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Chapter 5: Filing Requirements

All for-profit, foreign, and domestic entities formed or qualified with the Tennessee Secretary of State must file a franchise and excise tax return and pay at least the minimum tax.¹

Entities are subject to franchise and excise tax from their date of formation.² If an entity does not register with the Secretary of State, the entity is liable for the tax from the date it begins operations with substantial nexus in the state.³

Failure to file a franchise and excise tax return or pay required fees and taxes may result in the revocation of a business's charter or certificate.⁴

Registration

Persons subject to the franchise and excise tax should register with the Department within 15 days from the date they become subject to the tax.⁵ There is no registration fee.

Registration for sales tax, business tax, franchise and excise tax and more is accomplished on a single registration application. The Department requires a separate registration application for each business entity doing business in this state. In the case of financial institutions forming a unitary business, the entity filing the return on behalf of the unitary business should register with the Department, as should the other entities included in the unitary group.

Electronic Filing

Businesses must submit franchise and excise tax registrations, returns, and associated payments electronically⁶ through the [Tennessee Taxpayer Access Point](#) ("TNTAP") or through an approved software vendor.

The Department partners with the IRS in a program called IRS Modernized e-File ("MeF"). Through MeF, the IRS allows tax preparers to include the Tennessee tax return and any associated payment with its electronically filed federal return. The IRS forwards the Tennessee tax return directly to the state. Please see the IRS MeF webpage for more information on how to enroll. It can be found at <https://www.irs.gov/e-file-providers/modernized-e-file-program-information>

Filing Period

A franchise and excise tax return is required for every closing of the books and records of the taxpayer. The reporting period for the state return will match the reporting period the entity

uses for federal income tax purposes.⁷ As such, the period dates at the top of the franchise and excise tax returns, Forms FAE 170 and FAE 174, should correspond with federal income tax return period dates.

Taxable entities incorporated, domesticated, qualified, or otherwise registered to do business in Tennessee that are inactive in Tennessee for the entire taxable period must pay the minimum tax and may file only the first page of the franchise and excise tax return. Such taxpayers may omit the remaining pages.

Information concerning the requirements and details of federal tax periods can be found in IRS Publication 538 at <http://www.irs.gov/publications/p538/ar02.html>.

1. Annual Returns

Calendar Year and Fiscal Year

A calendar year return covers 12 consecutive months, beginning on January 1st and ending on December 31st.

A fiscal year return also covers 12 consecutive months, but it begins on the first day of any month other than January and ends on the last day of the 12th month following (e.g., July 1st through June 30th of the next calendar year).

52-53 Week Fiscal Year

The IRS allows businesses to file their federal income tax return using a 52-53 week fiscal tax year. The Department accepts the federal 52-53 week return and considers it an annual return for the purpose of prorating the franchise tax.⁸ The 52-53 week reporting period will not be considered a short-period return even if the period covers less than 365 days.

A 52-53 week fiscal year is one that varies from 52 to 53 weeks during any particular year.

The 52-53 week year allows businesses to end their tax year on the same day of the week every year. Any day of the week may be used. The 52-53 week tax year ends either on the date on which that same weekday last occurs in a calendar month or on the date on which that same day of the week falls that is nearest to the last day of the calendar month. Some tax years will end in December and some will end in January.

2. Short-Period Returns

Short-period returns are filed for tax filing periods covering less than 12 months. Initial returns, final returns, and returns involving reorganizations are often short-period returns. Short-period returns are filed if the person filed a short-period return for federal income tax purposes.

Because the filing period of the franchise and excise tax return must coincide with the accounting period of the federal return, short-period franchise and excise tax returns must match federal short-period returns. However, a business included in two annual consolidated federal returns in a single year may file two franchise and excise tax returns. See an example in the section “Change in Ownership – Filing Period and Due Dates.”

Examples of Short-Period Returns

The following are examples of when businesses file short-period returns.

- Business files an initial return in its first year of existence.
- Business is not in existence for the entire tax year due to a merger, termination, or liquidation.
- Business conversion results in a liquidation of the old entity, such as one converting from a corporation to an SMLLC.
- Business elects to change its reporting period for business reasons on federal Form 1128.

