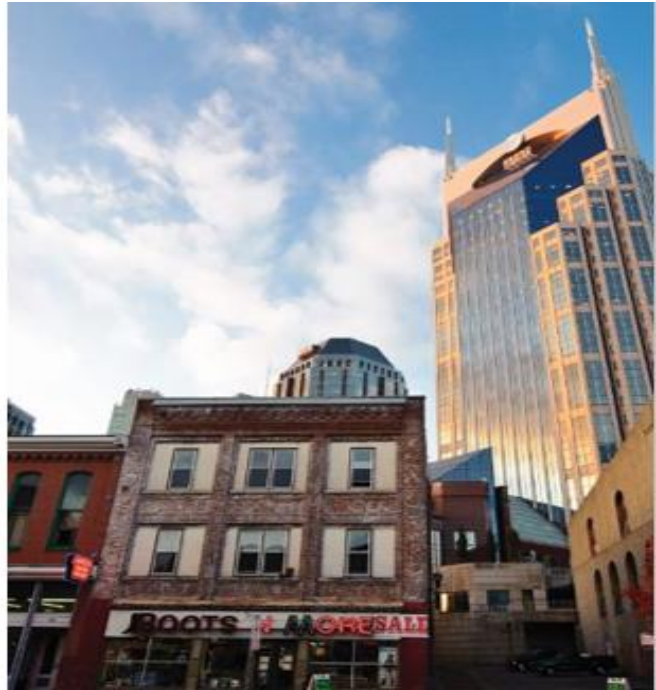


New Business Workshop

TN Dept. of Revenue



Click to go to....

- Entity Types
- Where to Go
- State Revenue
- Common Types of State Tax Accounts

Business Tax

- New Business License
- Business License Renewal
- Retail v. Wholesale
- Gross Sales
- Who is Subject to Business Tax
- Out-of-State Nexus
- Classifications
- Exemptions

- Misc. Business Tax Info
- Deductions & Credits
- How to Register
- When to File
- How to File
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- Resources

Sales Tax

- Basics
- Definitions
- Sales Price
- Rates
- Single Article
- Resale Certificate
- Entity-Based Exemptions

- Product-Based Exemptions
- Interstate Commerce
- Verifying a Certificate
- How to Register
- When to File
- How to File
- How to Close
- Resources

Franchise/Excise Tax

- Who is Liable
- How to Register
- When to File
- How to File
- Minimum Filing

- Estimated Payments
- Extensions
- How to Close


Resources

- Other Tax Accounts
- General Tax Account Information
- Resources
- TNTAP
- Website
- Other Help
- Contact Us

WHERE TO START – Entity Types

- ❑ Determine business structure (sole proprietorship, partnership, corporation, LLC, etc)
- ✓ **Research types of business structure; seek professional guidance if needed**
- ✓ **Do you need a FEIN from the IRS?**
 - For state tax account purposes...
 - Required for corporations, partnerships, LLCs, business trusts.
 - Not required for sole proprietorships, marital joint accounts, or single member LLCs
 - For other purposes (such as obtaining Unemployment Insurance if you have employees), a FEIN may be required

WHERE TO START – Entity Types

 It is very important that you register with all agencies (IRS, TN Dept. of Revenue, Secretary of State, TN Dept. of Labor, County/City Clerk, etc) **using the same entity type and Entity ID number.**

TN Department of Revenue tax accounts must be registered by:

Entity Type	ID Type
Sole Proprietorship	SSN
Marital Joint	Both SSNs
General Partnership, Corporation, LLC*, Trust	FEIN
Single Member LLC	SSN or FEIN

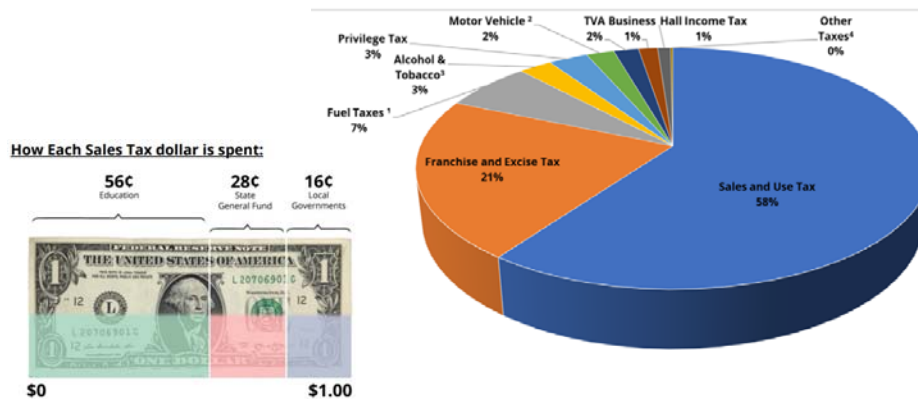
WHERE TO START – Where to Go

What	Where	Required for
Business License	County/City Clerks office	Most businesses with few exceptions (more info later!)
Charter/Business Registration	TN Secretary of State	Partnerships, corporations, LLCs, business trusts
Federal Employee Identification Number	Internal Revenue Service (IRS)	Partnerships, corporations, LLCs, business trusts AND all businesses with employees regardless of structure
Unemployment Insurance	TN Dept. of Labor & Workforce Development	All businesses with employees/payroll
Professional License	TN Dept. of Commerce & Insurance	Certain professions (contractors, cosmetologists, insurance agents, etc.)
Tax Accounts	TN Dept. of Revenue	Most businesses with few exceptions (more info later!)



