



TENNESSEE DEPARTMENT OF REVENUE

Estimated Franchise and Excise Tax Payments Worksheet

Do not file with return. Keep for your records.

Taxable Year	Taxpayer Name	Account No./FEIN
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Part 1 - Standard Method

	a. Franchise Tax	b. Excise Tax	c. Total Tax
1. Current year total franchise and excise taxes after credits (Schedule C, Line 10 of Form FAE 170 or FAE 174). If total is less than \$5,000, enter zero in all columns			
2. Multiply Line 1 by 80%			
3. Prior year total franchise and excise taxes after credits (Schedule C, Line 10 of Form FAE170 or FAE174). If total is less than \$5,000, enter zero in all columns			
4. Required annual payment (lesser of Column (c), Line 2 or Line 3)			
5. Required quarterly installment (multiply Column (c), Line 4 by 25%)			

Part 2 - Alternative Annualized Income Installment Method

	a. First Period	b. Second Period	c. Third Period	d. Fourth Period
6. Annualized method (enter SA, 1 or 2) (see instructions)				
	First ___ months	First ___ months	First ___ months	First ___ months
7. Annualization periods (months) (see instructions)				
8. Taxable income for each annualization period				
9. Annualization amounts (see instructions)				
10. Annualized taxable income (multiply Line 8 by Line 9) ..				
11. Annualized excise tax (multiply Line 10 by 6.5%)				
12. Excise tax credits				
13. Excise tax after credits (subtract Line 12 from Line 11; if zero or less, enter zero)				
14. Applicable percentage	25%	50%	75%	100%
15. Multiply Line 13 by Line 14				
16. Franchise tax component (multiply the lesser of Part 1, Column (a), Line 2 or Line 3, by Line 14)				
17. Add Lines 15 and 16				
18. Add the amounts in all preceding columns of Line 23 ..				
19. Adjusted annualized income installments (subtract Line 18 from Line 17; if zero or less, enter zero)				
20. Enter amount from Part 1, Column (c), Line 5				
21. Subtract Line 23 of the preceding column from Line 22 of the preceding column				
22. Add Lines 20 and 21				
23. Required quarterly installments under the alternative annualized income method (enter the smaller of Line 19 or Line 22)				

Instructions: Estimated Franchise and Excise Tax Payments Worksheet

General Information

How Do I Make a Payment: Payments should be made electronically at www.tn.gov/revenue through your bank or with approved tax preparation software through the Internal Revenue Service's Modernized e-File program. Accepted forms of payment include ACH debit, ACH credit, or credit card (Visa, MasterCard, American Express, or Discover). A service fee will be added to payments made by credit card.

Who Must Make Estimated Payments: Taxpayers with a combined franchise and excise tax liability of \$5,000 or more, after applicable credits, for both the prior tax year and current tax year must make quarterly estimated tax payments. Tenn. Code Ann. § 67-4-2015.

When to Make Payments: Quarterly payments of the estimated franchise and excise taxes are to be made as follows:

Payment	Due Date
1 st Payment	The 15 th day of the 4 th month of the current taxable year
2 nd Payment	The 15 th day of the 6 th month of the current taxable year
3 rd Payment	The 15 th day of the 9 th month of the current taxable year
4 th Payment	The 15 th day of the 1 st month of the subsequent taxable year

Required Payment: The minimum quarterly payment is computed using either the standard method or the alternative annualized income method. The method chosen applies to all quarterly installments. The required minimum quarterly payment amount under the standard method is the lesser of 25% of 100% of the prior year's liability (annualized if the tax period was less than 12 months) or 25% of 80% of the projected current year's liability. Under the alternative annualized income method, the franchise and excise tax components of the quarterly estimates are computed separately. The excise tax component is computed in the manner provided by Section 6655(e)(2) of the Internal Revenue Code and the franchise tax component is computed in the manner described above under the standard method.

Estimated Tax Penalty and Interest: Penalty at the rate of 2% per month, up to 24%, and interest at the current rate per annum are imposed upon any quarterly installment which is late or underpaid. Tenn. Code Ann. § 67-4-2015(d). Penalty and interest are computed from the due date of the installment to the date paid or until the 15th day of the fourth month following the close of the taxable year.

