

Franchise and Excise Tax Exemption for Limited Partnerships and Limited Liability Companies That Provide Affordable Housing

Franchise,
Excise Tax
Important
Notice #04-11

The Tennessee Housing Development Agency and the Tennessee Department of Revenue are pleased to announce the implementation of legislation to exempt certain limited liability entities formed exclusively to provide low-income housing from franchise and excise tax.

Chapter 924 of the Public Acts of 2004, amends Tenn. Code Ann. Section 67-4-2008(a) to exempt limited partnerships or limited liability companies from Tennessee franchise and excise tax when the entity meets all of the following criteria:

1) the limited partnership or limited liability company must be organized exclusively for the purpose of providing affordable housing;

2) the limited partnership or limited liability company must have received an allocation of low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as amended; and

3) an “extended low-income housing commitment” as defined in Section 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended, must be in effect with respect to each residential building owned by the entity for the period covered by the return.

Entities taking this exemption must file an annual form with the Department of Revenue affirming that the entity has met the exemption requirements for the preceding year. This form will be accepted in lieu of a tax return and should cover the period for which a return would have been due were it not for the exemption.

The exemption applies to all tax periods ending on or after June 30, 2003. If an entity qualifies for this exemption and has previously made payments for tax periods covered by this legislation, the Department of Revenue will refund these payments upon receipt of a completed exemption form.

For more information, visit the Department’s Web site at www.Tennessee.gov/revenue. You can also contact the Department at (800) 397-8395 for in-state taxpayers and (615) 253-0700 for Nashville and out-of-state taxpayers.

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