STATE REVENUE

Breakdown of State Revenue Sources:
Revenue by Source- FY2021



Common Types of State Tax Accounts

- **Business Tax**
 - Applicable if you conduct business within any county and/or incorporated municipality in Tennessee
 - With a few exceptions, all businesses that **sell goods or services** must pay the state business tax
- **Sales Tax**
 - Applies to the **retail sale of tangible personal property and certain services**
 - The **seller is liable** for the tax whether it is collected from the customer or not. However, the seller may collect the tax from its customers
- **Franchise/Excise Tax**
 - Applicable for any corporation, limited partnership, limited liability company, or business trust chartered, qualified, or registered in Tennessee or doing business in this state
- **Other Taxes** - liquor by the drink, tire tax, tobacco taxes, etc.



Business Tax

BUSINESS TAX - Overview

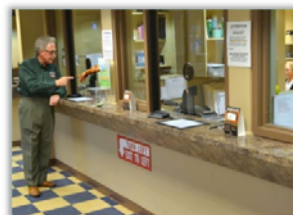
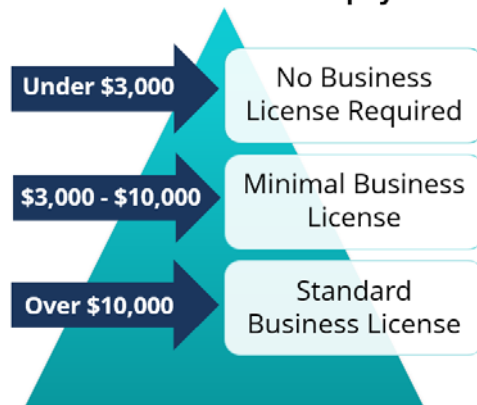
- Required for all entities with a Standard Business License (regardless of gross receipts)
- Tax rate on gross receipts
 - based on the **business classification & retailer/wholesaler**
- The **minimum tax due is \$22 per license/location per year**
- **Filing:** due on the *15th day of the fourth month following the fiscal year end* (i.e. for a calendar year fiscal year, return is due on **April 15**)
 - *Note: the license expiration date is the 15th of the month after the tax due date!*



BUSINESS TAX – New Business License

START OFF WITH THE CORRECT TYPE OF BUSINESS LICENSE!

For Businesses with a physical location in a county...



**More on special rules
for contractors later!**

BUSINESS TAX – Business License Renewal



To renew a Standard Business License, file/pay the annual Business Tax return

- For a **standard license**, the taxpayer must file a tax return (minimum is \$22 per license), **OR**
- A **minimal activity license** (less than \$10,000 annual gross income) may be obtained at the county/city clerk each year.
- No license or business tax return is required if gross income is less than \$3000 annually.

BUSINESS TAX – Definition, Retail/Wholesale

Retailer

- At least 50% of your taxable gross sales are retail sales.
- A retail sale is anything that is not a wholesale sale.

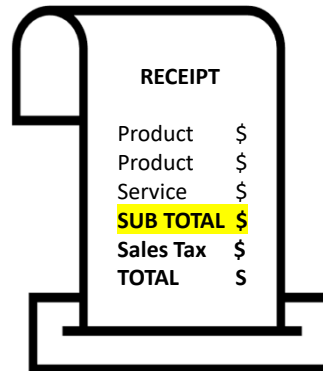
Wholesaler

- More than 50% of your taxable gross sales are wholesale sales.
- A wholesale sale may include, but is not limited to:
 - a sale to a retailer for resale,
 - a sale of materials that become part of a product that is for resale, or
 - a sale of goods to the government or a governmental agency or to a nonprofit.



BUSINESS TAX – Definition, Gross Sales

- **Gross Sales are defined as all sales derived from products or services.**
 - All sales, along with any exemptions or deductions, must be reported by location on the tax return.



BUSINESS TAX – Who is Subject

	State Business Tax	Municipal Business Tax
TN Retailers	TN Retailers with \$10,000+ in any county	TN Retailers with \$10,000+ in municipality
Out-of-State Retailers	Out-of-state Retailers with \$10,000+ in TN or with Nexus	n/a
TN Contractors	TN Contractors with \$10,000+ in home county or \$50,000+ in any other county	TN Contractors with \$10,000+ in municipality or under \$50,000 in any other municipality
Out-of-State Contractors	Out-of-State Contractors with \$10,000+ in any county	Out-of-State Contractors with \$50,000+ in municipality



BUSINESS TAX – Who is Subject (Out-of-State Nexus)

Out-of-state entities are subject to state tax if they have **nexus in Tennessee:**

- Organized or commercially domiciled in Tennessee
- Owns or uses capital in Tennessee
- Has bright-line presence in Tennessee, if any:
 - Receipts: more than \$500,000 or 25% of total receipts in TN
 - Property: more than \$50,000 or 25% of total property by value in TN
 - Payroll: more than \$50,000 or 25% of compensation is paid in TN



Out-of-State entities with \$10,000+ in sales or that have nexus **register directly with the state**

BUSINESS TAX – Classifications

Each taxpayer is classified by its “dominant business activity” on a per location basis.



DOMINANT BUSINESS ACTIVITY is defined as “the business activity that is the major and principal source of taxable gross sales.”

In other words, the business classification is based on the activity that generates the largest portion of a business's taxable sales.

