

Taxable Year	Taxpayer Name	Account No./FEIN
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Schedule QP - Franchise and Excise Qualified Production Credit

Computation of Credit

1. Total Qualified Payroll Expenses incurred during the current fiscal year(1) _____
2. Expenses reported on line 1 paid to individuals whose primary residence is in a tier 1 enhancement county..... (2) _____
3. Expenses reported on line 1 paid to individuals whose primary residence is in a tier 2, tier 3, or tier 4 enhancement county..... (3) _____
4. Qualified Production Credit
(Line 2 multiplied by 40% plus Line 3 multiplied by 50%) (4) _____
5. Credit available from prior year(s) (from Schedule QPCF) (5) _____
6. Total credit available (add Lines 4 and 5) (6) _____
7. Franchise and excise tax liability before any credits (Sch. A, Line 3 plus Sch. B, Line 5).... (7) _____
8. Limitation on credit (50% of Line 7)(8) _____
9. Franchise and excise tax liability before any credits (Sch. A, Line 3 plus Sch. B, Line 5) (9) _____
10. Credits from Schedule D, Lines 1 through 7 (10) _____
11. Tax before Qualified Production Credit (subtract Line 10 from Line 9) (11) _____
12. Amount available in current year
(enter the smaller value of Lines 6, 8 or 11 here, and Sch. D, Line 8 (12) _____

Schedule QPCF - Schedule of Qualified Production Credit Carryover

Year	Period Ended MM/YY	Original Return or as Amended	Used in Prior Year(s)	Expired	Production Credit Carryover
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
Total Amount (Enter here and Schedule QP, Line 5)					

Schedule QP - Franchise and Excise Qualified Production Credit

Instructions:

General Information

The Qualified Production Credit is a credit for qualified payroll expenses and is allowed against an applicant's combined franchise and excise tax liability. The total credit taken on any franchise and excise tax return, including any credit carried forward from prior tax periods, is limited to 50% of the combined franchise and excise tax liability and any unused credit may be carried forward for up to 25 years. This credit requires prior approval from the Commissioners of Revenue and Economic and Community Development. Tenn. Code Ann. § 67-4-2109(j).

Line by Line Instructions

- Line 1: Enter the total qualified payroll expenses incurred during the current year. Attach letter showing the approved amount.
- Line 2: Enter the expenses reported on Line 1 paid to individuals whose primary residence is in a tier 1 enhancement county.
- Line 3: Enter the expenses reported on Line 1 paid to individuals whose primary residence is in a tier 2, 3, or 4 enhancement county.
- Line 4: Enter the sum of Line 2 multiplied by 40% plus Line 3 multiplied by 50%.
- Line 5: Enter the credit carryover amount from Schedule QPCF.
- Line 6: Add Lines 4 and 5.
- Line 7: Enter the sum of Schedule A, Line 3 and Schedule B, Line 5.
- Line 8: Enter 50% of Line 7.
- Line 9: Enter the sum of Schedule A, Line 3 and Schedule B, Line 5.
- Line 10: Enter amounts from Schedule D, Lines 1 through 7.
- Line 11: Subtract Line 10 from Line 9.
- Line 12: Enter the least of Lines 6, 8, or 11. Also enter on Sch. D, Line 8.

Schedule QPCF - Schedule of Qualified Production Credit Carryover

Instructions:

The Qualified Production Credit may be carried forward and used to offset franchise and excise tax for up to 25 years or until fully utilized, whichever occurs first.

Column Headings

- Period Ended – Enter the ending date of the tax period in which the credit originated. List the oldest period first.
- Original Return or as Amended – Enter the amount of credit created in the corresponding tax period. If this amount has been adjusted by the Department, or otherwise amended, enter the corrected amount. If there is an adjustment that has not been previously reported to us, simply changing this line will not adjust our records. Adjustments must be made on the applicable Departmental form (amended FAE170, Federal Income Revision form, etc.) or by correspondence.
- Used in Prior Year(s) – Enter the cumulative amount of credit that has previously been used. The oldest credit within the 25 year carryover period is used first.
- Expired – Enter the amount of credit that expired because it was not used within the 25 year carryover period.
- Qualified Production Credit Carryover Available – Enter each year's carryover amount less amounts used, or expired. Enter the total credit carryover on Schedule QP, Line 5.