The Department will accept two short-period returns if:

- A business is sold prior to the end of the year;
- Its presale activity is included in the federal consolidated return of the presale parent; and
- Its post-sale activity is included in the federal consolidated return of the new parent.

Tax Year Adjustment

To adjust its tax year, an entity must request federal approval by filing federal Form 1128. The filing period reported for the franchise and excise tax return must match the period reported for federal income tax purposes.

⚠ Computational information related to short-period returns can be found later in this manual in the sections “Annualizing Rent” and “Final Returns and Proration.”

3. Foreign Entities Newly Subject to Franchise and Excise Tax

If an out-of-state foreign entity conducts any activity that gives it Tennessee nexus in a given year, it is taxable based on its federal tax year or reporting period. The franchise and excise tax computation begins with the date on the entity's federal income tax return, regardless of the start date of its in-state activity. For example:

- A foreign entity that files a calendar year return and begins doing business in Tennessee on July 1st would file a state return based on the entity's full calendar year federal return. The denominator apportionment ratios would be based on the entity's full calendar year activity. Franchise tax for this entity would be prorated for the short period, July 1st to December 31st.⁹

Filing Due Dates

1. Calendar Year, Fiscal Year, and Short-Period Filers

Full-year and short-period returns that end on the final day of a month are due on the 15th day of the fourth month after the period ends.¹⁰ Businesses that are sold or going through a reorganization may file a return with a period end date other than the last day of the month. Returns that end before the last day of the month are due on the 15th day of the fourth month following the month that included the final day. For example, a return filed with a period end date of February 8th would be due June 15th and one filed with a period end date of February 25th would also be due June 15th.

An electronic return is considered timely filed if it was:¹¹

- Transmitted on or before the due date;
- Transmitted on or before the due date and subsequently accepted; or

- Rejected by the Department because of a validation rule, corrected by the taxpayer, and retransmitted within a 10-day grace period or “perfection period.”

The perfection period is a period of 10 calendar days. The perfection period begins on the day after the date of first transmission of an electronic return that is rejected by the Commissioner. Another perfection period occurs after the rejection of a return for failure to meet a validation test.¹²

2. 52-53 Week Filers

Returns based on a 52-53 week year are due on or before the 15th day of the fourth month following the end of the month closest to the 52-53 week year end.¹³ As such, the franchise and excise tax return should be filed no later than the 15th day of the fourth month following the close of the taxpayer’s tax year.

- If a 52-53-week filer reports an end date of December 28th, the end of the month closest to December 28th is December 31st. The return would be due April 15th.
- If a 52-53-week filer reports an end date of January 2nd, the end of the month closest to January 2nd is December 31st. In this case, the return would also be due April 15th.

3. Filing Extension

The Department will grant an extension of six months in which to file the franchise and excise tax return, provided that by the original due date of the return, the taxpayer has paid franchise and excise tax of at least the *lesser* of:

- 90% of the liability for the year for which the extension is being requested; or
- 100% of the liability for the year prior to the tax year for which the extension is being requested.

If the amount paid is *not* at least the amount indicated above, or if the return is *not* filed by the extended due date, penalties and interest will be added from the original due date as though no extension had been granted.¹⁴ Note that the 90% and 100% payment requirements mentioned above pertain only to obtaining an extension of time in which to file the return, *not an extension of time in which to pay the tax*. For example:

- A calendar year taxpayer is unable to file by April 15 and is unsure what the current year tax expense will be. On April 15, a payment equal to 100% of the prior year's liability is made, thus meeting the requirement for an automatic filing extension. The franchise and excise tax return is filed on October 15 and additional tax is paid. The taxpayer is not assessed a filing delinquency penalty because there is a valid extension but *is* assessed interest on any deficient tax paid after the original due date of the return.

If the taxpayer must make a payment to meet the payment requirement, the payment should be made electronically on or before the original due date of the return.

If the preceding tax year was less than 12 months, the tax must be annualized. If there was no liability in the preceding tax year, the taxpayer must pay the \$100 minimum franchise tax.