BUSINESS TAX – Classification Rates

Classification	Retailer Rates	Wholesaler Rates	General Rate
Class 1A	0.001	0.00025	
Class 1B & 1C	0.001	0.000375	
Class 1D	0.0005	Not applicable	
Class 1E	Not applicable	0.0003125	
Class 2	0.0015	0.000375	
Class 3	0.001875	0.000375	
Class 4	Not applicable	Not applicable	0.001
Class 5A	Not applicable	Not applicable	0.003
Class 5B	Not applicable	Not applicable	0.0002

BUSINESS TAX – Class 1

1(A)

- Food and beer for home preparation/consumption (except for delicatessens and candy at retail) and food brokerage services

1(B)

- Lumber, building materials, tools, builders' hardware, farm equipment, plumbing, heating and air conditioning equipment, and other hardware

1(C)

- Hay, grain, feed, fertilizer, seeds, bulbs, nursery stock, and other farm, lawn, and garden supplies/tools

1(D)

- Gasoline, diesel fuel, and motor oils at **retail**

1(E)

- Gasoline and diesel fuel at **wholesale**

BUSINESS TAX – Class 2

- Motor vehicles
- Clothing (excluding custom, made-to-order items)
- Home furnishings (excluding antiques)
- Prescription drugs
- Prepared food, (e.g. cooked food meant to be consumed on or off the premises)
- Coal, wood, ice, fuel oil, and liquefied petroleum gas
- Cut flowers
- Advertising specialties

This class includes a **“catch-all”** for the sale of any tangible personal property that is not specifically classified. Therefore, taxpayers selling products not listed in any other classification will be Class 2.



BUSINESS TAX – Class 3

- Delicatessens and candy
- Made-to-order clothing
- Antique furniture, furnishings, and art objects
- Artwork
- Books, magazines, stationery (including office supplies and writing supplies), accounting and legal forms, office forms and supplies, pens and pencils, school supplies, and writing supplies
- Sporting goods and equipment, bicycles, bicycle parts, and accessories
- Jewelry
- Tobacco products
- Toys, games, and hobby kits
- Cameras, film, and other photographic supplies
- Fireworks
- Hearing aids
- Luggage
- Artist paints and supplies
- Non-prescription eye-ware
- Pet food
- Above-ground swimming pools (in-ground swimming pools are considered improvements to real property)
- Pawn shops

**CLASS 3 ALSO INCLUDES
THE SALE OF SERVICES**



BUSINESS TAX – Exempt Services

The sales of all services are **subject to business tax unless specifically exempt.**

- Accounting, auditing, and bookkeeping
- Architecture
- Banks, building and loan associations, mortgage bankers, securities, brokers, investment companies, and other similar organizations
- Domestic services performed in private households
- Educational services offered by elementary and secondary schools, colleges, universities
- Engineering
- Insurance services
- Leasing of agricultural, airport, forest, mining, oil, and public utility property
- Legal services
- Medical, dental, and allied health services
- Operation of residential and nonresidential buildings except hotels, motels, and rooming houses
- Public Utilities
- Services performed by charitable and religious organizations
- Services rendered by nonprofit membership organizations operating on a nonprofit membership basis for the promotion of the interest of the members
- Services furnished by nonprofit educational and research agencies
- Services provided by farmers to other farmers for the planting or harvesting of agricultural products or for the preparation, improvement, or maintenance of land used to produce agricultural products
- Veterinary services



BUSINESS TAX – Other Common Exemptions

Business Tax does not apply to the following persons/entities:

- Any person employed in the capacity of an employee
- Manufacturers
- Any person operating vending machines who exercises the option of paying the gross receipts tax provided for in Tenn. Code Ann. § 67-4-506
- Newspaper route carriers and newspaper peddlers
- Any institution operated for religious or charitable purposes, with respect to any profits that are earned from the sale of items contributed to the institution or articles produced by the institution from contributed items
- Any 501(c)(3) or (4) entity whose only taxable business activity during the tax period is conducted at the Tennessee state fair or at only one county fair and their affiliates
- Persons making sales or rental of real property that belongs to them
- Radio/TV stations
- Publishers/printers of newspapers and other periodicals



BUSINESS TAX – Class 4, Contractors

- Constructing or improving real property (e.g. constructing, building, erecting, repairing, grading, excavating, drilling, exploring, testing, or adding to any building, highway, street, sidewalk, bridge, culvert, sewer, irrigation or water system, drainage, or dredging system)
- Installing tangible personal property
- Providing exterminating services
- Selling livestock, poultry, or other farm products not exempted under Tenn. Code Ann. § 67-4-712
- Receiving commissions from the sale of farm products belonging to others.

Classification 4 does not include landscaping and lawn care services – these services fall under Class 3!



BUSINESS TAX – Class 4 Contractors

- Receipts of **more than \$50,000** in any jurisdiction
 - Registration and license required for both city and/or county
 - Applies to both in-state and out-of-state contractors
- In-state contractors
 - Receipts of **\$50,000 or less** in a jurisdiction, no additional license required (other than the license for domicile)
 - Report back to city and/or county of their domicile
- Out-of-state contractors
 - Receipts of **\$10,000 - \$50,000** in a county, must pay on state business tax return

BUSINESS TAX – Class 5

Class 5 has two subparts:

- **5(A)** includes industrial loan and thrift companies certified and licensed under title 45, chapter 5. For a current listing of these companies, see the website for the Department of Financial Institutions
- **5(B)** includes natural gas marketers

Classification 5 businesses must register directly with the TN Dept. of Revenue



BUSINESS TAX – Misc.

- When selling only in a booth at an Antique Mall/Flea Market/Gun Show/Auto Show, you are not subject to business tax
 - county/city may impose a daily fee
 - for antique malls with separate booths but one common register, only the mall operator is subject to the business tax on all receipts from that location
- Transient vendors (no established location in Tennessee,) are excluded from business tax (unless they have nexus)
 - county/city may impose a \$50 fee for each 14-day period they are licensed to sell their goods



BUSINESS TAX – Misc.

Food trucks must be licensed for business tax in the jurisdiction where it is based (domiciled).

