

Federal Income Revisions

Reporting Requirements as the Result of an Internal Revenue Service Audit¹

Taxpayers and tax practitioners are required to report federal income revisions to the Department. Federal income revisions should be reported on the Department's [Federal Income Revision Form](#) in lieu of filing amended returns. In order to accomplish this, they must mail the following documentation to the address shown on the Federal Income Revision Form:

- A completed Franchise and Excise Tax Federal Income Revision Form. The amount entered on Line 1 of the first column of this form should be the net income based on a separate entity basis, and it should equal Line 1 of Schedule J of the last franchise and excise tax return the taxpayer filed or as the Department audited for the period being revised. *Note, this form should be submitted in lieu of filing amended returns. Do not re-submit copies of franchise and excise tax returns previously filed.*
- A letter of explanation.
- Copies of pages from the Revenue Agent's Report and Federal Form 4549-B that reflect the examination changes.
- For taxpayers that file consolidated federal returns, either a schedule detailing the changes that apply to the Tennessee taxpayer for which the revisions are being reported or a reconciliation reflecting all adjustments by entity.
- For taxpayers that file an amended federal return in relation to a federal audit adjustment,

a copy of the 1120X or the first page of the amended federal return.

Excise Tax Due/Refunds

Taxpayers who owe additional excise tax in one year and are owed a refund in another year should apply the overpayment to the amount owed and compute interest on any underpayment from the statutory due date of the return. If the adjustments result in a net overpayment, the taxpayer may request a refund of the overpaid taxes.

A taxpayer that requests a refund must ensure that the completion date of the revision is on the federal Revenue Agent Report. Additionally, taxpayers must submit a completed [Report of Debts form](#) on any refund requests of \$200 or more. A taxpayer that filed an 1120X must include a statement of adjustments and/or a copy of the refund check from the Internal Revenue Service with the refund supporting documentation.

For More Information

Visit www.tn.gov/revenue to locate the referenced forms. Click on Revenue Help to search for answers or to submit an information request to one of our agents.

References

Tenn. Code Ann. § 67-1-1501(b)(3), Tenn. Code Ann. § 67-1-1802(a)(3), Tenn. Code Ann. § 67-4-2003

¹ This notice replaces outdated information regarding the procedures for reporting federal income revisions.