

Revenue Review

REVENUE ...
Working For You



Tennessee Department of Revenue

March 2009

Contents:

File Online.....1

New F&E Filing Requirements....1

Economic Development Announcement...2

Online Filing FAQs.....2

Common Filing Errors.....3

IRS Tips.....3

File Online to Meet Tax Deadlines

In the midst of tax preparation season, the Department of Revenue is reminding taxpayers to file online for individual income and franchise and excise taxes by the April 15 deadline. Professional privilege tax is due June 1. Electronic filing and payment options are available at www.Tennessee.gov/revenue.

"The Department of Revenue is constantly working to make filing simple and convenient for taxpayers," said Commissioner Reagan Farr. "More people are saving time and eliminating costly errors by filing online. I encourage all customers to explore this efficient filing option."

MasterCard, American Express and Discover Card are accepted and will be charged an associated 2.49 percent processing fee. Online bill pay, professional privilege tax, individual income tax, sales tax and consumer use tax can also be paid by credit card via the department's Web site. The department is continuing work to expand this convenient payment option to other online services.

Electronic filing of the sales and use tax, consumer use tax, individual income tax, professional privilege tax and minimum franchise and excise tax returns and estimated payments and extensions is available via the department's Web site, www.Tennessee.gov/revenue. Bill payments and many business tax registration activities also can be completed online. See page 2 for frequently asked questions about online filing.

More about Individual Income Tax

The individual income tax is imposed on individuals and other entities receiving interest from bonds and notes and dividends from stock at a rate of 6 percent of taxable income. A few exemptions exist. The first \$1,250 in taxable income received by a single filer is exempt. The first \$2,500 in taxable income received by a joint filer is exempt. People over 65 with total income less than \$16,200 for a single filer or \$27,000 for a joint filer are exempt.

More about Professional Privilege Tax

The \$400 professional privilege tax is due annually for anyone with an active Tennessee license or registration to practice any of the following professions:

Accountant	Audiologist
Agent (Securities)	Broker-Dealer
Architect	Chiropractor
Attorney	Dentist

Engineer	Physician
Investment Advisor	Podiatrist
Landscape Architect	Psychologist
Lobbyist	Real Estate Principal Broker
Optometrist	Speech Pathologist
Osteopathic Physician	Sports Agent
Pharmacist	Veterinarian

Learn more about individual income and professional privilege taxes online at www.Tennessee.gov/revenue.

New Filing Requirements for All Franchise and Excise Tax Exempt Entities

The Department of Revenue recently posted new information to its Web site regarding filing requirements for franchise and excise tax-exempt entities including family-owned non-corporate entities (FONCEs). Public Chapter 1106, Section 68 (2008) requires each FONCE that enjoys exempt status from franchise and excise taxes to report regularly information to the commissioner of Revenue about the entity.

For tax years beginning on and after January 1, 2008, every entity exempt from franchise and excise taxes under the provisions of Tenn. Code Ann. §§ 67-4-2008(a)(5) through (12) must file a new Franchise and Excise Tax Annual Exemption Renewal form (FAE 183) reporting their qualifications for the exemption. This form must be filed by the 15th day of the fourth month following the close of the entity's taxable year in order to certify that it continues to be eligible for the exemption.

In addition to filing form FAE 183, entities qualifying for the FONCE or farming/personal residence exemption must also file a Disclosure of Activity form to retain their exemption. These forms are available online at www.Tennessee.gov/revenue under "Hot Topics." An important notice about these new filing requirements is posted with the forms.

The department has received some inquiries about the new requirements since they were added to the Web site. See below for answers to the most frequently asked questions.

Q. When are the new forms due?

A. The Annual Exemption Renewal (FAE 183) and Disclosure of Activity forms are due on April 15, 2009 for the tax period ended December 31, 2008.

Q. Can I get an extension?

A. If the taxpayer has a federal extension, then an automatic extension will be granted for this annual renewal form too.

Q. If I have already filed an exemption renewal using form RV-F1319201, do I have to file the new form also?

A. Yes, you will also need to file the new Annual Exemption Renewal form and Disclosure of Activity form if applicable.

Contact Us:

Tennessee Department of Revenue
Attn: Taxpayer Services
500 Deaderick Street
Nashville, TN 37242
(615) 253-0600
Statewide toll-free:
(800) 342-1003

Visit our Web site to view a full list of Revenue contacts. Simply go to www.Tennessee.gov/revenue and click on "Contact Us."

Q. I filed the Disclosure of Activity form last summer do I have to file it again?

A. Yes. The Disclosure of Activity form filed last summer was for the 2007 tax period. This new form is for the 2008 tax period. If the entity is claiming the FONCE exemption or the farming/personal residence exemption, then you must file a new Disclosure of Activity form. However, if you have already filed a Disclosure of Activity form for the 2008 tax period, then no additional filing is necessary until the 2009 tax period becomes due on April 15, 2010.

