

## Income/Franchise:

### Tennessee Letter Ruling Addresses Combined Filing, Sale of Interests in Partnership Structure, and §338(h)(10) Election

*Letter Ruling No. 24-08*, Tenn. Dept. of Rev. (10/31/24). A Tennessee Department of Revenue (Department) letter ruling addresses whether and when certain described restructuring transactions involving an entity that ceased being a first-tier subsidiary of a financial institution that filed as part of a unitary group of financial institutions for Tennessee franchise and excise tax purposes must be included in the Tennessee combined return. Under the provided facts, the entity ceased being a first-tier subsidiary of the financial institution pursuant to various steps that converted the entity into a partnership structure whose interests were then sold under an Internal Revenue Code section 338(h)(10) election. Among other relevant factors, the Department considered whether the transactions occurred while the entity was part of the unitary group. Please contact us with any questions.

**URL:** <https://www.tn.gov/content/dam/tn/revenue/documents/rulings/fae/24-08fe.pdf>

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