



Tennessee Department of Revenue

Franchise and Excise Tax Intangible Expense Disclosure Form

Name of taxpayer _____ FEIN _____

Tax period _____ Federal form type _____

Type of expense _____ Amount _____ Deducted on federal form line _____

Has taxpayer requested and received a letter ruling on this issue? Yes ___ No ___ If yes, please attach a copy.

QUESTIONNAIRE:

1. Name and FEIN of affiliate, as the recipient of income, in the affiliated intangible expense transaction. _____ FEIN _____
2. Date and state of incorporation or formation of affiliate. Date _____ State _____
3. Business activity of affiliate. _____
4. Number of full-time employees of affiliate at year-end _____
5. Dollar-value (on a cost basis) of all real and tangible property of affiliate at year-end _____
6. Does affiliate file franchise and excise tax returns? (If so, provide closing date of first tax return filed.) _____

7. Location of where principle business activities of the affiliate take place such as; accounting, policy decisions, contracts and financial operations? _____
8. List the type of "Intangible property" for which the expense is incurred? _____

9. Does the expense occur on an annual or regular basis or is it a one-time or special event? _____
10. By what method is the intangible expense measured or determined? (Please mark all that apply)
 - ___ a) solely a reimbursement-of-costs?
 - ___ b) reimbursement-of-costs plus a percentage?
 - ___ c) percentage of sales?
 - ___ d) arm's length pricing?
 - ___ e) other: _____

Please attach a detailed explanation of the method used to measure or determine the intangible expense.
11. If the answer to the prior question is anything other than (a), has the rate or pricing method been subject to a third party examination or opinion? Yes ___ No ___ Explain _____

12. Does the affiliate use the proceeds from the expense transaction to: (Please mark all that apply)
 - ___ a) Pay dividends?
 - ___ b) Loan the proceeds back to a member of the affiliated group?
 - ___ c) Used directly in the affiliate's business operations?
 - ___ d) Used by the affiliate to invest in publicly-traded securities?
 - ___ e) Other: _____

Please attach a detailed explanation of how the affiliate uses the proceeds from the transaction.
13. When the affiliate has to support, legally defend, or authorize use of "Intangible property", does it use;
 - ___ a) Its own employees
 - ___ b) Employees of an affiliate group member
 - ___ c) Contract 'labor'
 - ___ d) Outside professional legal counsel
 - ___ e) Other: _____

Please attach a detailed explanation of how the affiliate supports, legally defends, and/or authorizes use of "Intangible property."

Instructions to Intangible Expense Disclosure Form

This form must be completed and filed with your Franchise and Excise tax return for tax years beginning on or after January 1, 2004, in order to comply with the disclosure requirements of an “Intangible expense” as defined by Tenn. Code Ann. Section 67-4-2004.

- Only disclose those expenses with an “Affiliated business entity” as defined by Tenn. Code Ann. Section 67-4-2004.
- A separate Intangible Expense Disclosure form must be completed for each affiliated business entity which an affiliated intangible expense is disclosed.
- If you determine additional explanation and information would be helpful in the disclosure, please submit as an attachment to this form.
- The disclosed expense will be reported on the Franchise and Excise tax return by adding it back in reporting federal taxable income and then taking a deduction on Line 23, Schedule J.
- If an intangible expense does not meet the requirements of a properly disclosed expense, then the deduction available in accordance with Tenn. Code Ann. Section 67-4-2006(b)(2)(N) will be disallowed.
- If it is determined an affiliated intangible expense does not meet the disclosure requirements, the taxpayer will be notified and will have the rights available under Tenn. Code Ann. Section 67-1-1801, et seq.