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|--------------|---------------|------------------|
| Taxable Year | Taxpayer Name | Account No./FEIN |
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### Apportionment Schedules for Taxpayers Electing to Report Net Worth on a Consolidated Basis

#### Schedule 174SC - Financial Institution Affiliated Group Apportionment Schedule for Franchise Tax Purposes

| Types of receipts defined in Tenn. Code Ann. § 67-4-2118                                                                                                                            | a. In Tennessee<br>(Single Entity) | b. Everywhere<br>(Consolidated) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------------------|
| 1. Receipts from leases of real property .....                                                                                                                                      |                                    |                                 |
| 2. Interest income and other receipts from loans or installment sales secured by real or tangible personal property .....                                                           |                                    |                                 |
| 3. Interest income and other receipts from consumer loans which are not secured .....                                                                                               |                                    |                                 |
| 4. Interest income and receipts from commercial and installment loans which are not secured by real or tangible property .....                                                      |                                    |                                 |
| 5. Receipts and fee income from letters of credit, acceptance of drafts, and other devices for guaranteeing loans or credit .....                                                   |                                    |                                 |
| 6. Interest income, merchant discount, and other receipts including service charges from credit card and travel and entertainment credit cards, and credit card holders' fees ..... |                                    |                                 |
| 7. Sales of an intangible or tangible asset .....                                                                                                                                   |                                    |                                 |
| 8. Receipts from the sale of a security by a dealer in such property .....                                                                                                          |                                    |                                 |
| 9. Receipts from fiduciary and other services .....                                                                                                                                 |                                    |                                 |
| 10. Receipts from the issuance of travelers checks, money orders and U.S. savings bonds ..                                                                                          |                                    |                                 |
| 11. Interest income and other receipts from participation loans .....                                                                                                               |                                    |                                 |
| 12. Other financial institution receipts .....                                                                                                                                      |                                    |                                 |
| 13. Receipts of affiliated group member that is not a financial institution .....                                                                                                   |                                    |                                 |
| 14. Total receipts (add Lines 1 through 13) .....                                                                                                                                   |                                    |                                 |
| 15. Divide total Tennessee receipts by total everywhere receipts (enter here and on Schedule F2, Line 2) .....                                                                      |                                    | %                               |

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**Schedule 174NC - Consolidated Net Worth Franchise Tax Apportionment** (Schedule 174NC1 filers: complete the Schedule 174NC property section, lines 1-10)

| Property                                                                                                                                           | In Tennessee<br>(REIT, REIT Group, or Financial Inst. Group) |                     | Total Everywhere<br>(Consolidated) |                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------|------------------------------------|--------------------|
|                                                                                                                                                    | a. Beginning of Tax Year                                     | b. End of Tax Year  | a. Beginning of Tax Year           | b. End of Tax Year |
| Use original cost of assets                                                                                                                        |                                                              |                     |                                    |                    |
| 1. Land, buildings, leaseholds, and improvements .....                                                                                             |                                                              |                     |                                    |                    |
| 2. Machinery, equipment, furniture, and fixtures .....                                                                                             |                                                              |                     |                                    |                    |
| 3. Automobiles and trucks .....                                                                                                                    |                                                              |                     |                                    |                    |
| 4. Inventories and work in progress .....                                                                                                          |                                                              |                     |                                    |                    |
| 5. Prepaid supplies and other property .....                                                                                                       |                                                              |                     |                                    |                    |
| 6. Ownership share of real and tangible property of a partnership that does not file a return .....                                                |                                                              |                     |                                    |                    |
| 7. Exempt inventory .....                                                                                                                          |                                                              |                     |                                    |                    |
| 8. Franchise tax total (add Lines 1 through 6 and subtract Line 7) .....                                                                           |                                                              |                     |                                    |                    |
| 9. Franchise tax average value (add Lines 8(a) and (b) and divide by two) .....                                                                    |                                                              |                     |                                    |                    |
| 10. Rented property (rent paid x 8) .....                                                                                                          |                                                              |                     |                                    |                    |
| <b>Use 5X weighted sales factor</b>                                                                                                                | a. In Tennessee                                              | b. Total Everywhere | c. Franchise Ratio                 |                    |
| 11. Franchise tax property factor (add Lines 9 and 10) .....                                                                                       |                                                              |                     | %                                  |                    |
| 12. Payroll factor .....                                                                                                                           |                                                              |                     | %                                  |                    |
| 13. Sales factor .....                                                                                                                             |                                                              |                     | %                                  |                    |
| 14. Total ratios (add Lines 11, 12 and (Line 13 x five)) .....                                                                                     |                                                              |                     | %                                  |                    |
| 15. Apportionment ratio (divide Line 14 by seven, or by the number of factors with everywhere values; enter here and on Schedule F2, Line 2) ..... |                                                              |                     | %                                  |                    |