Taxpayers requesting an extension should file Form FAE 173 with the Department. However, taxpayers who have made sufficient payments on or before the original due date of their return are not required to file Form FAE 173 to receive an extension; no action is required by such taxpayers.

⚠ The filing extension is not a payment extension. Any tax unpaid as of the original due date of the return will be assessed interest. Taxpayers with a valid filing extension will not be assessed a delinquency penalty for late filing but may be assessed an estimated tax payment penalty or other type of penalty. (See the section on penalties.)

4. Estimated Assessment

If a taxpayer does not file a return:

- An estimated assessment of tax will be posted to the taxpayer's TNTAP account; and
- A Notice of Proposed Assessment will be sent to the taxpayer.

The estimated tax assessment is based on the best information available to the Department, and the taxpayer bears the burden of showing by clear and cogent evidence that the assessment is incorrect.¹⁵ If unresolved, the assessment will go to the Collection Services Division for collection.

Change in Ownership - Filing Periods and Due Dates

For federal income tax purposes, businesses file short-period returns when a majority of an entity's ownership changes. A short-period return is required at the date of ownership change so that each respective owner only pays tax on income from the period in which they owned the entity.

Ongoing businesses sold mid-year may be included in the annual consolidated federal returns of two parent corporations in a given year. These consolidated federal returns could each report a full 12-month filing period. Generally, the franchise and excise tax return filing period of entities included in a consolidated federal return, or entities disregarded for federal income tax purposes, should match the federal return of which the entity is a part. However, in cases where an ongoing business closes its books before year end because it is sold to a new parent corporation, its franchise and excise tax filing period will differ from that of the federal consolidated return reporting a full-year filing period. The change in the ongoing entity's ownership causes the entity to have two short-period closings within one year. Franchise and excise tax returns should be filed for each short-period closing, with one representing the activity under the original owner and the second representing the activity under the new owner. For example:

- Parent Co. ABC sold Subsidiary Z to DEF Corporation on May 31st. Both ABC and DEF file consolidated Form 1120 tax returns with a filing period of January 1 to December 31. Subsidiary Z's activity from January 1st to May 31st would be included in ABC's consolidated calendar year return. Z would file a franchise and excise tax return for the short-period January 1st to May 31st. Then, Z's activity from June 1st to December 31st would be included in DEF's consolidated calendar year return. Z would file a franchise and excise tax return for the second short-period, June 1st to December 31st.
- Taxpayers may request that the state's computer system be adjusted so that the first short-period return would be due on the 15th day of the fourth month following the end of the filing period reported on the corresponding consolidated federal return. In this case, April 15.

Franchise Tax Proration and Annualizing Rents

1. Proration

- Short-period franchise and excise tax returns must coincide with federal short-period return accounting periods.
- All short-period returns should prorate the franchise tax.
- Franchise tax should never be prorated below the minimum \$100 tax.
- **There is no proration of the excise tax;** income and expenses are reported only for the period of time covered by the excise tax return.¹⁶

Businesses must prorate the franchise tax using the “number of days method.”¹⁷ To prorate the tax, multiply the full-year franchise tax by the number of days in the tax period and then divide the product by 365.25.

- **Prorated Tax** = (Full Year Tax x Days in the Short Period) ÷ 365.25

The tax period start date is important for franchise tax proration on short period returns.

- Taxpayers incorporated or otherwise formed in Tennessee must prorate the franchise tax on the initial return from the date formed or the date on which Tennessee operations began, whichever occurs first.
- Taxpayers incorporated or otherwise formed outside Tennessee must prorate the franchise tax on the initial return from the date Tennessee operations began. The Tennessee date is used for proration of the franchise tax, but the excise tax is computed from the information on the taxpayer’s federal income tax return.

2. Annualizing Rents

Taxpayers must annualize rents on all short period returns. As with proration, taxpayers must use the *number of days method* to annualize rents. To arrive at annualized rent, multiply the rent expense by 365.25 and then divide the product by the number of days in the short period.

