



Department of
Revenue

Franchise and Excise Tax – Excise Tax

ET-7 - Payments Received under the Tennessee Business Relief Program or the Supplemental Employer Recovery Grant Program

This article is for informational purposes only and NOT APPLICABLE BEGINNING April 13, 2021 due to a law change.

Payments received under the Tennessee Business Relief Program (“BRP”) or the Supplemental Employer Recovery Grant Program (“SERG”) are subject to Tennessee franchise and excise tax but are not subject to Tennessee business tax.

Tennessee established the BRP and the SERG programs utilizing federal CARES Act funds. The Internal Revenue Service has stated that if a state government establishes an economic relief program (such as BRP and SERG) to support businesses using CARES Act funds, the receipt of payments by a business from such a program is included in federal taxable income and subject to federal taxation. Because the starting point for determining a Tennessee franchise and excise tax liability is federal taxable income, these payments will be subject to franchise and excise tax. These payments are not included in gross receipts for Tennessee business tax purposes and are not subject to the business tax.