Part I – Standard Method

- Line 1: Enter the projected total franchise and excise tax liability for the current year net of applicable credits. If this amount is less than \$5,000, estimated tax payments are not required.
- Line 2: Multiply Line 1 by 80% for each column.
- Line 3: Enter the actual total franchise and excise tax liability for the previous year net of applicable credits. Annualize the tax if the period was less than 12 months. If this amount is less than \$5,000, estimated tax payments are not required.
- Line 4: Enter the lesser amount of Column (c), Line 2 or Line 3.
- Line 5: Multiply Column (c), Line 4 by 25%. This is the amount payable with each quarterly installment under the standard method. Taxpayers may elect to compute their quarterly installments by using the annualized income installment method. See Part II.

Part II – Alternative Annualized Income Installment Method

Line 6: Enter 1 if the taxpayer makes the election under Section 6655(e)(2)(C)(i) of the Internal Revenue Code, or enter 2 if the taxpayer makes the election under Section 6655(e)(2)(C)(ii) of the Internal Revenue Code. If neither is applicable, enter SA.

Line 7: Enter in the spaces in Columns (a) through (d) the annualization periods that the taxpayer is using, based on the options listed below. For example, if the taxpayer elects the standard annualized option, enter the annualization periods 3, 3, 6, and 9 in Columns (a) through (d) respectively.

Method	1 st Period	2 nd Period	3 rd Period	4 th Period
Standard Annualized	3	3	6	9
Option 1	2	4	7	10
Option 2	3	5	8	11

Line 8: Enter net earnings as defined in Tenn. Code Ann. § 67-4-2006 for each annualization period.

Line 9: Enter the annualization amounts listed in the table below for the option used on Line 7. For example, if the taxpayer elects the standard annualized option, enter the annualization amounts 4, 4, 2, and 1.33333 in Columns (a) through (d) respectively.

Method	1 st Installment	2 nd Installment	3 rd Installment	4 th Installment
Standard Annualized	4	4	2	1.33333
Option 1	6	3	1.71429	1.2
Option 2	4	2.4	1.5	1.09091

Line 10: Multiply Line 8 by Line 9 and enter in the appropriate column.

Line 11: Multiply Line 10 by 6.5%.

Line 12: Enter excise tax credits for which the taxpayer projects it will be entitled to for the months shown in each column on Line 7. Do not include franchise tax credits. Do consider credit limitations. For example, the industrial machinery credit will only offset 50% of the combined franchise and excise tax liability.

Line 13: Subtract Line 12 from Line 11. If the result is a negative number, enter zero.

Line 15: Multiply Line 13 by the percentages included on Line 14.

Line 16: Under the alternative annualized income method, the franchise and excise tax components of the quarterly estimated tax payments are computed separately. This line reports the franchise tax portion of each installment. Multiply the lesser of 100% of the prior year franchise tax (Column (a), Line 3) or 80% of the current year franchise tax (Column (a), Line 2) by the applicable percentage from Line 14.

Line 17: Add Lines 15 and 16.

Line 18: Before completing Line 18, Columns (b) through (d), complete Lines 19 through 23 in each of the columns that precede the Line 18 column. For example, complete Column (a), Lines 19 through 23 before completing Line 18, Column (b). After completing the appropriate lines, enter the total of columns from Line 23 that are preceding the column you are completing for Line 18. For example, enter the total of Line 23, Columns (a) and (b) in Line 18, Column (c).

Line 19: Subtract Line 18 from Line 17. If the result is a negative number, enter zero.

Line 20: Enter the amount from Column (c), Line 5 in each of the columns.

Line 21: Subtract Line 23 from Line 22 in the column that precedes the Line 21 column. For example, subtract Column (c), Line 23 from Column (c), Line 22 and enter in Line 21, Column (d).

Line 22: Add Lines 20 and 21.

Line 23: Enter the smaller of Line 19 or Line 22. These are the required estimated quarterly installments calculated under the alternative annualized income method. The installments due the 15th day of the fourth, sixth, and ninth month of the current year and the first month of the following year are reported on Line 23, Columns (a) through (d) respectively. Taxpayers choosing to compute their quarterly installments by using the standard income installment method should make the installments reported on Line 5. See Part I.

Taxpayer Record of Payments

Due Date	Date Paid	Amount Paid
1.		
2.		
3.		
4.		