



Approved by: Juan Williams, Commissioner	Policy Number: 12-046 (Rev. 07/01/2023)
Signature: 	Supersedes: 11-066; 04-021
Application: Executive Branch Agencies; Human Resource, Payroll and Budget Officers	Effective Date: October 3, 2012
Authority: T.C.A. § 4-3-1703, T.C.A. § 8-30-104, T.C.A. § 8-30-203, T.C.A. § 67-4-1701 et seq.	Rule: N/A

Professional Privilege Tax Payments for State Employees

Tenn. Code Ann. § 67-4-1701 et seq. levies a tax upon certain occupations which require professional licensure or certification. A complete list of these professions can be found at Tenn. Code Ann. § 67-4-1702. Pursuant to Tenn. Code Ann. § 67-4-1709, the State, as an employer, may pay this tax for its employees subject to the tax and use the license or certification in their job duties. Such payments must be authorized annually through language in the appropriations bill.

Upon passage of the appropriations bill, payments will be made on behalf of full-time executive branch employees who are actively employed and have an active license or certification as of June 1 of the current fiscal year. The employee's professional license or registration shall meet one of the following criteria: (1) the license or registration is a requirement of the employee's job classification; or (2) possession of the license or certification enhances the performance of the major duties and responsibilities of the employee's position.

Agencies must identify employees covered by this policy and forward the same to the Compensation Division in the Department of Human Resources no later than a date established and communicated to the agencies annually.

When an agency requests payment of the privilege tax for an employee whose job classification does not require professional licensure or certification, the agency must provide additional supporting documentation on how possession of the professional licensure or certification enhances the employee's performance of his or her job duties. The Department of Human Resources will review the information submitted by the agency and notify the respective agency of the results within five workdays of receipt. The agency will then submit the approved names for payment to the Department of Revenue.

Questions regarding this policy should be directed to the Compensation Division.