marriage Certificate
- Divorce Decree
- Court Document

**Legal documents are needed when the veteran's name differs from the discharge document.*



STEP 2

Texas Comptroller of Public Accounts

Upon receipt of the Veteran Verification Letter from the Texas Veterans Commission, Veteran Entrepreneur Program, the veteran(s) will receive step-by-step instructions on the following two steps.

- Download and complete [Form 05-904](#) - Certification of New Veteran-Owned Business
 - Each owner must complete their part on the form

Information Needed:

- Unique ID for each owner found on the Veteran Verification Letter from the TVC VEP
- The business entity name must match **exactly** as listed on the Certification of Formation application.

**Failure of an exact match (capitalization/punctuation) will result in a notice of rejection*

STEP 3

Texas Secretary of State (SOS)

**Step-by-step instructions on submitting this request are provided upon receipt of the Veteran Verification Letter from the VEP.*

Required Documents for a successful submission:

- Veteran Verification Letter for each owner of the business
- Texas Comptroller of Public Accounts [Form 05-904](#)
- SOS business entity [formation document](#)

Way to submit documents to SOS:

1. Electronically: through [SOS Upload](#) (Client Payment Option)
2. USPS: Secretary of State Office PO Box 13697 Austin, TX 78711-3697
3. Fax: 512.463.5709

Filing fees **cannot be waived when submitted through SOSDirect*



Reimbursement of Filing Fees:

1. Provide TVC VEP with a Certificate of Formation
2. Completed [Form 05-904](#)
3. Business primary industry
4. Once qualifications are met as a New Veteran-Owned Business, VEP will provide instructions on requesting a filing fee refund and identification as a Veteran-Owned Business through the SOS.

STEP 4

Texas Comptroller of Public Accounts

ONLY apply to businesses NOT formed through the Texas Secretary of State

Formation of a Taxable entity **OTHER THAN** a Corporation, Limited Liability Company, Limited Partnership, Limited Liability Partnership, or Professional Association, the veteran must submit the following documents to the **Texas Comptroller of Public Accounts Office:**

Required Documents for a successful submission:

- Veteran Verification Letter for each owner of the business
- Texas Comptroller of Public Accounts [Form 05-904](#)
- Texas Business Questionnaire ([Comptroller Form AP-224](#))

Submit via USPS:

Texas Comptroller of Public Accounts PO Box 149348 Austin, TX 78714-9348



RESOURCES

Texas Veterans Commission
Veteran Entrepreneur Program
PO Box 12277
Austin, TX 78711
<https://www.tvc.texas.gov/entrepreneurs/>

Texas Comptroller of Public Accounts
PO Box 149348
Austin, TX 78714-9348
512.463.4402
<https://www.comptroller.texas.gov>

Texas Secretary of State
PO Box 13697
Austin, TX 78711
512.463.5555
<https://sos.state.tx.us>



APPENDIX A

Acceptable Document Examples

DD 214 Service Copy 2

SPECIAL ADDITIONAL INFORMATION (For use by authorized agencies only)		
23. TYPE OF SEPARATION RELEASED FROM ACTIVE DUTY FOR TRAINING	24. CHARACTER OF SERVICE (include upgrades) HONORABLE	
25. SEPARATION AUTHORITY MARCORSEPMAN 1005	26. SEPARATION CODE MBK2	27. REENTRY CODE N/A
28. NARRATIVE REASON FOR SEPARATION COMPLETION OF REQUIRED ACTIVE SERVICE		
29. DATES OF TIME LOST DURING THIS PERIOD (YYYYMMDD) NONE		30. MEMBER REQUESTS COPY 4 (Initials) TP
DD FORM 214, AUG 2009		PREVIOUS EDITION IS OBSOLETE.
		SERVICE - 2 Adobe Designer 8.0