- Food trucks must display their license when selling in other jurisdictions
- If a food truck remains in a fixed location outside of its domiciled location for over 180 days, a license must be obtained in that jurisdiction



BUSINESS TAX – Deductions & Credits

• Common Deductions

- Trade-in allowances
- Amounts paid to subcontractors – Class 4 only!
- Sales of services delivered to customers out-of-state
- Sales of TPP in interstate commerce
- Bad debts
- Certain taxes

• Common Credits

- Personal Property Tax
 - Credit can't exceed 50% of amount owed
 - Property must be at the location for the return

BUSINESS TAX – How to Register

- Every taxpayer must register for each physical location
 - **Obtaining city/county license automatically registers the location**
 - Out-of-state taxpayers must register directly on TNTAP
 - Certain businesses are only required to have one license per jurisdiction:
 - Classification 4, Cable Providers, Out-of-State Vending Machine Businesses, Vacation Rentals, Mobile Telecommunications (Class 3), Micro-markets
 - DO NOT use the jobsite address as the location, vacation rentals only use location of one rental per jurisdiction



BUSINESS TAX – When to File

- Due on the 15th day of the fourth month following the fiscal year end (i.e. for a calendar year fiscal year, return is due on April 15)
- The business license expiration date is the 15th of the month after the tax due date
- There is no option for filing extension

This timeline assumes an entity has a FY end of **12/31**

File/Pay return
4/15 (15th day of fourth month)

Business License expires
5/15 (30 days after return is late)



BUSINESS TAX – How to File

- ❑ Ensure that you have added access to your business tax account on TNTAP
 1. **Create** a TNTAP username and Password
 2. **Gain access** to your Business Tax account
- ❑ Once logged into TNTAP, under the Business Tax account, click on View/File Returns or click directly on the **File Now** link for the period you wish to file for
 - Amend a return by clicking on View/File Returns, then clicking on the return for the period you wish to amend, then click on **Amend Return**

More on
TNTAP
basics later!



BUSINESS TAX – How to Close

- **Closing all locations**
 - Closure request along with the last return and payment should be received within 15 days
- **Closing one or some locations**
 - Closure request should be received within 15 days and the taxpayer should wait until normal due date to file and pay the return

Favorites Summary Action Center Settings More...

Filter

Business Tax
Business Name
Business address
City, State ZIP
Action Center Items

Account
Account number-BUS
Balance
\$0.00

> Make a Payment
> View/File Returns
> Additional Actions/Licenses

BUSINESS TAX – How to Close, cont'd

- Businesses holding minimal activity licenses should contact the county clerk and city recorder's office to advise them the business is no longer operational.
- If the business is sold to another entity, purchase money should be withheld to cover any taxes, interest, and penalties that the business may owe.
 - This is only necessary until the former business owner can show proof from the Department of Revenue that all taxes have been paid and no interest or penalties are due.
 - Under state law, the purchaser of the business can be liable for the unpaid taxes, penalties, and interest charges of the previous owner or operator.



BUSINESS TAX – Resources

From TN.gov/Revenue.....

- **General Information: Taxes > Business Tax**
- **FAQ Articles: Revenue Help > Business Tax**
- **Business Tax Manual: Tax Resources > Tax Manuals > Business Tax**
- **Past Webinars: Taxpayer Education > Tax Webinars > Webinar Video Library**





Sales Tax

SALES TAX - Basics

Selling/leasing/renting Tangible Personal Property

- Sales of these items are **subject to tax unless specifically exempted** by law. Gross sales over \$4,800 a year – required to register for sales tax

Selling certain taxable services

- Services are generally **exempt from the tax unless specifically enumerated** by law *OR* are necessary to complete the sale of a taxable good/service. Sales of services exceeding \$1,200 a year

Selling amusements

- Charges for entering or engaging in any kind of recreational activity **unless specifically exempted** by law.

Selling digital products specified in the law

- There is a **special local rate** for these items. Digital versions of tangible products otherwise subject to the tax are taxed at the regular rate.

SALES TAX - Definitions

Tangible Personal Property (TPP) - property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses.



Services Subject to Sales Tax - Services specifically enumerated by law including: Repair or installation of TPP (incl. computer software), Lodging services and rooms, Short-term space rental for making sales, Cleaning of TPP (incl. animal bathing), Parking and storing of motor vehicles, Telecommunication services, Ancillary Telecommunication services, Enriching of uranium materials.

Food/Food Ingredients - Food and food ingredients taxed at a reduced rate of 4% include substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form; sold for ingestion or chewing by humans; consumed for their taste or nutritional value; and are not specifically excluded items. NOT PREPARED FOOD.

Amusements - Sales Tax is applicable to charges for entering or engaging in any kind of recreational activity, admissions to sporting events, musical & theatrical performances, & other amusements, and charges for using tangible personal property for amusements, sports, entertainment, or recreational activities such (i.e. golf carts, tennis courts, or bowling shoes.)