Q. My entity no longer qualifies for a franchise and excise tax exemption. What form do I need to file?

A. You need to file a completed franchise and excise tax return, FAE 170, no later than the 15th day of the fourth month following the close of the entity's taxable year. Do not file the Annual Exemption Renewal form if you file the FAE 170.

Q. What if I don't file these forms?

A. You will lose your exempt status and will be required to file the franchise and excise tax return with payment of tax due.

If you still have questions, please contact the Call Center at (800) 342-1003 (Nashville-area and out-of-state, (615) 253-0700) or e-mail TN.Revenue@state.tn.us.

We Appreciate Your Patience!

Thank you for your patience with us while we continue to expand the new online look of Revenue throughout the Web site. Our Web Team continues to work diligently to update the more than 3,000 pages while making your visit to our site as streamlined as possible.

We still want your feedback, though. Please visit our site, www.Tennessee.gov/revenue, and click on Contact Us where you will find a link to anonymous surveys, both for the Web site and customer service. Please take this very short survey the next time you surf the Revenue site.

Tennessee Announces Third \$1 Billion Project in Eight Months

On Thursday, February 26, Revenue Commissioner Reagan Farr joined Governor Phil Bredesen, Senator Bob Corker, Economic and Community Development Commissioner Matt Kisber and other state and local officials in Cleveland, Tennessee to announce Wacker Chemie AG of Munich, Germany's plans to locate operations in Tennessee. Wacker announced plans to build a facility for the manufacture of hyperpure polycrystalline silicon in Bradley County. Polycrystalline silicon is a primary component used in the manufacture of solar panels and semiconductors. The project is expected to create more than 500 new jobs for the region.

"This announcement further enhances Tennessee's growing reputation as an innovation center in the development and manufacture of clean energy technologies," said Governor Bredesen. "I appreciate Wacker Chemie's investment in Tennessee and its recognition of the productivity of Tennessee workers, and I'm very pleased the company believes Tennessee is the best place to enhance its position in a growing economic sector."

In addition to the state's strong business climate, Wacker officials cited Tennessee's well-developed infrastructure and the cooperative partnership of state agencies, local government and the local chamber of commerce. As part of its investment, Wacker will qualify for statutory incentives on the state and local level, including the FastTrack Infrastructure Development Program, the FastTrack Job Training Assistance Program and the Super Jobs Tax Credit. In addition, the company will be able to take advantage of industrial electricity rates approximately half those found in Germany.

Wacker's announcement is the third \$1 billion dollar project to be announced in Tennessee in the past eight months, bringing the total jobs created from these projects to 3,000. In July 2008, Volkswagen announced plans to build a \$1 billion auto assembly plant in Chattanooga that will create 2,000 jobs. Later, in December, Hemlock Semiconductor and its parent company announced plans to locate a polycrystalline silicon manufacturing operation in Clarksville that will create 500 jobs.

Revenue and Economic and Community Development's close working relationship is often cited as a welcome difference from other states. The two departments work together closely on economic development projects throughout the recruitment process, streamlining it and enhancing potential relocation efforts with companies. Learn more about Tennessee's investment and job creation incentives by visiting the online Tool Kit at www.Tennessee.gov/ecd.

Frequently Asked Questions: Online Filing

Q. When am I required to file a sales and use tax return and submit payment electronically?

A. A taxpayer is required to file a sales and use tax return and submit payment electronically once the taxpayer's average tax payments meet the minimum threshold. The threshold for sales and use tax is \$2,500. The Tennessee Department of Revenue will notify any taxpayer whose tax payments meet the minimum threshold of the requirement for electronic returns and payments.

Q. What if I do not own a computer?

A. The Tennessee Department of Revenue can provide you with paper copies of the electronic commerce registration documents upon request. In order to assist taxpayers with compliance to electronic filing, the Department of Revenue provides computer access in its offices in Chattanooga, Knoxville, Jackson, Johnson City, Memphis and Nashville. The department also offers an electronic commerce hot line to assist taxpayers and tax practitioners at (866) 368-6374. Nashville-area and out-of-state callers should dial (615) 253-0704.

Q. If I file before the due date, do I have to make a payment today?

A. No. You have the option of filing your return without a payment. The Tennessee Department of Revenue offers payment warehousing to its sales and use tax online filing site, which allows taxpayers to complete the tax return in advance and schedule the payment to be processed on the due date. This allows taxpayers to manage filing obligations while maintaining access to their money as long as possible.

Q. Is all the information I provide confidential?

A. Yes. Taxpayer confidentiality provisions in Tenn. Code Ann. § 67-1-1702 state that all returns, tax information, and tax administration information is confidential. In addition, except as authorized in the law, no officer or employee of the state or any other person who has access to such information can disclose any tax information obtained as a result of performance of the officer or employee's duties or obtained by any other means.

