

Income/Franchise:

Tennessee DOR Posts Guidance on Franchise Tax Refunds Pursuant to Bill Repealing Alternative Property Base

Important Notice #24-05: Franchise Tax Property Measure Repeal, Tenn. Dept. of Rev. (5/24); *Franchise Tax Property Measure (Schedule G) Refunds Website*, Tenn. Dept. of Rev. (5/24); *Revenue Help: FT-13: Property Measure Repeal*, Tenn. Dept. of Rev. (5/3/24). The Tennessee Department of Revenue (Department) posted implementation guidance on recently passed legislation that, for tax years ending on or after January 1, 2024, eliminates the Tennessee statutory provision requiring that the franchise tax base must not be less than the actual value of the real or tangible property owned or used by a taxpayer in the State, and which authorizes refunds for taxpayers who properly file a refund claim on the prescribed forms for taxes previously paid using the real and tangible property base measure of the franchise tax [see S.B. 2103 / H.B. 1893 (2024), and previously issued Multistate Tax Alert for more details on this Tennessee franchise tax legislation]. In doing so, the Department explains that taxpayers who paid the Tennessee franchise tax on the property measure using “Schedule G” for tax years ending on or after March 31, 2020, for which a return was filed with the Department on or after January 1, 2021, may be eligible for a refund. Eligible taxpayers must amend their Tennessee franchise tax returns for all eligible tax periods to create the Schedule G overpayment and then request the overpayment amount as a refund – “both the amended returns and the refund claim must be submitted by November 30, 2024.” On a devoted webpage, the Department also provides some answers to other related frequently asked questions (FAQs) and asks taxpayers to “check back regularly for updates” as it will continue to add more guidance. Going forward, the Department notes that, under its new law, the Tennessee franchise tax is based solely on a taxpayer’s net worth. Please contact us with any questions.

URL: <https://www.tn.gov/content/dam/tn/revenue/documents/notices/fae/24-05fe.pdf>

URL: <https://www.tn.gov/revenue/2024franchisetax.html>

URL: <https://revenue.support.tn.gov/hc/en-us/articles/26262384974228-FT-13-Property-Measure-Repeal>

URL: <https://wapp.capitol.tn.gov/apps/BillInfo/Default.aspx?BillNumber=SB2103>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-tennessee-general-assembly-passes-bill-repealing-franchise-tax-alternative-property-base.pdf>

— Amber Rutherford (Nashville)
Managing Director
Deloitte Tax LLP
amberrutherford@deloitte.com

Joe Garrett (Birmingham)
Managing Director
Deloitte Tax LLP
jogarrett@deloitte.com

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