



**Schedule A - Tax Computation by Location**

Attach additional schedules as needed.

	Location	Location	Location	Location
Location ID.....				
Business tax classification (see instructions).....				
Enter R for Retailer or W for Wholesaler for each location .....				
County for this location.....				
City (if applicable) for this location .....				
1. Total gross state sales (excluding sales tax).....				
2. Enter deductions from Schedule B, Line 20 less Schedule B, Line 9 (Class 4 only) or enter deductions from Schedule B, Line 20 (non-Class 4).....				
3. Taxable gross state sales (subtract Line 2 from Line 1) .....				
4. State tax (multiply Line 3 by the applicable rate)				
5. Amount of county personal property tax paid (cannot exceed 50% of Line 4).....				
6. Total state tax due (subtract Line 5 from Line 4).....				
7. Total gross city sales (excluding sales tax) .....				
8. Enter deductions from Schedule B, Line 20 less Schedule B, Line 8 (Class 4 only) or enter deductions from Schedule B, Line 20 (non-Class 4).....				
9. Taxable gross city sales (subtract Line 8 from Line 7).....				
10. City tax (multiply Line 9 by the applicable rate).....				
11. Amount of city personal property tax paid (cannot exceed 50% of Line 10).....				
12. Total city tax due (subtract Line 11 from Line 10) .....				

**Schedule B - Deductions, Privilege and Excise Taxes by Location**

Attach additional schedules as needed.

	Location	Location	Location	Location
Location ID.....				
1. Sales of services received by persons located in other states.....				
2. Returned merchandise when the sales price is refunded to the customer .....				
3. Sales of tangible personal property in interstate commerce .....				
4. Cash discounts allowed and taken on sales .....				
5. Repossessions .....				
6. Amount allowed as trade-in value for any articles sold .....				
7. Bad debts written off during the reporting period .....				
8. County amounts paid by a contractor to a subcontractor (must complete Schedule C) (see instructions).....				
9. City amounts paid by a contractor to a subcontractor (must complete Schedule C) (see instructions).....				
10. Federal and Tennessee gasoline tax.....				
11. Federal and Tennessee motor fuel tax.....				
12. Federal and Tennessee tobacco tax on cigarettes.....				
13. Federal and Tennessee tobacco tax on all other tobacco products.....				
14. Federal and Tennessee beer tax .....				
15. Tennessee special tax on petroleum products .....				
16. Tennessee liquified gas tax for certain motor vehicles.....				
17. Tennessee beer wholesale tax .....				
18. Tennessee bail bonds tax.....				
19. Other deductions not taken elsewhere on the return.....				
a. Specify (see instructions) .....				
20. Total deductions (add Lines 1 through 19) .....				

Taxable Year	Taxpayer Name	Account No./FEIN/SSN
		Location ID

**Schedule C - Payment to Subcontractor Worksheet**

Attach additional schedules as needed per location. See instructions for claiming this deduction.

Subcontractor Name			Contractor License Number
Address			Business License Number
City	State	ZIP Code	Issued By (County or City)
Description of business activities provided			Date Paid
			Amount Paid
Subcontractor Name			Contractor License Number
Address			Business License Number
City	State	ZIP Code	Issued By (County or City)
Description of business activities provided			Date Paid
			Amount Paid
Subcontractor Name			Contractor License Number
Address			Business License Number
City	State	ZIP Code	Issued By (County or City)
Description of business activities provided			Date Paid
			Amount Paid
Subcontractor Name			Contractor License Number
Address			Business License Number
City	State	ZIP Code	Issued By (County or City)
Description of business activities provided			Date Paid
			Amount Paid
Subcontractor Name			Contractor License Number
Address			Business License Number
City	State	ZIP Code	Issued By (County or City)
Description of business activities provided			Date Paid
			Amount Paid

## Instructions: Business Tax

### General Information

**Filing:** Every person subject to Tennessee business tax should file only one business tax return per filing period which includes all business tax due.

**Due Dates:** Your business tax return is due on the 15th day of the fourth month following the end of your fiscal year. For example, if your fiscal year coincides with the calendar year, then your return will be due on April 15th.