Revenue Hints for Avoiding Common Filing Errors

1. Remember to sign your return!
2. Be sure to supply the filing period.
3. Don't send IRS forms or checks to us. Please send them to the IRS.
4. Make your check payable to the Tennessee Department of Revenue – not the IRS.
5. Fill out your check completely before sending to us.
6. Make sure the amount of the check matches the appropriate amount due line.
7. Don't staple checks to returns. Removing staples from checks can sometimes destroy important information.

Income Tax Filing Tips from the IRS

1. Don't miss the new tax breaks for 2008:
 - Real estate taxes can be deducted without having to itemize – up to \$500 for individuals and \$1,000 for married couples.
 - You may be eligible for the Recovery Rebate Credit if you did not get a stimulus payment in 2008. And, even if you did, you still might qualify, especially if you had a child born in 2008 or you ceased being a dependent.
 - The stimulus legislation provides for two versions of a First-Time Homebuyer Credit. You are considered a first-time homebuyer if you have not owned a home for three years prior to the purchase of a home after April 8, 2008 and before Dec. 1, 2009. See more below.
2. You will need to report your stimulus payment to determine if you are eligible for the Recovery Rebate Credit, but be sure to report the correct amount. The IRS is seeing lots of filing errors when people guess and enter the wrong amount of stimulus payment. Don't remember how much you got? Visit IRS.gov and use the online tool, "How Much Was My 2008 Stimulus Payment?" or call IRS toll-free at 1-866-234-2942.
3. If you purchased a home in 2008 after April 8, you may be eligible for a credit of up to \$7,500 on your 2008 tax return. Be aware, though, that the credit must be paid back beginning in 2011 over a 15-year period. It's like an interest-free loan from the government.
4. If you purchased a home in 2009 or if you purchase one before December 1, you may be eligible for a credit of up to \$8,000 that can be claimed either on your 2009 return next year or right now on your 2008 tax return. This credit does not have to be paid back.
5. Check out the benefits of the 2009 stimulus legislation at IRS.gov. They include higher paychecks for many employees in 2009 and a one-time payment of \$250 for retirees. No action is needed to get either benefit. There is also a deduction for many people who buy a new vehicle after Feb. 16.
6. E-file your return at no cost if your 2008 income was \$56,000 or less. Visit IRS.gov and click on the Free File link.

7. Remember the IRS never sends e-mails about your taxes. If you get an e-mail that appears to come from the IRS, be very cautious. Do not click on any links or open any attachments as that may allow the scammers to infect your computer with malicious software. See IRS.gov for instructions on how to forward the scam e-mail to the IRS.
8. Need help preparing your tax return? If your 2008 household income was under \$42,000, take advantage of the many community-based tax help sites staffed by trained volunteers. There may be one right around the corner from you! Dial 2-1-1 or call toll-free 1-800-906-9887.
9. Remember to file either a tax return or an extension no later than April 15, 2009. If you are behind on filing, April 15, 2009 is the last chance to file for tax year 2008 and claim a refund. If you miss the deadline, any refund due will go to the government.
10. Remember, the official IRS Web site is www.irs.gov - not .com or .org or .net. Make sure you are at the IRS site or you may be charged for tax services the IRS provides at no cost online.

Remember to Tell Us When You Move

Please notify the Department of Revenue of any changes in your address. Notifying the IRS for Federal Income or your professional board does not transfer to Revenue, so be sure to call, e-mail or write us if your address changes.

Call: Statewide toll-free at (800) 342-1003 (Nashville-area and out-of-state, (615) 253-0600)

E-mail: TN.Revenue@state.tn.us

Write: Tennessee Department of Revenue, Andrew Jackson Building, 500 Deaderick Street, Nashville, TN 37242

Save the Date: Upcoming New Business Workshops

May

May 13 – Chattanooga, 8:30 a.m. to 1:15 p.m.

May 13 – Knoxville, 8:30 a.m. to 12:30 p.m.

May 14 – Johnson City, 8:30 a.m. to 11:45 a.m.

May 14 – Memphis, 9 a.m. to noon

May 19 – Nashville, 9 a.m. to 1:30 p.m.

July

July 2 – Memphis, 9 a.m. to noon

July 9 – Johnson City, 8:30 a.m. to 11:45 a.m.

July 15 – Chattanooga, 8:30 a.m. to 1:15 p.m.

July 15 – Knoxville, 8:30 a.m. to 12:30 p.m.

July 21 – Nashville, 9 a.m. to 1:30 p.m.

Visit www.Tennessee.gov/revenue and click on "Taxpayer Education" to register or learn more.

COMING SOON: University Seminar Schedule



Authorization number 347193: December 2008.