

Schedule G Instructions

Schedule G – Determination of Real and Tangible Property

Election - Taxpayers who want to use the minimum tax base in § 67-4-2108 as it applied to tax periods ending before December 31, 2023, per Tenn. Code Ann. § 67-4-2123 must make the annual election by submitting the election form.

Taxpayers that have made the election must complete Schedule G.

Values in Schedule G must be reported in accordance with generally accepted accounting principles (GAAP), except as permitted by Tenn. Code Ann. § 67-4-2108(a)(3).

- Lines 1-5: The amounts on these lines are based on the year-end net book values of the assets on the entity's book basis books and records. All tangible assets should be included in these values regardless of how the assets are classified.
- Line 6: This amount is calculated by multiplying the taxpayer's percentage of ownership in a general partnership, shown on federal Schedule K-1, by the amount of real and tangible property owned or used in this state, shown on the balance sheet of an entity treated as a partnership for federal tax purposes. Only include property from an entity treated as a partnership on this line if the entity itself is not required to file a Tennessee franchise and excise tax return.
- Line 7: Include all inventory and work in progress on Line 7a. Include all exempt inventory on Line 7b. Exempt inventory is any amount of finished goods in excess of \$30,000,000 in accordance with Tenn. Code Ann. § 67-4-2108(a)(6)(B).
- Line 8: Enter the net book value of pollution control equipment and equipment used to produce electricity in a certified green energy production facility, as defined in Tenn. Code Ann. § 67-4-2004. These amounts will have also been reported on Lines 2 or 3 above. Certificates concerning pollution control equipment provided for in § 67-5-604 and certifications for a green energy production facility issued by the Department of Environment and Conservation should be maintained and furnished to the Commissioner upon request.
- Line 9: Enter the amount of any required capital investments exempted by Tenn. Code Ann. § 67-4-2108(a)(6)(G). Exempt required capital investments is two thirds (2/3) in value of all capital investments that are the basis for a taxpayer's entitlement to credits under § 67-4-2109(b)(2)(B); provided, however, that the investments shall qualify as "exempt required capital investments" only in those tax years in which the additional annual credit is actually allowed under § 67-4-2109(b)(2)(B).
- Line 10: Add Lines 1 through 7a, and subtract Lines 7b through 9.
- Lines 11-14: The amounts in the first column are the total net annual rental paid for property located in Tennessee. Multiply these amounts by the multiples, and enter each total on Lines 11 through 14. A sub-rental deduction may only be made in accordance with TENN. Comp. R. & REGS. 1320-6-1-.18(1).
- Line 15: Rents must be annualized for returns covering a period of less than 12 months. Complete the Short Period Return Worksheets and retain them with your records when filing a short period return. Add Lines 10 through 14, and enter total here and on Schedule A, Line 2. This amount is the total real and tangible property owned or used in Tennessee.