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Disclaimer: This manual has been written for the purposes of a training tool and as a reference guide for the auditor. Any references to taxability, administrative policies, laws, and rules are subject to change due to administrative hearings and actions of the courts or legislature. While the content of the manual is current as of the revision date, the reader is responsible for any changes occurring after this date and should verify the current status of any information by contacting the Comptroller of Public Accounts toll free at 800-252-5555.

Preface

This procedure manual has been written for the auditor. It is to be used as a training tool and as a reference guide for auditing for the cement production tax.

The information contained in this manual is current as of the date listed at the top of each page. Users of this manual are responsible for any changes that occur after that date.

References to taxability of individual items, administrative policies, or tax law and rules are provided for guidance and are subject to change due to administrative hearings and actions of courts or the legislature.

Before relying on this information, the taxpayer and other users should verify the current status of any information by contacting the Comptroller of Public Accounts. Call toll free 800-531-5441. The regular telephone number is 512-463-4600.

Chapter 1

Introduction to Cement Production

- [Historical Background](#)
- [Production Processes](#)
 - [Quarrying, Dredging, and Digging](#)
 - [Grinding](#)
 - [Blending](#)
 - [Fine Grinding](#)
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- [Flow Charts of Manufacturing Process](#)
 - [Typical Manufacturing Processing Flow Chart](#)
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Historical Background

The term cement is commonly used to refer to powdered materials which develop strong adhesive qualities when combined with water. These materials are more properly known as hydraulic cements. Gypsum plaster, common lime, hydraulic limes, natural pozzolana, and Portland cements are the more common hydraulic cements, with Portland cement being the most important in construction.

Cement was first invented by the Egyptians. Cement was later reinvented by the Greeks and the Babylonians who made their mortar out of lime. Later, the Romans produced cement from pozzolana, an ash found in all of the volcanic areas of Italy, by mixing the ash with lime.

Cement is a fine grayish powder which, when mixed with water, forms a thick paste. When this paste is mixed with sand and gravel and allowed to dry it is called concrete.

About ninety-nine percent of all cement used today is Portland cement. The name Portland cement is not a brand name. This name was given to the cement by Joseph Aspdin of Leeds, England who obtained a patent for his product in 1824. The concrete made from the cement resembled the color of the natural limestone quarried on the Isle of Portland in the English Channel. The balance of cement used today consists of masonry cement, which is fifty percent Portland cement and fifty percent ground lime rock.

The first cement manufactured in the United States was produced in 1871 by David Saylor of Coplay, Pennsylvania.

There are two types of raw materials which are combined to make cement:

- Lime-containing materials, such as limestone, marble, oyster shells, marl, chalk, etc.
- Clay and clay-like materials, such as shale, slag from blast furnaces, bauxite, iron ore, silica, sand, etc.

It takes approximately 3,400 lbs. of raw materials to make one ton (2,000 lbs.) of Portland cement. The mixture of materials is finely ground in a raw mill. The resultant raw mix is burned in a rotary kiln at temperatures around 4482 degrees Celsius to form clinker. The clinker nodules are then ground with about 3 % gypsum to produce cement with a fineness typically of less than 90 micrometers.

Production Processes

The production of cement takes place with several steps:

- Quarrying of limestone and shale
- Dredging the ocean floor for shells
- Digging for clay and marl
- Grinding
- Blending of components
- Fine grinding
- Burning
- Finish grinding
- Packaging and/or shipping

Quarrying, Dredging, and Digging

Quarrying of limestone and shale is accomplished by using explosives to blast the rocks from the ground. After blasting, huge power shovels are used to load dump trucks or small railroad cars for transportation to the cement plant, which is usually nearby.

The ocean floor is dredged to obtain the shells, while clay and marl are dug out of the ground with power shovels. All of the raw materials are transported to the plant.

Grinding

After the raw materials have been transported to the plant, the limestone and shale which have been blasted out of the quarry must be crushed into smaller pieces. Some of the pieces, when blasted out, are quite large. The pieces are then dumped into primary crushers which reduce them to the size of a softball. The pieces are carried by conveyors to secondary crushers which crush the rocks into fragments usually no larger than 3/4 inch across.

Blending

After the rock is crushed, plant chemists analyze the rock and raw materials to determine their mineral content. The chemists also determine the proportions of each raw material to utilize in order to obtain a uniform cement product. The various raw materials are then mixed in proper proportions and prepared for fine grinding.

Fine Grinding

When the raw materials have been blended, they must be ground into a fine powder. This may be done by one of two methods:

- Wet process, or
- Dry process

The wet process of fine grinding is the older process, having been used in Europe prior to the manufacture of cement in the United States. This process is used more often when clay and marl, which are very moist, are included in the composition of the cement. In the wet process, the blended raw materials are moved into ball or tube mills which are cylindrical rotating drums which contain steel balls. These steel balls grind the raw materials into smaller fragments of up to 200 of an inch. As the grinding is done, water is added until a slurry (thin mud) forms, and the slurry is stored in open tanks where additional mixing is done. Some of the water may be removed from the slurry before it is burned, or the slurry may be sent to the kiln as is and the water evaporated during the burning.

The dry process of fine grinding is accomplished with a similar set of ball or tube mills; however, water is not added during the grinding. The dry materials are stored in silos where additional mixing and blending may be done.

Burning

Burning the blended materials is the key in the process of making cement. The wet or dry mix is fed into the kiln, which is one of the largest pieces of moving machinery in the industry. It is generally twelve feet or more in diameter and 500 feet or more in length, made of steel and lined with firebrick. It revolves on large roller bearings and is gradually slanted with the intake end higher than the output end.

As the kiln revolves, the materials roll and slide downward for approximately four hours. In the burning zone, where the heat can reach 3,000 degrees Fahrenheit, the materials become incandescent and change in color from purple to violet to orange. Here, the gases are driven from the raw materials, which actually change the properties of the raw materials. What emerges is “clinker” which is round, marble-sized, glass-hard balls which are harder than the quarried rock. The clinker is then fed into a cooler where it is cooled for storage.

Finish Grinding

The cooled clinker is mixed with a small amount of gypsum, which will help regulate the setting time when the cement is mixed with other materials and becomes concrete. Here again there are primary and secondary grinders. The primary grinders leave the clinker, ground to the fineness of sand, and the secondary grinders leave the clinker ground to the fineness of flour, which is the final product ready for marketing.

Packaging/Shipping

The final product is shipped either in bulk (ships, barges, tanker trucks, railroad cars, etc.) or in strong paper bags which are filled by machine. In the United States, one bag of Portland cement contains 94 pounds of cement, and a “barrel” weighs four times that amount, or 376 pounds. In Canada, one bag weighs 87 1/2 pounds and a “barrel” weighs 350 pounds.

