

Tennessee Works Tax Act Extends Tax Credit Carryforward Periods

Certain Franchise and Excise Tax Credits May Be Carried Forward for 25 Years

The Tennessee Works Tax Act, Public Chapter 377 (2023), extends the credit carryforward periods for several franchise and excise tax credits to 25 years, which is an increase from previous carryforward periods of 15 years. The extended credit carryforward periods apply to tax credits earned in tax years ending on or after December 31, 2008. Tax credits earned before this date do not qualify for the 25-year credit carryforward period. Applicable credits include:

- Industrial machinery credits
- Brownfield property credits
- Job tax credits
- Community investment credits
- Qualified production credits
- Paid Family and Medical Leave Credit

New Credit Carryforward Periods Will Be Applied Automatically

The Department will implement the new credit carryforward periods automatically. Taxpayers do not need to contact the Department to apply the new credit carryforward periods. Taxpayers should update their records to reflect the new 25-year carryforward periods, where applicable. This change does not affect tax credits that have already been used to offset a franchise and excise tax liability.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers or to submit an information request to one of our agents. Additional information is also available in the Department's [Franchise and Excise Tax Manual](#).

References

Pub. Ch. 377 (2023).