**Tax Rates:** The business tax rates vary, depending on your classification and whether you are a retailer or a wholesaler. However, every Class 1-4 and 5B taxpayer must pay at least a minimum tax of \$22 per location. Out-of-state Class 1-4 and 5B taxpayers must pay a single \$22 minimum tax. Class 5A taxpayers must pay a minimum tax of \$450 per location, but will not be liable for more than \$1,500 per location.

Classification	Retailer Rates	Wholesaler Rates	General Rate
Class 1A	0.001	0.00025	
Class 1B and 1C	0.001	0.000375	
Class 1D	0.0005	Not applicable	
Class 1E	Not applicable	0.0003125	
Class 2	0.0015	0.000375	
Class 3	0.001875	0.000375	
Class 4	Not applicable	Not applicable	0.001
Class 5A	Not applicable	Not applicable	0.001
Class 5B	Not applicable	Not applicable	0.0002

### Classifications

Each taxpayer is classified by its dominant business activity (the activity that produces its largest portion of taxable sales) on a per location basis. Every classification has its own tax rate, so your classification determines the tax rate you must apply to all of your taxable sales at that location. You must choose only one classification per location. See [www.tn.gov/revenue](http://www.tn.gov/revenue) for more information on classifications.

### Retailer vs. Wholesaler

Your tax rate is also affected by whether you are a retailer or a wholesaler at a given location. Most classifications include both a retailer rate and a wholesaler rate. Once you determine whether you are a retailer or a wholesaler at a particular location, you will apply that rate to all of your taxable gross sales at that location.

You are a retailer if at least 50% of your taxable gross sales are retail sales. You are a wholesaler if more than 50% of your taxable gross sales are wholesale sales.

A wholesale sale may include, but is not limited to:

- a sale to a retailer for resale,
- a sale of industrial materials that become a component part of a product that is for resale, or
- a sale of goods to the government or a governmental agency or to a nonprofit.

A retail sale is anything that is not a wholesale sale.

### Exempt Services

Receipts derived from the sale of some services are exempt. The categories of exempt services can be found at Tenn. Code Ann. § 67-4-708(3)(C). Note, however, that if you also sell tangible personal property or taxable services, you must file and pay business tax on your taxable receipts based on the dominant taxable business activity.

**Return**

- Line 1: Enter the total state tax due for every location entered on Schedule A, Line 6.
- Line 2: Enter the total city tax due for every location entered on Schedule A, Line 12.
- Line 3: Add Lines 1 and 2.
- Line 4: If your account has a credit balance from an overpayment on a prior return, enter the amount on this line.
- Line 5: Penalty is calculated at a rate of 5% for each 30-day period, or portion thereof, that a return is delinquent, up to a maximum of 25% of the delinquent amount. The minimum penalty is \$15 for the delinquent filing of a return. If your return is delinquent, apply the appropriate penalty rate to the total tax due from Line 3.
- Line 6: Interest is due on any amount of tax that is paid after the statutory due date of the return. The interest rate is determined in accordance with Tenn. Code Ann. § 67-1-801. The current interest rate can be found at [www.tn.gov/revenue](http://www.tn.gov/revenue) by clicking the Tax Resources tab. If the payment is late, apply the interest rate to the total tax due from Line.
- Line 7: Add Lines 3, 5, and 6, and subtract Line 4 for the total amount of tax due.

**Schedule A - Tax Computation by Location**

You must provide the information in this Schedule for every location in this state. If you have an out-of-state location ID, you should enter all information in a separate column for that location ID. If you have more than four location IDs, please attach additional Schedules A and B.

Enter the location ID and classification for each of your locations in the state. A Class 4 contractor must separately list its domicile location or out-of-state location, as well as any locations in which it receives more than \$100,000 in contracts during the business tax reporting period (deemed locations). Also enter your out-of-state location ID and classification, if applicable.