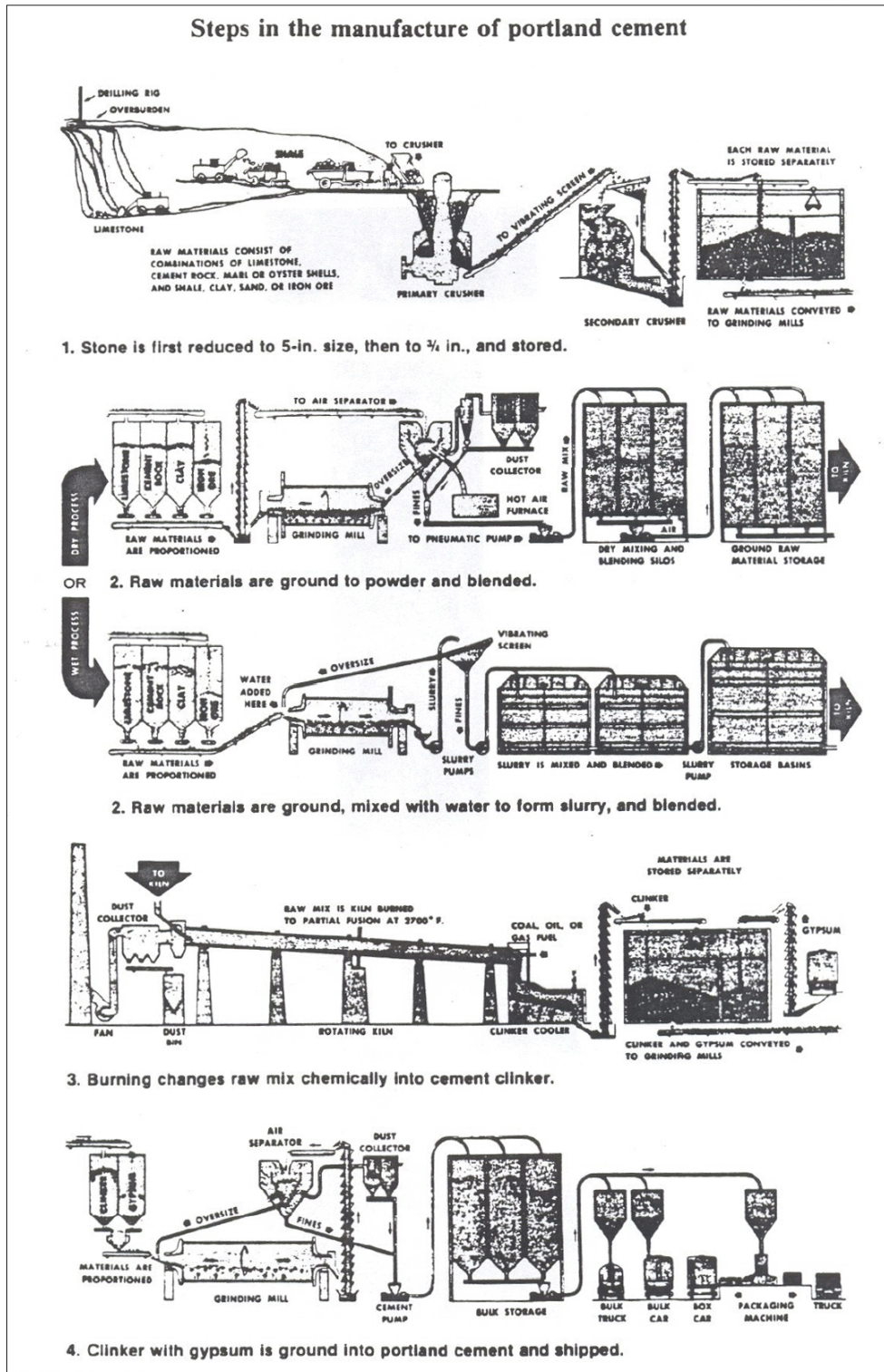
Masonry cement bags contain only seventy pounds of cement.

When cement is shipped, the shipping documents may include “sack weights.” This must be verified by the auditor since only the cement is taxable. “Sack weights” must be excluded.

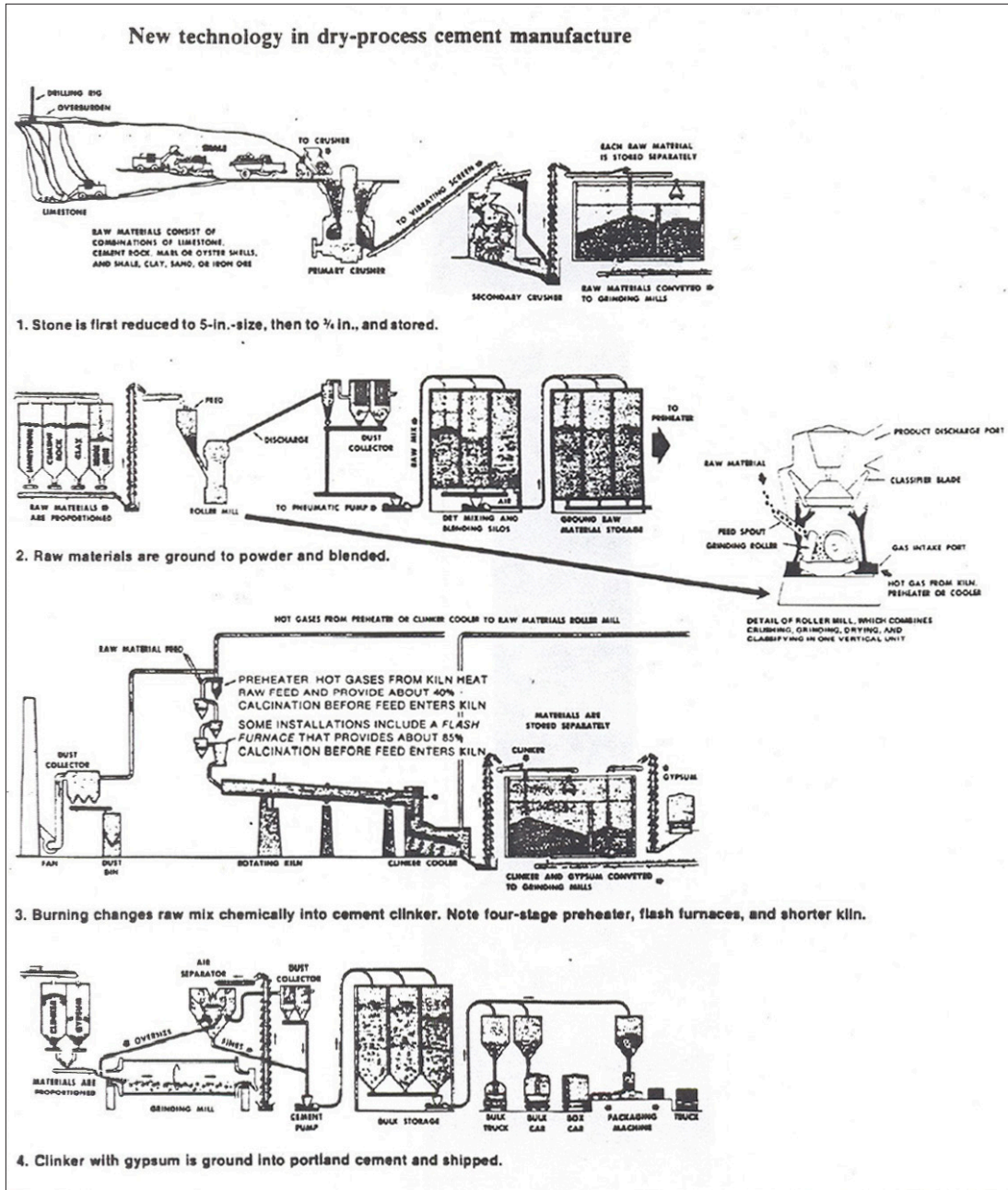
Flow Charts of Manufacturing Process

The following pages contain flowcharts of the manufacturing process of Portland cement. The first chart represents the process in approximately ninety percent of the plants currently in operation. The second chart represents the process being used in approximately ten percent of the plants currently in operations. However, the second process is the one being adopted for virtually all new cement plants.

Typical Manufacturing Processing Flow Chart



Newer Manufacturing Process Flow Chart



Chapter 2

Taxability of Cement

- [Introduction](#)
 - [Example #1](#)
 - [Example #2](#)
 - [Rate of Tax](#)
- [Importing Cement](#)
- [Masonry Mix and Masonry Cement](#)
- [Flue Dust](#)
- [Exemptions](#)
- [Credit for Other Taxes](#)
- [Penalties](#)
 - [Late Filing Penalty](#)
 - [Additional 50% Penalty](#)
- [Form #30-100: Texas Cement Production Tax Report \(PDF\)](#)

Introduction

The Texas Cement Production Tax is an occupation tax imposed on a person who:

1. Manufactures or produces cement in, or imports cement into, the state; **and**
2. Distributes or sells the cement in intrastate commerce or uses the cement in the state.

Thus, two criteria for taxability must be met, and the tax does not accrue until both conditions occur. In addition, the tax is a state tax only, and cement is not subject to any local taxes.

The tax is computed on the amount of cement distributed, sold, or used by the person for the **first time** in intrastate commerce, and the tax applies to only one distribution, sale, or use of cement. Any subsequent sales, distributions, or uses of the cement in Texas would not be subject to **any** tax.

The tax statute includes both Portland cement and masonry cement.

Example #1

Cement Manufacturer: located in Louisiana

Contractor: located in Texas

Job Site: Houston, Texas

Facts: Louisiana manufacturer ships the cement, via common carrier, directly to the contractor at the Houston jobsite

Tax due: Texas Cement Production Tax

Tax due from: Contractor

Reason: The two criteria, listed above, have been met: the cement has been imported into and used in Texas. The contractor, as both the importer and user of the cement in Texas, is responsible for the tax.

In this example, if any of the cement is returned to the Louisiana manufacturer unused, the contractor would not be held liable for the cement tax on the portion returned because the second criteria, use in Texas, has not been met.

Example #2

Cement Manufacturer: located in Texas

Contractor: located in Texas

Job Site: Houston, Texas

Facts: Texas manufacturer ships the cement, via common carrier, directly to the contractor at the Houston jobsite

Tax due: Texas Cement Production Tax on the total volume sold

Tax due from: Texas manufacturer

Reason: The cement was both manufactured and sold in Texas. The manufacturer is responsible for the tax.