SALES TAX – Definition, Sales Price

Sales price includes the seller's:



- Cost of the *property sold and materials used*
- *Labor costs*
- *Interest*
- *Losses*
- *Transportation costs* (incoming freight)
- Taxes imposed on the seller
- Any *expenses* of the seller
- *Charges for any services necessary to complete the sale*
- *Delivery charges*
- *Installation charges*



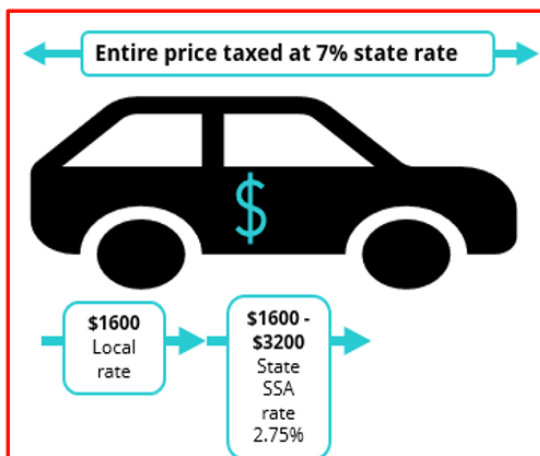
SALES TAX – Definition, Rates

- The general sales tax rate for most tangible personal property and taxable services is 7%.
- The sales tax rate on food is 4%.
- Any county or incorporated city, by resolution or ordinance, may levy the local sales and use tax on the same privileges that are subject to the state's sales or use tax. The local tax rate may not be higher than 2.75%.



SALES TAX – Definition, Single Article

Single Article: any item that is considered, by common understanding, to be a separate unit, apart from any accessories, extra parts, etc., and is capable of being sold as an independent item or as a common unit of measure. (i.e. vehicles, boats, etc)



SALES TAX – Who is Exempt, Resale

If a purchaser who is also a retailer buys something with the intent of reselling and presents a valid Resale Certificate, no sales tax is owed.

- Seller must retain a copy of the resale certificate
- TN recognizes resale certificates issued by other states
- A Certificate of Resale is provided to a business when it registers for a sales tax account
 - Resale certificates are issued by location – each location needs its own certificate
 - Certificates do not expire, but are no longer valid when a location is closed



SALES TAX – Who is Exempt, Resale



STATE OF TENNESSEE DEPARTMENT OF REVENUE

Taxpayer Name
Address
City State Zip Code

Letter ID: L1060683776
Effective Date: March 1, 2017
Account ID: 1XXXXXXXXX-SLC
Location ID: 0XXXXXXXXX
Location Address:
Taxpayer Name:
Address:
City State Zip Code

Sales and Use Tax Certificate of Resale

The above named taxpayer has been granted authority in accordance with Tenn. Code Ann. § 67-6-102 and Tenn. Comp. R. & Regs. 1320-05-01-.62 and 1320-05-01-.68 to make purchases intended for subsequent resale without payment of sales or use tax. Any merchandise or other taxable item purchased without the payment of tax upon this resale certificate that is used or consumed in any manner by the taxpayer, or is given away, must be reported and the tax paid directly to the Tennessee Department of Revenue.

The supplier must maintain a file copy as evidence of the sales tax exemption. Later purchases do not require the submission of additional copies.

Seller's Name

Seller's Address (City & State)

I, _____, as an authorized representative of the taxpayer named above, certify that the products or services purchased are intended for subsequent resale by the purchaser for the following reason.

- resale of the tangible personal property, taxable service, taxable amusement, or taxable digital product
- rental or leasing of the tangible personal property
- a component part of a manufactured, assembled, processed or refined finished product that is for resale

Under penalty of perjury, I affirm this to be a true and correct statement.

Print Name of Authorized Representative Signature of Authorized Representative Date



SALES TAX – Who is Exempt, Entity-Based

Some exemptions are based on who the purchaser is or what the purchaser does.

- Examples (all must be supported by corresponding exemption form):
 - qualified farmers (exemption for certain items)
 - qualified manufacturers (exemption for certain items)
 - government entities
 - non-profit organizations
 - supported by TN exemption certificate or a Federally issued 501(c)(3)

SALES TAX – Who is Exempt, Product-Based

Product-Based: Some exemptions are based on the product purchased.

- Examples: gasoline, textbooks, school meals, and a number of healthcare products
- Sales of qualifying industrial machinery, research and development machinery, agricultural items, etc must be supported by corresponding exemption certificate

SALES TAX – Exempt, Interstate Commerce

Sales in interstate commerce are exempt from Tennessee sales tax

- Sales originating in TN where the purchaser takes possession outside of TN for use or consumption outside this state

SALES TAX – Who is Exempt, Verification

- **Sales and use tax certificates can be verified using TNTAP under Information and Inquiries.**
- **This verification does not relieve the vendor of the responsibility of maintaining a copy of the certificate on file.**

Verify a Certificate

Vendors are often confronted with customers who wish to make purchases tax free, either because they intend to resell the item or because they are making a purchase for a non-profit organization, an individual, or a business possessing a valid Tennessee certificate of exemption.

This online look-up provides vendors a method to verify these certificates. This verification does not relieve the vendor of the responsibility of maintaining a copy of the certificate on file.

Certificate Type: *

Required

Exemption Number: *

Required

Submit

SALES TAX – How to Register



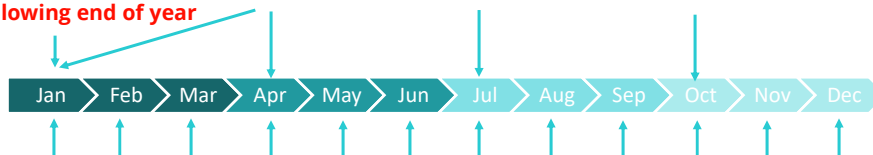
i You will be liable for filing a sales tax return beginning from the date you open a sales tax account, even if no sales are made during that period.