If the return is a final return for any of the listed locations, you will need to close out those locations in your TNTAP account. A Class 4 contractor will need to close out any deemed locations, unless the contract for a deemed locations extends into the next reporting period and the contractor is sure that it will receive more than \$100,000 in receipts the next reporting period.

Indicate whether you qualify as a retailer or wholesaler for each location. If the location is a Class 4, 5A, or 5B, leave these lines empty. Enter the city (if applicable) and county for each in-state location ID. These lines will be left blank for out-of-state location IDs.

- Line 1: Enter the total state gross sales and gross income that are subject to business tax. Do not include in this amount sales tax and liquor-by-the-drink tax collected, commissions from lottery ticket sales, or exempt sales.
- Line 2: Class 4 contractors should enter the total amount of deductions entered on Schedule B, Line 20 less the amount on Schedule B, Line 9 for the location. All other taxpayers should enter the total amount of deductions entered on Schedule B, Line 20.
- Line 3: Subtract Line 2 from Line 1 and enter here.
- Line 4: To determine the state tax, multiply Line 3 by the applicable rate from the rate table on page 1 of these instructions.
- Line 5: Enter the amount of county personal property tax actually paid on property located at the specific location. The amount entered on this line cannot exceed 50% of Line 4. The tax must be paid prior to or during the reporting period of this return. This amount cannot include real property taxes. Enter zero if no personal property tax was paid for the location or if the location is out-of-state.
- Line 6: Subtract Line 5 from Line 4. For Class 1, 2, 3, 4, and 5B locations, if the amount is less than \$22, enter \$22 on this line. For Class 5A locations, if the amount is less than \$450, enter \$450 on this line, and if the amount is more than \$1,500, enter \$1,500 on this line.

- Line 7: Enter the total gross sales and gross income that are subject to the *city* business tax. Do not include in this amount sales tax and liquor-by-the-drink tax collected, commissions from lottery ticket sales, or exempt sales. Unless you are a Class 4 contractor, this amount should be the same as the amount entered on Line 1.
- Line 8: Class 4 contractors should enter the total amount of deductions entered on Schedule B, Line 20 less the amount on Schedule B, Line 8 for the location. All other taxpayers should enter the total amount of deductions entered on Schedule B, Line 20.
- Line 9: Subtract Line 8 from Line 7 and enter here. Unless you are a Class 4 contractor, this amount should be the same as the amount entered on Line 3.
- Line 10: To determine the city tax, multiply Line 9 by the applicable rate from the rate table on page 1 of these instructions. If the location is out-of-state or is not in an incorporated municipality, or if the municipality has not enacted the city business tax, enter zero.
- Line 11: Enter the amount of city personal property tax actually paid for the location, up to 50% of Line 10. Enter zero if no personal property tax was paid for the location. If the location is out-of-state or is not in an incorporated municipality, or if the municipality has not enacted the city business tax, enter zero.
- Line 12: Subtract Line 11 from Line 10. For Class 1, 2, 3, 4, and 5B locations, if the amount is less than \$22, enter \$22 on this line. For Class 5A locations, if the amount is less than \$450, enter \$450 on this line, and if the amount is more than \$1,500, enter \$1,500 on this line.

### **Schedule B - Deductions, Privilege and Excise Taxes by Location**

You must provide the information in this Schedule for every location in this state. If you have an out-of-state location ID, you should enter all information in a separate column for that location ID. If you have more than three location IDs, please attach additional Schedules A and B.