Rate of Tax

The rate of the tax imposed by this chapter is \$0.0275 for each 100 pounds or fraction of 100 pounds of taxable cement.

The Texas Cement Production Tax Report lists the tax rate as \$0.55 per ton, rounded to the nearest whole ton. The rate is the same as listed in the statute. The tax report was changed due to the fact that most taxpayers account for their production in tons. The tax is due on or before the 25th day of each month, and it is due from the person on whom the tax is imposed: either the manufacturer located in Texas if the cement was sold in Texas or on the importer of cement from an out-of-state manufacturer.

One-fourth of the revenue from the tax is deposited to the credit of the foundation school fund and three-fourths to the general revenue fund.

Importing Cement

Cement manufactured out of state or imported and sold to a Texas customer is not taxable to the manufacturer or importer unless the manufacturer or importer is doing business in Texas and then only if title to the cement passes within Texas. However, the tax would be due from the purchaser if the cement was sold, distributed, or used in Texas.

Masonry Mix and Masonry Cement

Masonry mix, also known as ready mix, is an “instant” concrete, whereby cement, sand, and gravel have already been mixed and only water needs to be added to the sack contents to produce concrete. Masonry mix is taxable under Limited Sales, Excise, and Use Tax, and it is not taxable under Cement Production Tax. The cement within the masonry mix should have been taxed under the Cement Production Tax at the time the cement was used in making the masonry mix, if made in Texas. The ultimate consumer of the masonry mix would owe the Limited Sales, Excise, and Use Tax.

Masonry cement contains more lime and other materials and must be mixed with sand, gravel, and water in the correct proportions in order to produce concrete. Masonry cement is taxable under the Cement Production Tax, and it is not taxable under the Limited Sales, Excise, and Use Tax.

In some cases it may be difficult to determine whether a product should be taxed under the Cement Production Tax or under the Limited Sales, Excise, and Use Tax. Manufacturers will market their products under various trade names such as Sacrete, Gravel Mix, Masonry Mix, Trinity Mix, Cemix, Premix, etc. Regardless of the brand name, the test as to whether a product

is cement or a concrete mix is how the item is used as well as any additional information supplied by the manufacturer, contained on the product label. Generally, if the product is labeled as cement, it is taxable as cement. If the product is labeled as a concrete mix, it is subject to the sales and use tax, and the cement contained in the prepared mix should have been taxed at the time that it was manufactured.

Flue Dust

Flue dust is a waste by-product created from the manufacture of cement. It is not taxable under the Cement Production Tax statute.

Exemptions

The statute allows two exemptions from the tax imposed in Chapter 181. These exemptions are:

1. Any interstate sale or distribution of cement – Section 181.004, and
2. Any subsequent sale, distribution or use of cement in Texas – Section 181.001(c) states that the tax applies to only one distribution, sale, or use of cement

In addition to these two statute exemptions, Texas Attorney General Opinion No. 0-476, dated May 18, 1939 and Opinion No. 4847, dated October 19, 1942, state that the State of Texas cannot impose an occupation tax upon itself. Therefore, if one of the exempt entities listed below purchases cement from an out-of-state manufacturer and uses the cement in Texas, that use would be exempt from the Cement Production Tax. The exempt entities are:

- Cities, towns, or villages of Texas;
- Counties of Texas;
- State of Texas;
- Independent school districts in Texas;
- State-operated colleges and universities

However, if a Texas manufacturer sells and distributes cement to one of the above-listed entities, the manufacturer would be liable for the Cement Production Tax (occupation tax).

Credit for Other Taxes

Credit is not given for any taxes paid to other states, even if legally due. For example, if a Texas customer takes delivery of cement from a Louisiana supplier, pays a legally imposed sales tax, and immediately imports and uses the cement in Texas, Cement Production Tax would be owed by the customer. The Texas customer could not offset this tax by the amount of sales and use tax paid to the Louisiana supplier.

Penalties

Late Filing Penalty

If a person on whom the tax is imposed fails to file a report by the due date, a penalty will be due in the following amounts:

- If the report is 1 – 30 days late, a 5% penalty will be due on the delinquent tax amount
- If the report is more than 31 days late, an additional 5% penalty (for a total of 10%) will be due on the delinquent tax amount
- The minimum penalty is \$1

Interest will begin to accrue on any delinquent tax amounts beginning on the 61st day after the due date. For all tax reports due after December 31, 1999, the interest charged is a variable rate based on the prime interest rate plus 1%. The prime rate of interest is based on the published rate in *The Wall Street Journal* on the first day of each calendar year that is not a Saturday, Sunday, or legal holiday.

Note: For reports that were due on or before December 31, 1999, the interest rate was 12% simple interest.

Additional 50% Penalty

Effective for audits started on or after September 1, 1989, an additional penalty of 50 % of the amount due may be assessed. Section 111.061 of the State Taxation – Collection Procedures allows for this additional 50% penalty if:

1. The failure to pay the tax or file a report when due was a result of fraud or an intent to evade the tax; or
2. The taxpayer alters, destroys, or conceals any record, document, or thing, or presents to the comptroller any altered or fraudulent record, document, or thing, or otherwise engages in fraudulent conduct, for the apparent purpose of affecting the course or outcome of an audit, investigation, redetermination, or other proceeding before the comptroller.

This penalty is in addition to any penalty previously mentioned (Sec. 203.101).

Chapter 3

Audit Procedures

- [Pre-Audit Research and Review](#)
 - [Terminal Inquiries](#)
 - [Audit History](#)
 - [Summary Information Page Example](#)
 - [Report Information Example](#)
 - [Data Information Example](#)
 - [Payment Information Example](#)
 - [Collection Information Example](#)
 - [Status of Refund Claims Example](#)
- [Entrance Conference](#)
- [Records to Examine](#)
 - Production Reports
 - Inventory Records
 - Purchases Records
 - Sales Records
 - Use Records
- [Verifications](#)
- [Exit Conference](#)
- [Audit Plan](#)

Pre-Audit Research and Review

This chapter covers some of the activities that will be helpful when conducting these audits. This chapter is by no means meant to be exhaustive or exclusive.

Terminal Inquiry

The following terminal inquiries are available on the CICS system. These are inquiries that may prove useful and provide information on your specific taxpayer identification number. Inquiries on related entities may also provide information on outlet locations and business activities pertinent to your audit.

- XICOLL.taxpayer#.tax type. - displays period and audit collection balances, both open and closed.
- MTSUMM.taxpayer#. - displays master inquiry and summary status for all applicable taxes, indicating the taxes the taxpayer is currently set up for on the system
- MTBALS.taxpayer#. - displays the current outstanding tax balance.
- XIXREF.taxpayer#. - cross-references assigned refunds and successor/predecessor liabilities.
- XIREFS.taxpayer#.tax type.sub-type#. - displays refunds for a specified period.

- MTIGDI.taxpayer# . – displays multi-tax document index transactions by taxpayer.
- LISUMM.indicator.case id or bankrupt id . – displays bankruptcy summary information.
- NAMNUM.search code.exactness code.zip code.taxpayer name . – displays name vs. number.
 - Search Code:
 - 1 - Personal
 - 2 - Business
 - 3 - Bond Company
 - Exactness Code
 - 1 - Personal Code Match
 - 2 - Narrow Search
 - 3 - Wide Search

Audit History

The Audit History is a computer-generated summary of all transactions relating to a particular tax account. Each report filed by a taxpayer becomes a part of the history. The Audit History is divided into the following sections:

- Summary Page
- Report Information
- Data Information
- Payment Information
- Collection Information
- Status of Refund Claims

The history information in the *Auditing Fundamentals Manual* is also applicable to Cement Production. An audit should not be started without a current Audit History. As with all other taxes, an Audit History for the Cement Production Tax is requested via XIRPTS on the CICS System.