SALES TAX – When to File

- Due on the 20th day of the month following the period
- There is no option for filing extension
- Sales Tax accounts are automatically set up monthly
 - businesses with a sales tax liability over a 12-month period that averages \$1,000 or less per month may choose to file monthly, quarterly or annually

Annual Filers: Return due for year
20th of month following end of year

Quarterly Filers: Return due for previous quarter
20th of month following end of quarter



Monthly Filers: Return due for previous month period **20th of month**

SALES TAX – How to File

- ❑ Ensure that you have added access to your sales tax account on TNTAP
 1. **Create** a TNTAP username and Password
 2. **Gain access** to your Sales Tax account
- ❑ Once logged into TNTAP, under the Sales Tax account, click on View/File Returns or click directly on the **File Now** link for the period you wish to file for
 - Amend a return by clicking on View/File Returns, then clicking on the return for the period you wish to amend, then click on **Amend Return**

More on
TNTAP
basics later!



SALES TAX – How to File

The screenshot displays the TNTAP interface. On the left, an account summary shows 'Account 123456789-SLC' with a balance of '\$0.00'. To the right, there are three menu items: 'Make a Payment', 'View/File Returns', and 'Additional Actions'. A red arrow points from the text 'File/amend return for previous period' to the 'View/File Returns' link. Below this, a 'Sales and Use Return for 30-Sep-2021' is shown with a due date of '20-Oct-2021'. A red arrow points from the text 'File current period return' to the 'File now' link. A modal window titled 'Sales and Use Tax Return' is open, showing a progress bar and a question: 'Will you be submitting a file provided by your software vendor?'. The 'Yes' and 'No' buttons are circled in red. A blue box with white text says 'Choose to submit file via software vendor or input return data'. At the bottom left of the modal, there are 'Cancel' and 'Save Draft' buttons. At the bottom right, there are 'Previous' and 'Next' buttons.

File/amend return for previous period

File current period return

Choose to submit file via software vendor or input return data

Info about software vendors:
tn.gov/revenue >
E-filing Information >
Electronic Filing Using a Software Vendor

SALES TAX – How to File

how Errors Filter

Location ID	Doing Business As
00000000	00000000

All amounts are rounded to the nearest whole dollar.

Sales

Do you have any sales to report for this period? *

SALES TAX– How to Close

- If ownership changes occur, answer the questions on the back of the certificate of registration, and mail it to the Department of Revenue.
 - The new owners or officers, if applicable, must then apply for a new certificate of registration.
- If you sell your business or go out of business, you must file a final sales tax return and pay all sales or use tax due within 15 days after the date you sold or quit the business.
- If you sold the business, the purchaser must apply for a certificate of registration in his or her own name.

Account	> Make a Payment
123456789-SLC	> View/File Returns
Balance	> Additional Actions ←
\$0.00	

SALES TAX – Resources

From TN.gov/Revenue.....

- **General Information: Taxes > Sales Tax**
- **FAQ Articles: Revenue Help > Sales Tax**
- **Sales Tax Manual: Tax Resources > Tax Manuals > Sales Tax**
- **Past Webinars: Taxpayer Education > Tax Webinars > Webinar Video Library**



Other Taxes

FRANCHISE/EXCISE TAX – Who is Liable

All for-profit, foreign, and domestic entities chartered, qualified, or registered in Tennessee or doing business in TN must file the F&E tax return and pay at least the minimum tax.

- Includes corporations, limited partnerships, LLC's, and business trusts

Franchise Tax - greater of net worth or the book value of real or tangible personal property owned or used in Tennessee

Excise Tax - net earnings or income for the tax year



FRANCHISE/EXCISE TAX – How to Register



< Home

Registration / Exemption

Registration / Exemption

Register

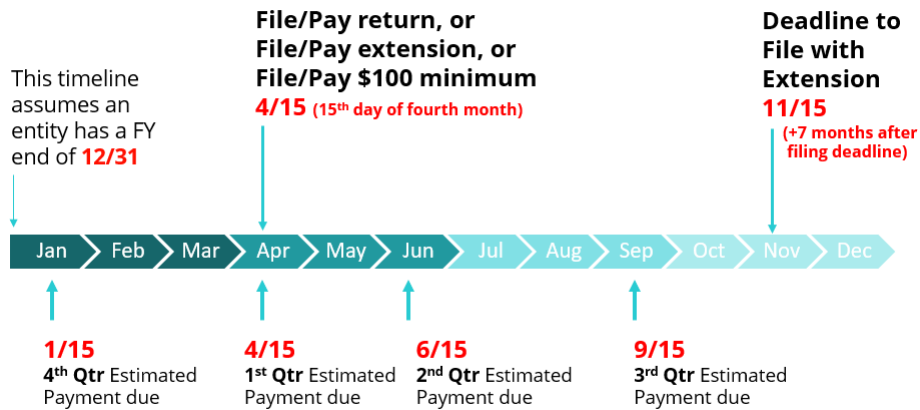
> Register a New Business



Entities are subject to F&E tax from their date of formation. Entities not registered with the Secretary of State, will be liable for the tax from the date they begin operations with substantial nexus in the state.



FRANCHISE/EXCISE TAX – When to File



FRANCHISE/EXCISE TAX – How to File

- ❑ Ensure that you have added access to your franchise/excise tax account on TNTAP
 1. **Create** a TNTAP username and Password
 2. **Gain access** to your Franchise/Excise Tax account
- ❑ Once logged into TNTAP, under the Franchise/Excise Tax account, click on View/File Returns or click directly on the **File Now** link for the period you wish to file for
 - Amend a return by clicking on View/File Returns, then clicking on the return for the period you wish to amend, then click on **Amend Return**

More on
TNTAP
basics later!



FRANCHISE/EXCISE TAX – Minimum Filing

Applicable to any taxpayer with a franchise liability equal to or less than \$100, including:

- A taxpayer that is **active** and has no net worth or book value of real or tangible personal property owned or used in Tennessee and no revenue
- A taxpayer that is **inactive** (no net worth, no revenue), that has had its charter or other registration forfeited, revoked, or suspended without having been dissolved or otherwise properly terminated
- An **out-of-state** company incorporated in Tennessee even if there is no property, payroll, or sales within TN must file full return with an apportionment Schedule N.