**Schedule 174NC1 - Consolidated Net Worth Franchise Tax Apportionment - Taxpayers electing to continue using triple weighted sales or any taxpayer required to use triple weighted sales by Tennessee Code Annotated, Section 67-4-2111(a)** (Schedule 174NC1 filers: complete the Schedule 174NC property section, lines 1-10)

| Use triple weighted sales factor                                                                                                                | a. In Tennessee | b. Total Everywhere | c. Franchise Ratio |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|--------------------|
| 1. Franchise tax property factor (add Lines 9 and 10) .....                                                                                     |                 |                     | %                  |
| 2. Payroll factor .....                                                                                                                         |                 |                     | %                  |
| 3. Sales factor .....                                                                                                                           |                 |                     | %                  |
| 4. Total ratios (add Lines 1, 2 and (Line 3 x three)) .....                                                                                     |                 |                     | %                  |
| 5. Apportionment ratio (divide Line 4 by five, or by the number of factors with everywhere values; enter here and on Schedule F2, Line 2) ..... |                 |                     | %                  |

## **Instructions: Apportionment Schedules for Taxpayers Electing to Report Net Worth on a Consolidated Basis**

### **General Information**

Every taxpayer that is a member of an affiliated group that has made an election to compute its net worth on a consolidated basis must complete this form.

Members of a financial institution affiliated group should complete Schedule 174SC. All other taxpayers should complete Schedule 174NC. Taxpayers who have made the election to continue using triple weighted sales, or are otherwise required to use triple weighted sales, pursuant to Tenn. Code Ann. § 67-4-2111(a), will complete Schedule 174NC1. A financial institution affiliated group is an affiliated group in which more than 50% of the group's aggregate gross income, excluding dividends and receipts resulting from transactions between members, comes from conducting the business of a financial institution. A financial institution affiliated group is defined at Tenn. Code Ann. § 67-4-2004(18).

The net worth of the financial institution affiliated group is determined by using the consolidated net worth of all affiliates, even if those affiliates are not financial institutions (reported on Schedule F2, Line 1) in conjunction with the financial institution affiliated group's apportionment ratio (calculated on this schedule and carried to Schedule F2, Line 2). The numerator values of this ratio are the financial institution affiliated group's Tennessee factor value(s) and the denominator values of this ratio are the everywhere factor values of all affiliates.

If a manufacturer has made an election to use single sales factor apportionment and also is part of an affiliated group that has made an election to compute its net worth on a consolidated basis, the single sales factor election made by the manufacturer does not impact other members of the group. Other members of the affiliated group will still complete the property and payroll portions of Schedule 174NC, and will include the manufacturer's property, payroll, and sales in the denominators.

### **Schedule SC – Financial Institution Affiliated Group Apportionment Schedule for Franchise Tax Purposes**

- Lines 1-11: Enter the financial institution group's Tennessee gross receipts in Column (a). Enter the consolidated net worth affiliated group's everywhere gross receipts in Column (b).
- Line 12: Any other receipts of gross income not specifically attributed to Tennessee or to another taxing jurisdiction on lines 1-11 are attributed to Tennessee in the same proportion that aggregate receipts are attributed to Tennessee on lines 1-11. See Tenn. Code Ann. § 67-4-2118 (c)(12).
- Line 13: Enter the total everywhere business gross receipts of affiliated group members who are not financial institutions on Line 13(b).
- Line 14: Add Lines 1 through 13.
- Line 15: Divide Line 14(a) by Line 14(b) to determine the apportionment ratio. Enter the result here and on Schedule F2, Line 2.