Summary Information Page Example

PROGRAM: T00141	COMPTROLLER OF PUBLIC ACCOUNTS	DATE: 05/24/05			
	CEMENT PRODUCTION TAX	PAGE: 1			
REQUESTED BY: AUDITOR, IMA	TAXPAYER HISTORY FROM 0401 TO 0503				
OFFICE: AUDIT HEADQUARTERS	SUMMARY PAGE				
TAXPAYER #: 12345678903					
ABC CEMENT, INC.	PHONE NUMBER:	713 - 123-4567			
123 MAIN STREET	SEC ADDRESS :	NO			
HOUSTON TX 77250	CNTY/ST CODE :	HARRIS			
	FIELD OFFICE :	2H36			
LAST REPORT FILED: 0503	ACCOUNT STATUS:	MONTHLY - 9401			
OPEN LIABILITIES: 0	FIRST BUS DATE:	01/03/1994			
OPEN CREDITS: 0	OOB DATE:				
OPEN NON-FILERS: 0	ORGANIZATION TYPE:	FRGN PROFIT CORP - OOS			
TOTAL NON-FILERS: 0	PAYEE HOLD WAIVED:	NO			
NUMBER HOT CHECKS: 0	MGMT HALT STATUS:	NO MGMT HALT			
PRIORITY FLAG: YES	SECURITY STATUS:	BOND NOT POSTED			
PPA: NO					
LIENS: 0					
JUDGEMENTS: NO					
BART/VDA ASSIGNMENT: NO					
AUDIT OFFICE:	BANKRUPT STATUS:	NO			
AUDITOR:	CHAPTER TYPE:				
AUDIT TYPE:	BAR DATE:				
AUDIT REASON:	BANKRUPTCY CONFIRMATION DATE:				
	PRIOR AUDIT	PRIOR AUDIT	PRIOR AUDIT	PRIOR AUDIT	PRIOR AUDIT
AUDIT TYPE					
PERIOD	TO	TO	TO	TO	TO
AMOUNT					
HOURS SPENT					
ERROR CODES					
AUDIT OFFICE					
AUDITOR					
ASSESSED TAX					
REPORTED TAX					

Besides useful taxpayer information, prior audit information would be listed on this page.

Report Information Example

PROGRAM: T00142	COMPTROLLER OF PUBLIC ACCOUNTS				DATE: 05/24/05
	CEMENT PRODUCTION TAX				PAGE: 2
REQUESTED BY: AUDITOR, IMA	TAXPAYER HISTORY FROM 0401 TO 0503				
	REPORT INFORMATION				
TAXPAYER #: 12345678903					
TAXPAYER NAME: ABC CEMENT, INC.					
SUBTYPE: - CEMENT PRODUCTION TAX					

PERIODS	ESTIMATED	NON-FILER	LATE	VALID JUDGMENT	VALID CERTIFICATION
	RETURNS	RETURNS	RETURNS	PERIODS	PERIODS
0401	___	___	___	___	___
0402	___	___	___	___	___
0403	___	___	___	___	___
0404	___	___	___	___	___
0405	___	___	___	___	___
0406	___	___	___	___	___
0407	___	___	___	___	___
0408	___	___	___	___	___
0409	___	___	___	___	___
0410	___	___	___	___	___
0411	___	___	___	___	___
0412	___	___	___	___	___
0501	___	___	___	___	___
0502	___	___	___	___	___
0503	___	___	___	___	___

The Report Information section will list any “Estimated Returns,” “Non-Filer Returns,” “Late Returns,” “Valid Judgment Periods,” or “Valid Certification Periods” during the requested period. An “X” will appear in the applicable period and category. XIDATA or XIPMTS inquiries on CICS should be run to ensure that there were not any amended returns during the period. The DUE DAY inquiry can be used to determine the correct due date for a report period. Returns should not be considered late if no Taxable Tons were reported (“zero returns”).

Data Information Example

PROGRAM: T22140		COMPTROLLER OF PUBLIC ACCOUNTS		DATE: 05/24/05	
		CEMENT PRODUCTION TAX		PAGE: 3	
REQUESTED BY: AUDITOR, IMA		TAXPAYER HISTORY FROM 0401 TO 0503			
DATA INFORMATION					
TAXPAYER #: 12345678903					
TAXPAYER NAME: ABC CEMENT, INC.					
PRD	POSTMARK DATE	TOTAL TONS	TAXABLE TONS	TAX RATE	TAX DUE
0401	02/20/2004	87,961.97	87,962	0.5500	48,379.10
0402	03/19/2004	81,391.61	81,392		44,765.60
0403	04/26/2004	104,045.01	104,045		57,224.75
0404	05/25/2004	94,921.39	94,921		52,206.55
0405	06/25/2004	90,208.62	90,209		49,614.95
0406	07/26/2004	87,120.43	87,120		47,916.00
0407	08/20/2004	105,364.59	105,365		57,950.75
0408	09/20/2004	102,575.54	102,576		56,416.80
0409	10/08/2004	101,688.61	101,689		55,928.95
0410	11/26/2004	91,481.67	91,482		50,315.10
0411	12/16/2004	85,550.60	85,551		47,053.05
0412	01/24/2005	99,981.86	99,982		54,990.10
0501	02/25/2005	105,150.42	105,150		57,832.50
0502	03/21/2005	88,225.03	88,225		48,523.75
0503	04/25/2005	113,023.64	113,024		62,163.20
		1,438,690.99	1,438,693		791,281.15
A=AMENDED PERIOD					
E=ESTIMATED PERIOD					
T=TRANSFERRED OUT					

The Data Information will list the “Total Long Tons,” “Taxable Tons,” “Tax Rate,” and “Tax Due” by period. In addition, the “Postmark Date” for the report filed will be listed. The auditor should examine all reported amounts for any fluctuations that appear to be unusual. These fluctuations may indicate a change in personnel, accounting procedures, or internal control. These fluctuations need to be considered when choosing periods for preliminary testing or sampling.

Payment Information Example

PROGRAM: T00145			COMPTROLLER OF PUBLIC ACCOUNTS					DATE: 5/24/05
			CEMENT PRODUCTION TAX					PAGE: 4
REQUESTED BY: AUDITOR, IMA			TAXPAYER HISTORY FROM 0401 TO 0503					
			PAYMENT INFORMATION					
TAXPAYER #: 12345678903								
TAXPAYER NAME: ABC CEMENT, INC.								
PERIOD	PMK DATE	PAYMENT DESC	AMOUNT	XFER TAX	XFER PER	XFER TP#	CANCEL DATE	CANCEL REF
0401	2/25/04	LC-REPORT PAYMENT	40,379.10					

		TOTAL	40,379.10					
0402	3/25/04	LC-REPORT PAYMENT	44,765.60					

		TOTAL	44,765.60					
0403	4/26/04	LC-REPORT PAYMENT	57,224.75					

		TOTAL	57,224.75					
0404	5/25/04	LC-REPORT PAYMENT	52,206.55					

		TOTAL	52,206.55					
0405	6/25/04	LC-REPORT PAYMENT	49,614.95					

		TOTAL	49,614.95					
0406	7/26/04	LC-REPORT PAYMENT	47,916.00					

		TOTAL	47,916.00					
0407	8/25/04	LC-REPORT PAYMENT	57,950.75					

		TOTAL	57,950.75					

NOTE: This page would continue and would list a grand total of payments of 751,281.15

The above report lists the postmark dates and types of payments made during each period. Cement Production Tax is due on a monthly basis.

Collection Information Example

PROGRAM: T00148	COMPTROLLER OF PUBLIC ACCOUNTS	DATE: 5/24/05
	TAXPAYER HISTORY FROM 0401 TO 0503	PAGE: 6
REQUESTED BY: AUDITOR, IMA	COLLECTION INFORMATION	
TAXPAYER #: 12345678903		
TAXPAYER NAME: ABC CEMENT, INC.		
CEMENT PRODUCTION TAX - TAX CODE 22:		
0504	.00 .00 .00	CANNOT COMPUTE RETURN NOT DUE
0505	.00 .00 .00	CANNOT COMPUTE RETURN NOT DUE
DIRECT PAYMENT SALES TAX - TAX CODE 27:		
0505	.00 .00 .00	CANNOT COMPUTE RETURN NOT DUE
*** END OF COLLECTION INFORMATION ***		

This section of the Audit History lists any collection activity for the taxpayer during the requested period for all taxes.

Status of Refund Claims

PROGRAM: T00149	COMPTROLLER OF PUBLIC ACCOUNTS	DATE: 5/24/05							
	CEMENT PRODUCTION TAX	PAGE: 7							
REQUESTED BY: AUDITOR, IMA	TAXPAYER HISTORY FROM 0105 TO 0505								
	STATUS OF REFUND CLAIMS								
TAXPAYER #: 2345678903									
TAXPAYER NAME: ABC CEMENT, INC.									
PROCESS DATE	UNIQ NO	DLN	BEGIN PERIOD	END PERIOD	PURCHASES	STATE TAX PAID ON PURCHASES	AMOUNT OF REFUND CLAIM	AMOUNT OF CLAIM PAID	CLAIM PAID
*** DIESEL									
10/30/02	1	02298142049	7/01/02	9/30/02	0.00	0.00	392.00	392.00	10/10/03
STATUS: PAID ALL OF APPROVED AMOUNT									
9/12/02	2	02253190380	4/01/02	4/30/02	0.00	0.00	3,888.64	3,888.64	1/18/03
STATUS: PAID ALL OF APPROVED AMOUNT									
*** END OF REFUND CLAIMS ***									

This section of the Audit History lists the status of refund claims by the taxpayer for all taxes.