DD 214 Member 4

SPECIAL ADDITIONAL INFORMATION (For use by authorized agencies only)		
23. TYPE OF SEPARATION RELEASE FROM ACTIVE DUTY	24. CHARACTER OF SERVICE (include upgrades) HONORABLE	
25. SEPARATION AUTHORITY AR 635-200, CHAP 4	26. SEPARATION CODE MBK	27. REENTRY CODE 1
28. NARRATIVE REASON FOR SEPARATION COMPLETION OF REQUIRED ACTIVE SERVICE		
29. DATES OF TIME LOST DURING THIS PERIOD (YYYYMMDD) NONE		30. MEMBER REQUESTS COPY 4 (Initials) DAO
DD FORM 214, AUG 2009		PREVIOUS EDITION IS OBSOLETE. GENERATED BY TRANSPROC
		MEMBER - 4

NGB 22

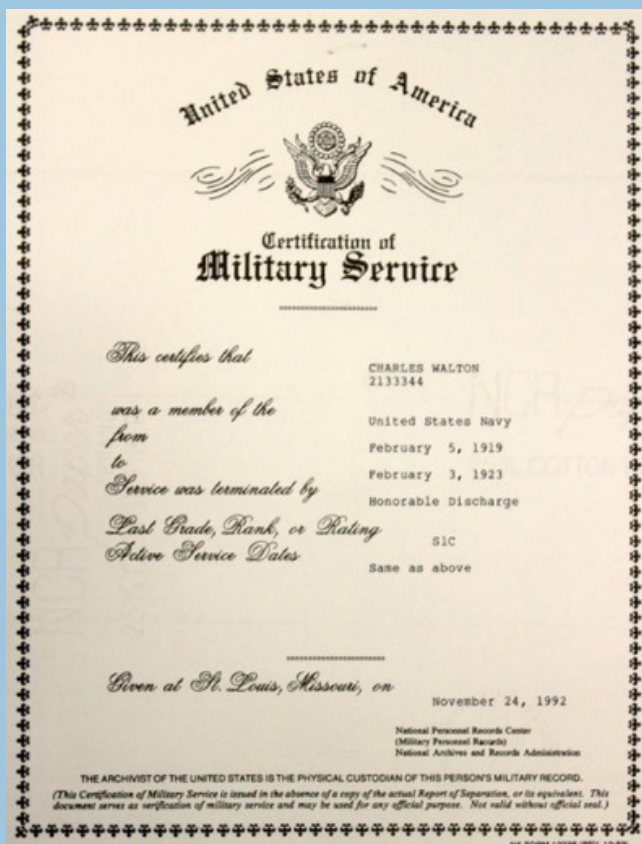
23. AUTHORITY AND REASON AFI 36-3212, Paragraph CHAPTER 8: PHYSICAL DISABILITY-PERMANENT-RETIREMENT-PDRL, SPD: SEJ		
24. CHARACTER OF SERVICE HONORABLE	25. TYPE OF CERTIFICATE USED NGB Form 438	26. REENLISTMENT ELIGIBILITY 6P
27. <input checked="" type="checkbox"/> REQUEST <input type="checkbox"/> DECLINE COPIES OF MY NGB FORM 22 INITIALS <u>Not Present</u>		
NGB FORM 22 EF (Replaces NGB Form 22 dated 1Feb 83, which is obsolete) 1 NOV 96		INDIVIDUAL COPY IF REQUESTED-2



APPENDIX A

Acceptable Document Examples

NA Form 13038



Benefit Summary Letter



Service Verification Letter

Military Information

Your most recent, verified periods of service (up to three) include:

Branch of Service	Character of Service	Entered Active Duty	Released/Discharged
Army	Honorable	February 07, 2001	May 31, 2006

(There may be additional periods of service not listed above.)

VA Benefit Information

You have one or more service-connected disabilities:	Yes
Your combined service-connected evaluation is:	80%
Your current monthly award amount is:	\$2292.15
The effective date of the last change to your current award was:	December 01, 2022
You are considered to be totally and permanently disabled due solely to your service-connected disabilities:	No