FRANCHISE/EXCISE TAX – Minimum Filing



Returns

File a return.

[View Return Links](#)

File a return

Returns

[> Minimum \(\\$100\) F&E Tax](#)

Franchise and Excise Minimum Tax Return

Franchise and Excise Minimum Tax Return

Information

Account Information

Questions

Payment

EASY!
File Minimum \$100
F&E Tax without even
logging into TNTAP!



FRANCHISE/EXCISE TAX – Estimated Payments

Taxpayers are required to make quarterly estimated tax payments when there is a combined F&E tax liability of \$5,000 or more (after applicable tax credits) for both the prior tax year and the current tax year.

The term “quarterly” is used because there are four payments due. The days between each quarter may vary.

PAYMENT	DUE DATE
1 st Payment	15th day of the 4 th month of the current taxable year
2 nd Payment	15th day of the 6 th month of the current taxable year
3 rd Payment	15th day of the 9 th month of the current taxable year
4 th Payment	15th day of the 1 st month of the subsequent taxable year

FRANCHISE/EXCISE TAX – Extensions

To receive a 7-month extension, a taxpayer must have paid, on or before the original due date, an amount equal to or greater than...

- ✓ 90% of the current period liability, or
- ✓ 100% of the previous period liability, annualized to 365.25 days, or
- ✓ \$100 if the previous period does not exist.

FRANCHISE/EXCISE TAX – Extensions

- The extension is automatic if the payment requirements for receiving an extension have been met.
- TNTAP has a drop-down box to indicate when a payment is for an extension; otherwise, there is not a place or a need to formally request an extension.
- When filing the return on TNTAP, check “yes” when asked “Have you filed for an extension?”

Payment
Payment Type *

Required

Required
Account Payment
Audit Payment
Estimated Payment
Extension Payment ←
Return Payment

Confirm Amount *

FRANCHISE/EXCISE TAX – How to Close

To properly terminate or withdraw charter:

- File a final F&E tax return, timely filed by the due date of the return;
- Submit a schedule of liquidation, distribution, or disposition of assets with the final return;
- Pay all taxes owed to the Department;
- Obtain a tax clearance certificate from the Department; and
- Provide the tax clearance certificate, along with Articles of Dissolution, to the Tennessee Secretary of State.



Failure to file a F&E tax return or pay required fees and taxes may result in the revocation of a business's charter or certificate.

FRANCHISE/EXCISE TAX – Resources

From TN.gov/Revenue.....

- **General Information: Taxes > Franchise & Excise Tax**
- **FAQ Articles: Revenue Help > Franchise & Excise Tax**
- **F&E Tax Manual: Tax Resources > Tax Manuals > Franchise & Excise Tax**
- **Past Webinars: Taxpayer Education > Tax Webinars > Webinar Video Library**



OTHER TAX ACCOUNTS – General Information

- Did you know that Tennessee actually has over two dozen different state taxes and fees?
- Other major taxes include liquor by the drink, tire fee, motor fuel, and tobacco taxes.
- Tax information for all taxes and fees is listed on our website – www.TN.gov/revenue.



GENERAL TAX ACCOUNT INFORMATION

- Delinquencies
 - Penalties and interest apply to any deficient or delinquent payments.
 - A penalty of 5% of the unpaid amount is added for each month (or part of the month) that a payment is delinquent or deficient, up to a maximum of 25%.
 - Interest is computed at the current rate of interest
- Collections will be made on any taxes not filed on paid properly
- If taxes are overpaid, refunds or credits can be issued



Resources

RESOURCES - TNTAP

- ✓ Register for tax accounts
- ✓ Electronic filing for all Tennessee tax accounts
- ✓ Schedule payments in advance
- ✓ Automatic correction of common errors
- ✓ Amend returns
- ✓ Access returns, certificates, and letters
- ✓ Much more!

 www.tn.gov/revenue > TNTAP



RESOURCES - TNTAP

TN.gov/revenue > Revenue Help

Tennessee Taxpayer Access Point (TNTAP)

General TNTAP How-to Videos

About TNTAP

TNTAP Login

TNTAP Registration

TNTAP Payments

TNTAP Tax Returns

How-to Videos: Licensed Distributor Reports

- ★ [Creating a TNTAP logon](#)
- ★ [TNTAP: Filing a Sales Tax Return](#)
- ★ [TNTAP: Filing a Business Tax Return](#)
- [Logging into TNTAP](#)
- [Gain Access to Another Account](#)
- [TNTAP: Gaining Access as a Third Party](#)

RESOURCES – TNTAP Assistant

TN Department of Revenue

TNTAP

Username

Password

Log In

Forgot username or password?

New to TNTAP? Create a Logon

TNTAP Assistant

I am able to guide you through TNTAP as well as answer some common questions.

How can I help you today?

real person

Send us a message or give us a call to speak with a live representative.

Send A Message

Link for Revenue contact page

TNTAP Assistant's answer doesn't make sense.

Type your message...

TN Tennessee State Government

RESOURCES – TNTAP Home Page/Summary

TN Department of Revenue

TNTAP

JIM JONES CORP

500 DEADERICK ST
NASHVILLE TN 37242-0001

Welcome, First Last

You last logged in on Saturday, 11/18/2017 10:30:42

Manage My Profile

Favorites Summary Action Center Settings More...