Entrance Conference

The entrance conference section (Chapter 4) of the *Auditing Fundamentals Manual* also applies to the Cement Production Tax. Some items to discuss with the taxpayer's representative(s) that are peculiar to Cement Production would be:

- In the audit plan, list the taxpayer's representatives who attend the entrance conference.
- Does the taxpayer understand the taxability of cement and the exemptions?
- Does the taxpayer understand the difference between taxability of masonry cement and masonry mix?
- Does the taxpayer understand that the use of cement in making other cement products is taxable if the cement used was manufactured, produced, or imported into Texas?
- Is cement being imported?
- Is cement being purchased? If the cement is being purchased from a Texas vendor, obtain the name and address of the vendor.
- How does the taxpayer account for the total intrastate distribution, sale, and/or use of cement?
- Does the taxpayer deliver cement to out-of-state customers or does the customer take possession of the cement in Texas?
- Determine all activities performed by the taxpayer:
 - Is the cement being manufactured or produced?
 - Determine all locations of facilities.
 - What are all of the products the taxpayer sells?
 - What other distribution or use of cement does the taxpayer make in Texas?
- Discuss audit procedures
 - Audit period
 - Sampling and projection procedures
 - Possibility of obtaining statute extension agreement (Be sure to use the correct due dates of the returns extended, when completing the agreement – i.e. the last day of the calendar month following the end of the quarter).

Records to be Examined

Generally, the records to be examined consist of:

- Production reports
 - These reports may be maintained on a daily, weekly, or monthly, basis by the taxpayer
 - Production reports should show the quantity of cement produced within the given time period
 - What cut-off date is the taxpayer using to record production?
- Inventory records
 - These records should show the quantity of cement on hand at any given time, detailing increases and decreases to the inventory.
- Purchase records
 - These should indicate the name and location of vendor, location of cement prior to shipment, and the quantity purchased. Records of cement imported may or may not be included.
- Sales records
 - Invoices
 - Purchase orders
 - Shipping documents
 - Sales ledger
 - Beginning Inventory + Production + Purchases – Ending Inventory – Cement Used = Sales of Cement
 - The records listed above should be used to determine quantity of sales, locations of customers, and delivery points of cement sold (intrastate versus interstate)
- Use Records
 - Inventory records of withdrawals of cement for own use
 - Intra-company invoices
 - Expense records of withdrawals
 - Cost records of manufacturing components
 - The records listed above should be used to determine withdrawals of cement for own use, intra-company transfers, etc.

Verifications

Verify the taxpayer's method of reporting the following:

- Total pounds of cement manufactured in Texas
- Total pounds of cement imported into Texas
- Total pounds of cement exported from Texas
- Total pounds of cement distributed, sold, or used in intrastate commerce
- Tax due

Verify the different weights of each type of cement

- Cement may be sold in bulk by tons (2,000 pounds), in sacks of Portland cement (94 pounds each), or in sacks of masonry cement (70 pounds each).
- Verify the taxpayer's computations of taxable tons.
- Are conversions from sacks or hundredweights to tons correct?
- Are fractions of tons counted as a whole?
- Are weights of the sacks themselves erroneously deducted from the quantities of cement?

Is the taxpayer using the calendar month for reporting the monthly tax returns or is an earlier cut-off date being used?

For each test period, the auditor should compare all manufacturing or production reports, inventory records, purchase records, sales records, and use records to the tax returns.

- Manufacturing or production reports should be examined to determine the quantity of cement, in pounds, manufactured or produced in Texas or imported into Texas from manufacturing or production facilities located outside of Texas.
- Inventory records should be examined to determine sources of increases to inventory and disposition of decreases to inventory.
- Purchase records should be examined to determine the quantity of cement imported into Texas. All cement shipped into Texas (imported) would be taxed upon the first sale, distribution, or use of cement in Texas. This includes:
 - The purchase of cement from outside of Texas or outside the United States and shipped into Texas, and
 - The intra-company shipment of cement into Texas from a facility outside of Texas for sale, distribution, or use.
- Purchase records should be examined to determine the quantity of cement purchased from the Texas vendors. If cement is being purchased from other Texas vendors, as well as being manufactured and/or imported into Texas, the cement purchased from other Texas vendors is not subject to tax by the purchaser since the tax should have been paid by the seller. However, if the cement purchased from other Texas vendors is commingled with the cement manufactured and/or imported and it cannot be identified when sold, then an allowance will not be given for the cement purchased in Texas, and previously taxed, when it is sold, distributed, or used intrastate unless the amount sold, distributed, or used intrastate exceeds the amount manufactured and/or imported. This will occur when bulk cement is purchased and commingled with manufactured and/or imported bulk cement.
 - This should be determined for the entire audit period rather than on a monthly basis.
 - Two general rules can be used in calculating the credit or allowance for cement purchased in Texas:
 - Rule #1:** If intrastate sales are **less** than the total manufactured plus imported + beginning inventory, then a credit or allowance is **not** given.
 - Rule #2:** If intrastate sales **exceed** the total manufactured + imported plus beginning inventory, then a credit or allowance **can** be given for all intrastate sales in **excess** of the total manufactured + imported + beginning inventory.

Examples:

- Beginning Inventory: 50,000 lbs.
- Imported into Texas: 500,000 lbs.
- Manufactured in Texas
 - » 100,000 lbs.
 - » 650,000 lbs.
- Purchases from Texas Vendors: 800,000 lbs.
- Total: 1,450,000 lbs.

If intrastate sales are equal to or less than 650,000 pounds, credit cannot be given.

If intrastate sales exceed 650,000 pounds, then credit can be given for all sales in excess of 650,000.

Note #1: Beginning inventory is assumed to be manufactured and/or imported into Texas unless otherwise proven.

Note #2: The given figures are a total for the entire audit period.

Note #3: Any credit given is prorated on a monthly basis for the entire audit period unless a more equitable basis can be established.

- Sales records should be examined to determine the quantity of cement distributed or sold in intrastate commerce. “Distributed or sold in intrastate commerce” is considered to be a transaction in which possession has been transferred within Texas from the manufacturer or importer to the customer. The customer’s address should not be relied upon to determine transfer of possession. Shipping documents should be examined to determine destination. This would include:
 - Sale or distribution of cement from Texas vendor to Texas customer;
 - Sale or distribution of cement from Texas vendor to out-of-state customer where the out-of-state customer takes possession in Texas;
 - Sale or distribution of cement from Texas vendor to Texas customer when the cement is manufactured in Texas, stored in the vendor’s warehouse out-of-state, and subsequently delivered to the Texas customer at a Texas destination. This may be shown as an export on the taxpayer’s books, but it would be taxable when delivered back into Texas;
 - Sale or distribution of cement from Texas vendor to out-of-state customer where the destination point is located within Texas.

If the audit is conducted based on sales, then purchased and manufactured cement records should also be audited to determine if all cement is accounted.

In auditing intrastate sales of cement, purchases from Texas vendors are not to be included in the total amount subject to tax if identifiable.

- Use records should be examined to determine the quantity of cement used in Texas. Taxable uses would include cement manufactured, produced, or imported into Texas and used for:
 - Construction
 - Combinations to produce different products such as “ready-mix”, “pre-mix”, or any mixture of cement and other ingredients
 - Performing a service such as cementing operation in well servicing companies

All reported and audited monthly totals should be rounded up to the next highest ton. Do not round down.

Exit Conference

- Explain to the taxpayer the audit procedures performed. This would include a discussion of the following:
 - All records examined
 - A detail description of audit procedures utilized, audit adjustments and flow of audit package
 - Minor errors for which no adjustments were made
 - Applicable law, rulings and proper reporting procedures
 - Additional information the taxpayer may obtain to reduce the liability
 - Taxpayer’s disagreements with the audit - these should be clearly understood by the auditor and documented
 - The reconciliation conference should be offered if the taxpayer disagrees.
 - The “What If I disagree with my audit results” brochure should be given to the taxpayer.
- Other procedures which should be discussed with the taxpayer include:
 - The billing process (whether penalty waiver will be recommended and policies and procedures pertaining to penalty and interest). The “What If I disagree with my Audit” brochure should be given to the taxpayer.
 - Payment should be requested.
 - Redetermination procedures must be explained.

