

FT-1 - Franchise Tax Computation

This article is for informational purposes only.

In general, the franchise tax is based on the greater of Tennessee apportioned

- net worth (assets less liabilities) or
- the book value (cost less accumulated depreciation) of real and tangible property owned or used in Tennessee.

The tax rate is \$0.25 per \$100 (0.25%) of the tax base. There is a \$100 minimum tax.

The net worth and tangible property values are computed in accordance with generally accepted principles (GAAP). However, if the books and records are not maintained in accordance with GAAP, these values may be computed in accordance with the accounting method used by the taxpayer for federal tax purposes, so long as the method fairly reflects the taxpayer's net worth and property values.