- Line 1: Enter all sales of services that are delivered to locations outside of Tennessee.
- Line 2: Enter the amount of returned goods, wares, or merchandise for which the sales price was refunded, either in cash or credit, to the purchaser. This amount should equal the amount reported on the Tennessee Sales and Use Tax Return, Schedule A, Line 5, for the business tax reporting period.
- Line 3: Enter all sales of tangible personal property that were delivered, either by the taxpayer or by common carrier, where the purchaser took possession of the property outside of Tennessee for use or consumption outside of Tennessee.
- Line 4: Enter the amount of cash discounts allowed and taken on sales made during the taxpayer's business tax reporting period.
- Line 5: Enter the portion of the unpaid principal balance in excess of \$500 due on all items of tangible personal property repossessed from customers during the taxpayer's business tax reporting period. This amount should equal the amount reported on the Tennessee Sales and Use Tax Return, Schedule A, Line 8, for the business tax reporting period.
- Line 6: Enter the total amount allowed as trade-in value for any articles sold during the taxpayer's business tax reporting period.
- Line 7: Enter the total amount of bad debts written off during the business tax reporting period and eligible to be deducted for federal income tax purposes.
- Line 8: Enter the total amount paid in the county by a Class 4 contractor to a subcontractor(s) holding either a business license or a contractor's license for performing activities described in Tenn. Code Ann. § 67-4-708(4)(A). To receive the deduction, Class 4 contractors must complete a Schedule C for each location for which they are claiming the deduction.
- Line 9: Enter the total amount paid in the city by a Class 4 contractor to a subcontractor(s) holding either a business license or a contractor's license for performing activities described in Tenn. Code Ann. § 67-4-708(4)(A). To receive the deduction, Class 4 contractors must complete a Schedule C for each location for which they are claiming the deduction.
- Line 10: Enter the amount of all federal and Tennessee privilege and excise taxes paid on gasoline sold by the taxpayer.

- Line 11: Enter the amount of all federal and Tennessee privilege and excise taxes paid on motor fuel sold by the taxpayer.
- Line 12: Enter the amount of all federal and Tennessee privilege and excise taxes paid on cigarettes sold by the taxpayer.
- Line 13: Enter the amount of all federal and Tennessee privilege and excise taxes paid on all other tobacco products sold by the taxpayer.
- Line 14: Enter the amount of all federal and Tennessee privilege and excise taxes paid on beer sold by the taxpayer.
- Line 15: Enter the amount of Tennessee special tax paid on petroleum products sold by the taxpayer.
- Line 16: Enter the amount of Tennessee liquified gas tax paid on liquified gas for motor vehicles sold by the taxpayer.
- Line 17: Enter the amount of Tennessee beer wholesale tax paid on beer sold by the taxpayer.
- Line 18: Enter the amount of Tennessee bail bonds tax paid.
- Line 19: Enter any other deductions from business tax for the business tax reporting period. Specify which deductions are taken by using the letters listed below. Note that these deductions may be taken only if included in Schedule A, Line 1. Other deductions include:
- a) accommodation sales (sale for resale of tangible personal property at cost plus freight, storage, and transportation costs by a person who regularly sells such property to another person who regularly sells such property)
  - b) casual and isolated sales of tangible personal property
  - c) sales of school supplies and meals to students and school employees on campus by secondary or elementary schools (but not such sales made by independent contractors)
- Line 20: Calculate the total deductions by adding Lines 1 through 19.

### **Schedule C - Payment to Subcontractor Worksheet**

Only Class 4 contractors that actually paid amounts during the business tax year to a subcontractor holding a business license or contractor's license issued by the board for licensing contractors for performing contracting activities should complete this schedule.

Examples of such activities include rendering extermination services, installing personal property, constructing, building, erecting, repairing, grading, excavating, drilling, exploring, testing, or adding to any building, highway, street, sidewalk, bridge, culvert, sewer, irrigation or water system, drainage or dredging system, levee or levee system or any part thereof, railway, reservoir, dam, power plant, electrical system, air conditioning system, heating system, transmission line, pipeline, tower, dock, storage tank, wharf, excavation, grading, water well, or any other improvement or structure or any part thereof.

You must complete a Schedule C for each location ID for which you are claiming the subcontractor deduction on Schedule B, Line 8. If you paid more than five subcontractors for a particular location during the business tax reporting period, please attach additional schedules. You must maintain in your records a copy of the subcontractor's business license or contractor's license.

Fill in all applicable information for each subcontractor. Enter either the contractor license number or the business license number (both are not required). Enter the total amount paid to the subcontractor for that location during the entire reporting period. If you paid the subcontractor multiple times during the reporting period, enter the final date of payment in the "date paid" box.