Audit Plan

The Record of Audit Planning, Activities, and Results is the form that documents the audit plan for every audit and should be completed as the audit progresses. Continuation pages are available for use and generally will be necessary to record all information. It is important for the auditor to document all appropriate and pertinent information. Refer to the *Auditing Fundamentals Manual* for documentation that is required.

Chapter 4

Audit Write-Up

- [Introduction](#)
- [Schedules and Forms](#)
 - [Audit Cover Letter, Example](#)
 - [Audit Report, Example](#)
 - [Index to Working Papers, Example](#)
 - [Audit Adjustment Report, Example](#)
 - Audit Adjustment Report (Front), Example
 - Audit Adjustment Report (Back), Example
 - [Tax Adjustment Summary](#)
 - Tax Adjustment Summary Example
 - [Exam 100 Example](#)
 - [Exam 200 Example](#)

Introduction

The result of an audit will be a deficiency, whereby tax is due to the state, a credit audit, whereby taxes are due to the taxpayer, or a no tax change audit. A no tax change means that the reported amounts were correct and no audit adjustments are required. The write up procedures are different depending on the audit results.

The write up of a cement production tax audit is considered a manual audit write up as opposed to a limited sales and use tax audit, an uploaded audit, which is an automated tax. Since the cement production tax is not automated on the system, the actual tax amounts need to be calculated by the auditor on Excel schedules. These schedules are discussed later in this chapter.

A deficiency audit results when the taxpayer owes additional cement production tax to the State of Texas. In addition to the additional tax, the taxpayer will also be assessed penalty and interest. The taxpayer has the right to disagree with the audit results if they feel the audit is not accurate in its assessment. If an audit results in a credit due the taxpayer, credit interest will accrue on reporting periods due on or after January 1, 2000.

When an audit examination results in no adjustments, then a No Tax Change audit should be prepared. Refer to the *Auditing Fundamentals Manual* for specifics. An amended audit is an adjustment to a completed audit, usually as a result of a hearings decision. Refer to the *Auditing Fundamentals Manual* for write-up procedures for an amended audit.

Schedules and Forms

Audit write-up includes completion of the following:

- Record of Audit Planning, Activities, and Results
- Exhibits (if any)
- Exams (schedules) and Supplemental Exams (supporting schedules)
- Index to Working Papers (Template)

- Audit Adjustment Report (Form)
- Tax Adjustment Summary (Auditor generated Exam)
- Audit Cover Letter (Template)
- Audit Report (Template)

See the *Auditing Fundamentals Manual* for specific examples or explanations of the documents, exhibits, templates and/or forms listed above.

A few of these documents are shown below.

Audit Cover Letter, Example

March 18, 2005

Thomas C. Smith

Vice-President of Finance

ABC Cement, Inc.

123 Main Street

Houston, Texas 77250

RE: Taxpayer Number 17412345678

Dear Mr. Smith:

Our audit, conducted in accordance with the Cement Production Tax Statute, is complete. The audit covered the period January 1, 2004 through December 31, 2004 and resulted in an adjustment in the amount shown on the attached Texas Notification of Audit Results. We have included a pre-addressed envelope for your payment convenience. For an explanation of the interest calculations, contact the Audit Processing Section of the Revenue Refund Division at 800-531-5441 extension 3-4479.

We have waived the penalty for periods which were originally filed on time. However, we have not waived interest. Interest waiver is considered only where written, documented proof exists that a taxpayer relied to its detriment on misinformation from the State. If you disagree with our decision, you may request a redetermination hearing by our Legal Services Division.

Audit adjustments are explained on the enclosed Audit Report.

At the exit conference, you agreed with the audit results. You were provided with the brochure 'Dispute Resolution Conference' (Form 96-321-T) and advised of your right to meet with a dispute resolution officer. I also provided you with the brochure 'What if I don't agree with the results of my audit?' (Form 96-129) and advised you of the requirements necessary to initiate a formal redetermination hearing.

If you have any questions, please contact me in the Houston South Audit Office at 713-665-1200. Thank you for your cooperation during the audit.

Ima Auditor

Auditor

NOTE: The Eules Processing Center (RPC) takes the form letter submitted with the audit package and generates a new letter and mails to the taxpayer. Auditors need to use the "FORM OPTION" for the cover letter template when printing the cover letter to submit to the Processing Center.

Audit Report, Example

AUDIT REPORT

ABC Cement, Inc.

Taxpayer Number 17412345678

January 1, 2004 through December 31, 2004

This report summarizes adjustments made in the audit.

1. A detail examination was completed for Exam 100. Adjustments were made for calculation errors.
2. A detail examination was completed for Exam 200. Adjustments were made for underreporting of total tons of cement distributed intrastate.

Index to Working Papers, Example

ABC Cement, Inc. Houston, Texas TP#17412345678		
INDEX TO WORKING PAPERS		
DESCRIPTION		PAGES
AUDIT ADJUSTMENT REPORT		1
TAX ADJUSTMENT SUMMARY		1
Exam 100 CALCULATION ERRORS		1
Exam 200 UNDERREPORTED TOTAL TONS DISTRIBUTED		1

Audit Adjustment Report

The Audit Adjustment Report (AAR) is a form that needs to be completed by the auditor. The amounts on this form should be subtotaled by column. The AAR shown on the index is the automated computer printout that the Processing Center will add to the final audit package that is mailed to the taxpayer. This is the result from the information input by the Processing Center from the manual form prepared by the auditor.

Double check the amounts shown on the AAR manually to ensure that the tax entered on that form is the correct tax amount as shown on the Exam schedules. Differences noted could be rounding formulas in the Excel spreadsheet.

Tax Adjustment Summary

This is the auditor generated Excel schedule that summarizes the tax due for all report periods in the audit. The Exams (that are referenced as sources for the numbers on the Tax Adjustment Summary) should be listed on the index and included in the audit package. The Tax Adjustment Summary should be totals that are forwarded from all Exam schedules that contain audit adjustments. The Excel spreadsheets should be double checked for any formulas and rounding that may affect the calculation of the tax. This is important as rounding may change the tax due. Double check the AAR manually to ensure that the tax entered is correct and that there are no math (rounding) errors.

Tax Adjustment Summary Example

ABC CEMENT, INC.				Auditor initials: IA	
HOUSTON, TEXAS				PAGE 1 OF 1	
TAX ADJUSTMENT SUMMARY				TP#17412345678	
(1)	(2)	(3)	(4)	(5)	(6)
REPORT PERIOD	CALCULATION ERRORS (TONS)	ADDITIONAL TONS DISTRIBUTED	ADDITIONAL TAXABLE TONS	TAX RATE	TOTAL TAX ADJUSTMENTS
	FROM EXAM 100	FROM EXAM 200	COL. 2 + COL. 3		COL. 4 * COL. 5
0401	344	897	1,241	\$0.55	\$682.55
0402	287	875	1,162	\$0.55	639.10
0403	232	961	1,193	\$0.55	656.15
0404	242	407	649	\$0.55	356.95
ALL OTHER PERIODS - NO ADJUSTMENTS					
Total Tax	1,105	3,140	4,245		\$2,334.75
Adjustment					

Exam 100 Example

ABC CEMENT, INC. HOUSTON, TEXAS CALCULATION ERRORS			EXAM 100 PAGE 1 OF 1 TP#17412345678	
(1) REPORT PERIOD	(2) TONS DISTRIBUTED INTRASTATE	(3) REPORTED TONS	(4) ADDITIONAL TONS	
	*	AUDIT HISTORY	Col. 2 - Col. 3	
0401	990	646	344	
0402	1,058	658	287	
0403	1,092	743	232	
0404	984	637	242	
ALL OTHER PERIODS - NO ADJUSTMENTS				
TOTALS	4,124	2,684	1,105	

*From Distribution Reports

NOTES:

1. Col. 4 quarterly amounts to Audit Adjustment Report (AAR)

Above schedule is included in the manual for illustration purposes only and is not to be construed as the accepted format. All audit schedules will need to be tailored to the audit situations encountered and to the auditors' needs.