Business Tax

JIM JONES CORP
10624 GENLOU RD
CHESTERFIELD VA 23832-7272

Account

Balance: \$0.00

Make a Payment

View File Returns

Additional Actions/licenses

Franchise and Excise Tax

JIM JONES CORP
10624 GENLOU RD
CHESTERFIELD VA 23832-7272

Account

Balance: \$0.00

Make a Payment

View File Returns

Additional Actions

TN Tennessee State Government

RESOURCES – TNTAP Action Center

Favorites Summary **Action Center** Settings More...

Filter

JIM JONES CORP

-*0351
500 DEADERICK ST
NASHVILLE TN 37242-0001

You have 7 unread messages

Messages sent to you may contain important information about your accounts.

[View Messages](#)

Sales and Use Tax

JIM JONES CORP
500 DEADERICK ST
CHESTERFIELD VA 23832-7272

\$15.00 balance due

You have a balance due. Penalty and/or interest may be applied if this balance remains outstanding.

[Make a Payment](#)

Sales and Use Return for 30-Apr-2021 needs to be filed

A return needs to be filed. Returns filed late may be subject to a penalty.

[File Return](#)

TN Tennessee
State Government

RESOURCES – TNTAP, More...

TNTAP

< Work with Someone Else

JIM JONES CORP

-*0351
500 DEADERICK ST
NASHVILLE TN 37242-0001

Welcome, First Last

You last logged in on Saturday, Jun 19, 2021 10:30:42 AM

[Manage My Profile](#)

Favorites Summary **Action Center** Settings **More...**

What are you looking for?

Manage Accounts

Manage accounts and locations.

- > Register New Account
- > Register New Location
- > Gain Access to An Account
- > Look Up Tax Account Numbers

Payments

Manage payments for this customer.

- > Request a Payment Plan
- > Cancel a Payment Plan

Additional Services

Additional Services

- > [Print Certificate](#)
- > Request a Customer Refund
- > Submit Power of Attorney
- > Principal Surety Bond Form
- > Bond Rider Form
- > Obtain a Franchise/Excise Tax Clearance
- > Apply or Renew F&E Tax Exemption

Access

Manage users who have access to this customer.

- > View Access
- > Manage Access

Names & Addresses

View or update names and addresses associated to this customer.

- > Manage Names & Addresses

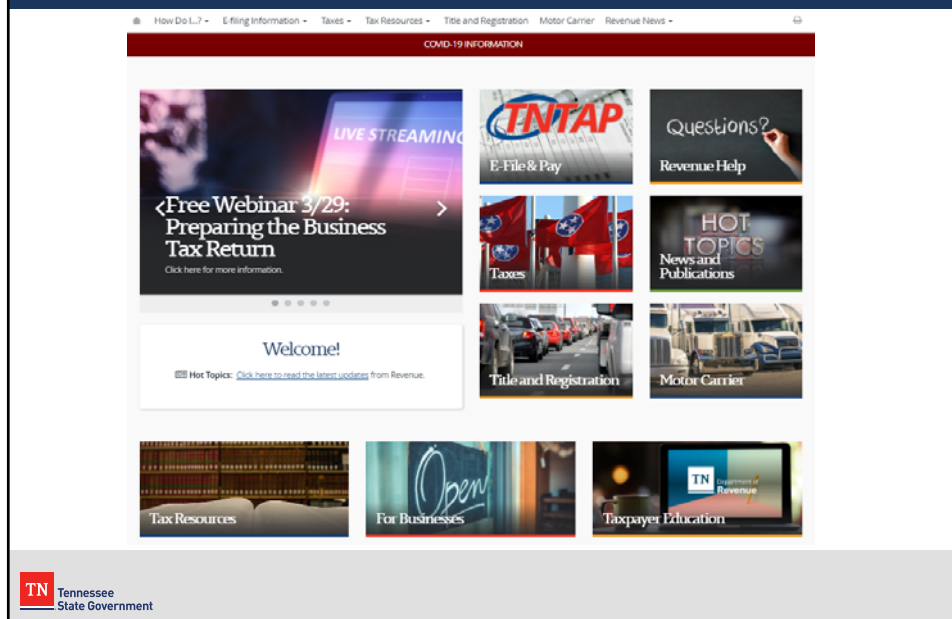
Letters

View letters I've received from the agency.

- > [View Letters](#)

TN Tennessee
State Government

RESOURCES – WEBSITE TOUR



RESOURCES – Miscellaneous Help

- **TN Department of Economic & Community Development (ECD):** Online tool to help you visualize your business model and connect with resources across the state
 - Smart Start Guide: <https://www.tn.gov/content/dam/tn/e cd/documents/bero/TNSmartStartupGuide.pdf>
 - Smart Start Portal: <https://www.tnsmartstart.com/>
- **Tennessee Small Business Development Center (TSBDC)** <https://www.tsbdc.org/>
 - A network of centers that provide counseling and training to help small business owners start, grow and expand their business
 - Many free resources on website such as a Step-by-Step Business Planning Workbook

RESOURCES – Miscellaneous Help

- **SCORE Association** www.SCORE.org
 - Volunteer business counselors, advisors, and mentors who offer individual free to low-cost counseling throughout the U.S. and its territories
 - Online workshops on topics such as “The Startup Roadmap” and “Simple Steps for Exiting your Business”
- **Small Business Administration** www.sba.gov
 - Business Guide
 - Funding Programs
 - Federal Contracting
 - Learning Platforms
 - Local Assistance



RESOURCES – Follow Us!



@TennesseeDepartmentOfRevenue



@TNRevenue



@TNDeptofRevenue



CONTACT US

Please submit specific account-related questions, or any questions that do not get addressed in this webinar to directly us!



www.tn.gov/Revenue



Revenue.support@tn.gov



615.253.0600 (M-F 8-4:30 CST)