### **Schedule NC – Consolidated Net Worth Franchise Tax Apportionment**

- Lines 1-3: Complete all four columns for each line using the original cost of the tangible property. Beginning and end of year values are reported in the respective columns for property located in Tennessee and for all property of the affiliated group located everywhere.
- Line 4: Include all types of inventory on this line.
- Line 5: Enter all tangible assets, including those classified as "current assets" or "other assets."
- Line 6: Enter the taxpayer's percentage of ownership (shown on federal Schedule K-1) multiplied by the amount of real and tangible personal property shown on the balance sheet of an entity treated as a partnership for federal tax purposes. Only include on

- this line the taxpayer's ownership share of a partnership's property if the partnership itself is not required to file its own franchise and excise tax return.
- Line 7: Enter the amount of exempt inventory on this line. Exempt inventory is any amount in excess of \$30,000,000 of finished goods located in Tennessee that would otherwise be included in the franchise tax base. This \$30,000,000 cap on finished goods inventory is calculated on a separate entity basis and is not a single cap that can be applied to the affiliated group as a whole.
- Line 8: Add Lines 1 through 6, and subtract Line 7.
- Line 9: Add Lines 8(a) and (b) and divide by two.
- Line 10: Enter the year-end value of rented property, determined by multiplying the annual rental rate by eight. The value of owned or leased mobile/moveable property will be determined based on the percentage of time the property was within the state during the tax period. However, the value of an automobile/truck assigned to a traveling employee is entirely sourced to Tennessee if the vehicle is registered in this state or if the employee's compensation is assigned to Tennessee for purposes of the payroll factor.
- Line 11: Add Lines 9 and Line 10 and enter in the appropriate columns. Divide 11(a) by 11(b) to calculate the property ratio.
- Line 12: Enter the separate entity's total compensation paid during the taxable period in Tennessee on Line 12(a) and the affiliated group's compensation paid everywhere during the taxable period on Line 12(b). Divide 12(a) by 12(b) to calculate the payroll ratio.
- Line 13: Enter the separate entity's total business gross receipts during the taxable period in Tennessee on Line 13(a) and the affiliated group's total everywhere business gross receipts during the taxable period in Tennessee on Line 13(b). Divide 13(a) by 13(b) to calculate the sales ratio.
- Line 14: Add Lines 11 through 12 and Line 13 multiplied by five.
- Line 15: Divide Line 14 by the lesser of seven or the number of factors with everywhere values greater than zero. Enter result here and on Schedule F2, Line 2.

**Schedule 174NC1 –Consolidated Net Worth Franchise Tax Apportionment - Taxpayers electing to continue using triple weighted sales or any taxpayer required to use triple weighted sales by Tennessee Code Annotated, Section 67-4-2111(a)**

- Line 1 Add the Schedule 174NC, Lines 9 and 10 and enter in the appropriate columns. Divide 1(a) by 1(b) to calculate the property ratio.
- Line 2 Enter the separate entity's total compensation paid during the taxable period in Tennessee on Line 2(a) and the affiliated group's compensation paid everywhere during the taxable period on Line 2(b). Divide 2(a) by 2(b) to calculate the payroll ratio.
- Line 3 Enter the separate entity's total business gross receipts during the taxable period in Tennessee on Line 3(a) and the affiliated group's total everywhere business gross receipts during the taxable period on Line 3(b). Divide 3(a) by 3(b) to calculate the sales ratio.
- Line 4 Add Lines 1, 2 and Line 3 multiplied by three.
- Line 5 Divide Line 4 by the lesser of five or the number of factors with everywhere values greater than zero. Enter result here and on Schedule F2, Line 2.