Exam 200 Example

ABC CEMENT, INC. HOUSTON, TEXAS DISALLOWED EXEMPTIONS		EXAM 200 PAGE 1 OF 1 TP#17412345678
(1) REPORT PERIOD	(2) UNREPORTED TAXABLE TONS	
	*	
0401	897	
0402	875	
0403	961	
0404	407	
TOTALS	3,140	

*From Taxpayer's Work Papers

NOTES:

1. Taxpayer delivered cement to out-of-state companies at Texas destinations for use in Texas
2. Quarterly amounts to Audit Adjustment Report (AAR)

Above schedule is included in the manual for illustration purposes only and is not to be construed as the accepted format. All audit schedules will need to be tailored to the audit situations encountered and to the auditor's needs.

Chapter 5

References

- [Tax Code](#)
- [Due Dates and Statute Expiration Chart](#)

Tax Code

SUBTITLE G. GROSS RECEIPTS TAXES
Chapter 181. CEMENT PRODUCTION TAX
SUBCHAPTER A. TAX

§ 181.001. TAX IMPOSED.

- (a) A tax is imposed on a person who:
- (1) manufactures or produces cement in, or imports cement into, the state; and
 - (2) distributes or sells the cement in intrastate commerce or uses the cement in the state.
- (b) The tax is computed on the amount of cement distributed, sold, or used by the person for the first time in intrastate commerce.
- (c) The tax applies to only one distribution, sale, or use of cement. Acts 1981, 67th Leg., p. 1711, ch. 389, § 1, eff. Jan. 1, 1982.

§ 181.002. RATE OF TAX. The rate of the tax imposed by this chapter is \$0.0275 for each 100 pounds or fraction of 100 pounds of taxable cement.

Acts 1981, 67th Leg., p. 1711, ch. 389, § 1, eff. Jan. 1, 1982.

§ 181.003. PAYMENT OF TAX.

- (a) The person on whom the tax is imposed by this chapter shall pay the tax to the comptroller at the comptroller's Austin office.
- (b) The tax payment is due on the 25th day of each month, and the amount of the tax is computed on the amount of business done during the preceding month by the person on whom the tax is imposed.

Acts 1981, 67th Leg., p. 1711, ch. 389, § 1, eff. Jan. 1, 1982.

§ 181.004. EXEMPTION: INTERSTATE COMMERCE. The tax imposed by this chapter is not computed on an interstate distribution or sale of cement.

Acts 1981, 67th Leg., p. 1711, ch. 389, § 1, eff. Jan. 1, 1982.

SUBCHAPTER B. REPORTS AND RECORDS

§ 181.051. REPORT. On or before the 25th day of each month, a person on whom the tax is imposed by this chapter shall file with the comptroller a report stating:

- (1) the amount of taxable cement distributed, sold, or used by the person during the preceding month;

- (2) the amount of cement produced in, imported into, or exported out of the state by the person during the preceding month; and
- (3) other information that the comptroller requires to be in the report.

Acts 1981, 67th Leg., p. 1712, ch. 389, § 1, eff. Jan. 1, 1982.

§ 181.052. RECORDS.

- (a) A person on whom the tax is imposed by this chapter shall keep a record of the business conducted by the person and of other information that the comptroller requires to be kept.
- (b) The record is an open record to the comptroller and the attorney general.
- (c) The comptroller shall adopt rules to enforce this section.

Acts 1981, 67th Leg., p. 1712, ch. 389, § 1, eff. Jan. 1, 1982.

SUBCHAPTER C. ENFORCEMENT

§ 181.101. INTEREST ON DELINQUENT TAXES. A tax imposed by this chapter that is delinquent draws interest as provided by Section 111.060 of this code.

Acts 1981, 67th Leg., p. 1712, ch. 389, § 1, eff. Jan. 1, 1982.

§ 181.102. TAX LIEN. The state has a prior lien for a tax or interest on a tax imposed by this chapter that is delinquent or for a penalty imposed by this chapter. The lien is on the property used in the business of distributing, selling, or using cement by the person on whom the tax is imposed by this chapter.

Acts 1981, 67th Leg., p. 1712, ch. 389, § 1, eff. Jan. 1, 1982.

§ 181.103. PROHIBITION ON DELINQUENT TAXPAYER; INJUNCTION.

- (a) A person who is delinquent in the payment of the tax imposed by this chapter may not engage in an activity or participate in a transaction for which the person is taxed by this chapter.
- (b) The attorney general may sue in Travis County or another county having venue to enjoin a person from violating this section.

Acts 1981, 67th Leg., p. 1712, ch. 389, § 1, eff. Jan. 1, 1982.

§ 181.104. PENALTY.

- (a) A person on whom the tax is imposed by this chapter and who fails to file a report as required by this chapter or does not pay the tax when it is due forfeits to the state a penalty of five percent of the amount of tax delinquent.
- (b) If the report required by this chapter is not filed or the tax imposed by this chapter is not paid within 30 days after it is due, the person on whom the tax is imposed forfeits to the state a penalty of an additional five percent of the amount of tax delinquent.
- (c) The minimum penalty under this section is \$1.

Acts 1981, 67th Leg., p. 1712, ch. 389, § 1, eff. Jan. 1, 1982.

Amended by Acts 1983, 68th Leg., p. 451, ch. 93, § 4, eff. Sept. 1, 1983.

§ 181.105. CRIMINAL PENALTY.

- (a) A person who violates a provision of this chapter commits an offense.
- (b) An offense under this section is punishable by a fine of not less than \$25 nor more than \$1,000. A separate offense is committed each day a violation occurs.

Acts 1981, 67th Leg., p. 1712, ch. 389, § 1, eff. Jan. 1, 1982.

SUBCHAPTER D. RESTRICTION ON MUNICIPALITIES

§ 181.151. RESTRICTION ON TAXING AUTHORITY OF MUNICIPALITIES. A municipal corporation may not impose an occupation tax similar to the tax imposed by this chapter.

Acts 1981, 67th Leg., p. 1713, ch. 389, § 1, eff. Jan. 1, 1982.

SUBCHAPTER E. CLASSIFICATION OF TAX AND ALLOCATION OF REVENUE

§ 181.201. OCCUPATION TAX. The tax imposed by this chapter is an occupation tax.

Acts 1981, 67th Leg., p. 1713, ch. 389, § 1, eff. Jan. 1, 1982.

§ 181.202. ALLOCATION OF TAX REVENUE. One-fourth of the revenue from the tax imposed by this chapter shall be deposited to the credit of the foundation school fund and three-fourths to the general revenue fund.

Acts 1981, 67th Leg., p. 1713, ch. 389, § 1, eff. Jan. 1, 1982.

Amended by Acts 1981, 67th Leg., p. 2778, ch. 752, § 9(h), eff. Jan. 1, 1982; Acts 1984, 68th Leg., 2nd C.S., ch. 28, art. II, part B, § 4, eff. Sept. 1, 1984.

Tax Rules

Currently, there are not any rules dealing with the Cement Production Tax.

Due Dates and Statute Expiration Chart

REPORT PERIOD	DUE DATE	PENALTY BEGINS		INTEREST STARTS	STATUTE EXPIRATION DATE
		5%	ADD'L 5%		
0106	07/25/2001	07/26/2001	08/25/2001	09/25/2001	07/25/2005
0107	08/27/2001	08/28/2001	09/27/2001	10/27/2001	08/27/2005
0108	09/25/2001	09/26/2001	10/26/2001	11/27/2001	09/25/2005
0109	10/25/2001	10/26/2001	11/27/2001	12/25/2001	10/25/2005
0110	11/26/2001	11/27/2001	12/27/2001	01/26/2002	11/26/2005
0111	12/26/2001	12/27/2001	01/26/2002	02/26/2002	12/26/2005
0112	01/25/2002	01/26/2002	02/26/2002	03/27/2002	01/25/2006
0201	02/25/2002	02/26/2002	03/28/2002	04/27/2002	02/25/2006
0202	03/25/2002	03/26/2002	04/25/2002	05/25/2002	03/25/2006
0203	04/25/2002	04/26/2002	05/29/2002	06/25/2002	04/25/2006
0204	05/28/2002	05/29/2002	06/28/2002	07/30/2002	05/28/2006
0205	06/25/2002	06/26/2002	07/26/2002	08/27/2002	06/25/2006
0206	07/25/2002	07/26/2002	08/27/2002	09/24/2002	07/25/2006
0207	08/26/2002	08/27/2002	09/26/2002	10/26/2002	08/26/2006
0208	09/25/2002	09/26/2002	10/26/2002	11/26/2002	09/25/2006
0209	10/25/2002	10/26/2002	11/26/2002	12/25/2002	10/25/2006
0210	11/25/2002	11/26/2002	12/27/2002	01/25/2003	11/25/2006
0211	12/26/2002	12/27/2002	01/28/2003	02/25/2003	12/26/2006

