



TENNESSEE DEPARTMENT OF REVENUE
Certified Distribution Sales Election
Franchise and Excise Tax

1. Taxpayer Name _____ Account Number _____

2. Mailing Address _____
Street City State Zip Code

3. Business Contact _____
Name Phone Number Email Address

4. Effective date of election _____
Beginning date of tax period

5. Taxpayer is an affiliate of a taxpayer that has met the gross sales and receipts factor thresholds
(If this box is checked, skip Lines 6 and 7.)

Affiliated Taxpayer _____

6. Gross sales threshold \$ _____

7. Receipts factor threshold _____ %

Certified statements from distributors or affiliates must be attached.

Taxpayer Affidavit

Under penalties of perjury, I declare that to the best of my knowledge this information is true and correct and the gross sales threshold, receipts factor threshold, and all other requirements of Tenn. Code Ann. § 67-4-2023 have been met. I understand that the requirements for this election must be met each year that its provisions are applied and that certified statements from distributors or affiliates must be maintained for each tax period this election is in effect. The information contained in this application is subject to audit by the Department of Revenue and may result in the assessment of additional taxes, penalties, and interest if the statutory requirements for the franchise and excise tax election are not met.

Print Name _____ Title _____

Signature _____ Date _____

Please mail election and certified statements from distributors or affiliates to:

Tennessee Department of Revenue
Taxpayer Services Division
500 Deaderick Street
Nashville, TN 37242

Instructions: Certified Distribution Sales Election

Effective January 1, 2016, certain taxpayers may elect to omit certified distribution sales from the numerator of the receipts factor of their franchise and excise tax apportionment ratios. Instead, for each year in effect, the taxpayer will pay a tax based on the total amount of certified distribution sales excluded from the numerator of the receipts factor (see Tenn. Code Ann. § 67-4-2023).

Taxpayers may make this election if they meet gross sales and gross receipts factor thresholds. The gross sales threshold is met if the taxpayer's certified distribution sales of tangible personal property made in this state during the tax period exceed \$1,000,000,000, as determined under Tenn. Code Ann. § 67-4-2012 without regard to this election. The gross receipts factor threshold is met if the taxpayer's receipts factor, as determined under Tenn. Code Ann. § 67-4-2012 without regard to this election, exceeds 10%.

Taxpayers that are affiliates of taxpayers that have met the gross sales and gross receipts factor thresholds for a given tax period may also qualify to apply the certified distribution sales provisions. (Effective for tax years ending on or after December 31, 2024.)

Certified distribution sales are sales of tangible personal property made in this state by the taxpayer to any distributor, whether or not the distributor is affiliated with the taxpayer, that are resold for ultimate use or consumption outside the state. The distributor must certify that the property has been resold for ultimate use or consumption outside this state.

Applicants must include any distributor certifications with this application. These statements should be requested and retained for each year the election applies. The Department may ask for them at a later date. The distributor certification should read as follows:

"[Distributor's name] certifies that tangible personal property was purchased from [taxpayer] in this state and it was resold for ultimate use or consumption outside the state."

Certified distribution sales also includes sales of alcoholic beverages, as defined in Tenn. Code Ann. § 57-3-101, when such sales are made in this state by the taxpayer to an affiliate that continues the manufacturing process, prior to the manufactured beverage being sold for ultimate use or consumption outside this state. The affiliate must certify that such property has been sold for ultimate use or consumption outside this state. (Effective for tax years ending on or after December 31, 2023.)

Applicants making sales of alcoholic beverages must include any affiliate certifications with this application. These statements should be requested and retained for each year the election applies. The Department may ask for them at a later date. The affiliate certification should read as follows:

"[Affiliate's name] certifies that alcoholic beverages, as defined in Tenn. Code Ann. § 57-3-101, were purchased from [taxpayer] in this state, [Affiliate's name] continued the manufacturing process with respect to such purchases, and the manufactured beverages were resold for ultimate use or consumption outside the state."

The election should be filed on or before the due date of the tax return for the period for which the election is to take effect, and it will remain in effect until revoked by the taxpayer or until the taxpayer no longer qualifies for the election. The taxpayer may revoke the election by notifying the Department in writing on or before the due date of the tax return for the period for which the revocation is to take effect.

Line 1-3: Enter taxpayer information.

Line 4: Enter the beginning date of the tax period the election first applies.

Line 5: Check this box if the taxpayer is qualifying for this election as an affiliate (as defined under Tenn. Code Ann. § 67-4-2004) of another taxpayer that has met the gross sales and receipts factor thresholds. Provide the name of the affiliated taxpayer, and skip Lines 6 and 7.

Line 6: Enter the amount of sales of tangible personal property made in Tennessee to distributors, or sales of alcoholic beverages, as defined in § 57-3-101, made in Tennessee to an affiliate that continues the manufacturing process, during the tax period indicated on Line 4. This amount must be more than \$1,000,000,000

Line 7: Enter the receipts factor percentage. This is determined in the same manner as the excise tax receipts apportionment ratio under Tenn. Code Ann. § 67-4-2012. This amount must be higher than 10%.