REPORT PERIOD	DUE DATE	PENALTY BEGINS		INTEREST STARTS	STATUTE EXPIRATION DATE
		5%	ADD'L 5%		
0212	01/27/2003	01/28/2003	02/27/2003	03/29/2003	01/27/2007
0301	02/25/2003	02/26/2003	03/25/2003	04/29/2003	02/25/2007
0302	03/25/2003	03/26/2003	04/25/2003	05/28/2003	03/25/2007
0303	04/25/2003	04/26/2003	05/28/2003	06/25/2003	04/25/2007
0304	05/27/2003	05/28/2003	06/27/2003	07/29/2003	05/27/2007
0305	06/25/2003	06/26/2003	07/26/2003	08/26/2003	06/25/2007
0306	07/25/2003	07/26/2003	08/26/2003	09/24/2003	07/25/2007
0307	08/25/2003	08/26/2003	09/25/2003	10/25/2003	08/25/2007
0308	09/25/2003	09/26/2003	10/28/2003	11/25/2003	09/25/2007
0309	10/27/2003	10/28/2003	11/27/2003	12/27/2003	10/27/2007
0310	11/25/2003	11/26/2003	12/27/2003	01/27/2004	11/25/2007
0311	12/26/2003	12/27/2003	01/27/2004	02/25/2004	12/26/2007
0312	01/26/2004	01/27/2004	02/26/2004	03/27/2004	01/26/2008
0401	02/25/2004	02/26/2004	03/27/2004	04/27/2004	02/25/2008
0402	03/25/2004	03/26/2004	04/27/2004	05/25/2004	03/25/2008
0403	04/26/2004	04/27/2004	05/27/2004	06/26/2004	04/26/2008
0404	05/25/2004	05/26/2004	06/25/2004	07/27/2004	05/25/2008
0405	06/25/2004	06/26/2004	07/27/2004	08/25/2004	06/25/2008
0406	07/26/2004	07/27/2004	08/26/2004	09/25/2004	07/26/2008
0407	08/25/2004	08/26/2004	09/25/2004	10/26/2004	08/25/2008
0408	09/27/2004	09/28/2004	10/28/2004	11/27/2004	09/27/2008
0409	10/25/2004	10/26/2004	11/25/2004	12/25/2004	10/25/2008
0410	11/26/2004	11/27/2004	12/28/2004	01/26/2005	11/26/2008
0411	12/27/2004	12/28/2004	01/27/2005	02/26/2005	12/27/2008
0412	01/25/2005	01/26/2005	02/25/2005	03/29/2005	01/25/2009
0501	02/25/2005	02/26/2005	03/29/2005	04/27/2005	02/25/2009
0502	03/25/2005	03/26/2005	04/26/2005	05/25/2005	03/25/2009
0503	04/25/2005	04/26/2005	05/26/2005	06/25/2005	04/25/2009
0504	05/25/2005	05/26/2005	06/25/2005	07/26/2005	05/25/2009
0505	06/27/2005	06/28/2005	07/28/2005	08/27/2005	06/27/2009
0506	07/25/2005	07/26/2005	08/25/2005	09/24/2005	07/25/2009
0507	08/25/2005	08/26/2005	09/27/2005	10/25/2005	08/25/2009
0508	09/26/2005	09/27/2005	10/27/2005	11/26/2005	09/26/2009
0509	10/25/2005	10/26/2005	11/26/2005	12/28/2005	10/25/2009
0510	11/25/2005	11/26/2005	12/28/2005	01/25/2006	11/25/2009
0511	12/27/2005	12/28/2005	01/27/2006	02/28/2006	12/27/2009

REPORT PERIOD	DUE DATE	PENALTY BEGINS		INTEREST STARTS	STATUTE EXPIRATION DATE
		5%	ADD'L 5%		
0512	01/25/2006	01/26/2006	02/25/2006	03/28/2006	01/25/2010
0601	02/27/2006	02/28/2006	03/30/2006	04/29/2006	02/27/2010
0602	03/27/2006	03/28/2006	04/27/2006	05/27/2006	03/27/2010
0603	04/25/2006	04/26/2006	05/26/2006	06/27/2006	04/25/2010
0604	05/25/2006	05/26/2006	06/27/2006	07/25/2006	05/25/2010
0605	06/26/2006	06/27/2006	07/27/2006	08/26/2006	06/26/2010
0606	07/25/2006	07/26/2006	08/25/2006	09/26/2006	07/25/2010
0607	08/25/2006	08/26/2006	09/26/2006	10/25/2006	08/25/2010
0608	09/25/2006	09/26/2006	10/26/2006	11/25/2006	09/25/2010
0609	10/25/2006	10/26/2006	11/25/2006	12/27/2006	10/25/2010
0610	11/27/2006	11/28/2006	12/28/2006	01/27/2007	11/27/2010
0611	12/26/2006	12/27/2006	01/26/2007	02/27/2007	12/26/2010
0612	01/25/2007	01/26/2007	02/27/2007	03/27/2007	01/25/2011
0701	02/26/2007	02/27/2007	03/29/2007	04/28/2007	02/26/2011
0702	03/26/2007	03/27/2007	04/26/2007	05/26/2007	03/26/2011
0703	04/25/2007	04/26/2007	05/26/2007	06/26/2007	04/25/2011
0704	05/25/2007	05/26/2007	06/26/2007	07/25/2007	05/25/2011
0705	06/25/2007	06/26/2007	07/26/2007	08/25/2007	06/25/2011
0706	07/25/2007	07/26/2007	08/25/2007	09/25/2007	07/25/2011
0707	08/27/2007	08/28/2007	09/27/2007	10/27/2007	08/27/2011
0708	09/25/2007	09/26/2007	10/26/2007	11/27/2007	09/25/2011
0709	10/25/2007	10/26/2007	11/27/2007	12/25/2007	10/25/2011
0710	11/26/2007	11/27/2007	12/27/2007	01/26/2008	11/26/2011
0711	12/26/2007	12/27/2007	01/26/2008	02/26/2008	12/26/2011
0712	01/25/2008	01/26/2008	02/26/2008	03/26/2008	01/25/2012
0801	02/25/2008	02/26/2008	03/27/2008	04/26/2008	02/25/2012
0802	03/25/2008	03/26/2008	04/25/2008	05/28/2008	03/25/2012
0803	04/25/2008	04/26/2008	05/28/2008	06/25/2008	04/25/2012
0804	05/27/2008	05/28/2008	06/27/2008	07/29/2008	05/27/2012
0805	06/25/2008	06/26/2008	07/26/2008	08/26/2008	06/25/2012
0806	07/25/2008	07/26/2008	08/26/2008	09/24/2008	07/25/2012
0807	08/25/2008	08/26/2008	09/25/2008	10/25/2008	08/25/2012
0808	09/25/2008	09/26/2008	10/28/2008	11/25/2008	09/25/2012
0809	10/27/2008	10/28/2008	11/27/2008	12/27/2008	10/27/2012
0810	11/25/2008	11/26/2008	12/27/2008	01/27/2009	11/25/2012
0811	12/26/2008	12/27/2008	01/27/2009	02/25/2009	12/26/2012

REPORT PERIOD	DUE DATE	PENALTY BEGINS		INTEREST STARTS	STATUTE EXPIRATION DATE
		5%	ADD'L 5%		
0812	01/26/2009	01/27/2009	02/26/2009	03/28/2009	01/26/2013
0901	02/25/2009	02/26/2009	03/28/2009	04/28/2009	02/25/2013
0902	03/25/2009	03/26/2009	04/25/2009	05/27/2009	03/25/2013
0903	04/27/2009	04/28/2009	05/28/2009	06/27/2009	04/27/2013
0904	05/26/2009	05/27/2009	06/26/2009	07/28/2009	05/26/2013
0905	06/25/2009	06/26/2009	07/25/2009	08/25/2009	06/25/2013
0906	07/27/2009	07/28/2009	08/27/2009	09/26/2009	07/27/2013
0907	08/25/2009	08/26/2009	09/25/2009	10/27/2009	08/25/2013
0908	09/25/2009	09/26/2009	10/27/2009	11/25/2009	09/25/2013
0909	10/26/2009	10/27/2009	11/26/2009	12/29/2009	10/26/2013
0910	11/25/2009	11/26/2009	12/29/2009	01/26/2010	11/25/2013
0911	12/28/2009	12/29/2009	01/28/2010	02/27/2010	12/28/2013
0912	01/25/2010	01/26/2010	02/25/2010	03/27/2010	01/25/2014

NOTE: Dates obtained from the “DUE DAY” inquiry on CICS.