- **Annualized Rent** = (Rent Expense x 365.25) ÷ # of Days in the Short Period

The rent expense value used in the above calculation comes from the taxpayer's books and records prepared in accordance with generally accepted accounting principles (GAAP). For the purpose of completing the franchise tax Schedule G, GAAP books and records should be used by the taxpayer. For the purpose of completing the property factor of the standard apportionment ratio on Schedule N, the taxpayer should use its tax basis books and records. Annualizing rents for the apportionment ratio is the only instance where a short-period return impacts the excise tax calculation.

Additional information and examples:¹⁸

- Rents are not annualized when the rental term is on a month-to-month basis, because of the uncertain duration.
- When a taxpayer has rented property for a *term of 12 or more months* and the current tax period covers a period of less than 12 months (due, for example, to a reorganization or change of accounting period), the rent paid for the short tax period is annualized.
- When a taxpayer has rented property for a *term of less than 12 months* and the current tax period covers a period of less than 12 months (due, for example, to a reorganization or change of accounting period), the rent is not annualized beyond its term.
- Examples:
 - Taxpayer A, which ordinarily files its returns based on a calendar year, is merged into Taxpayer B on April 30. The net rent paid under a lease with five years remaining is \$2,500 per month. The rent for the tax period January 1 to April 30 is \$10,000. After the rent is annualized, the net rent is \$30,000 ($\$2,500 \times 12$).
 - *Same facts as above*, except that the lease would have terminated on August 31. In this case, the annualized net rent is \$20,000 ($\$2,500 \times 8$). Because the rental term is for less than 12 months, the rent was not annualized beyond its term.

Final Returns

1. “True” Final Return

A “true” final return is the last return filed by an entity that no longer has business or financial activity in the state.¹⁹ Taxpayers sometimes erroneously mark returns as final, but they might not be “true” final returns. A change in ownership that changes a taxpayer’s designation as to whether the taxpayer is a disregarded entity *never* constitutes a final return because the taxpayer’s business is ongoing.

⚠ Please note: An initial audit step is determining whether an entity has truly liquidated and all financial and business operations have ceased. In the case of a foreign entity, determining if all Tennessee operations have ceased, and the entity is requesting tax clearance to withdraw its certificate of authority from the Secretary of State.

Final Return Status

A taxpayer in the process of liquidating and ceasing business operations will be considered to be in “final return status” from the first liquidating event until it ceases to exist or is no longer subject to tax.²⁰ A taxpayer can be in final return status for more than one year and should file a tax return for each tax period while it is in this status. Taxpayers in final return status should *not* check the “final return” box on their return unless it is truly the last return to be filed.

Filing Requirements

There is a filing requirement for taxpayers with any remaining assets, activity, equity, or proceeds, or with installment sales attributable to Tennessee, regardless of whether the entity has remaining in-state activity.²¹

Taxpayers must attach a statement of liquidation, distribution, or disposition of all assets to the franchise and excise tax return when the “final return” box has been checked. This statement should include the date of sale or liquidation and balance sheets for the final and preceding tax periods. Upon review of the final return, the Audit Division may request additional information.

2. Liquidation and Tax Base Calculation

Liquidation Completed in a Single Day

If the liquidation occurs all on one day, the franchise tax will be determined by reference to the balance sheet values for net worth and real and tangible property immediately preceding the liquidating event.²² The net worth and property amounts should **not** be zero, but should reflect *pre-liquidation values*.²³

Example 1: Single Day Liquidation

Assume all assets are sold and the proceeds are distributed on June 30.

	Schedule F	Schedule G
Tax Base (pre-liquidation values)	\$500,000	\$2,000,000
Annual Franchise Tax (\$2,000,000 x .0025)		\$5,000
Prorate		181/365.25
Franchise Tax		\$2,478

In this case, the pre-liquidation values of net worth and property were used to arrive at the tax base because all assets and equity were merged, sold, or distributed on a single date. Because the return is a short-period return (January 1 – June 30), the franchise tax is prorated. If there were any rental expenses, they would have been annualized for the purpose of arriving at the franchise tax property base on Schedule G.

Liquidation Occurring Over More Than One Day

If the liquidation occurs over multiple days, the taxpayer will use *average monthly values* to compute the net worth and property bases for the purpose of computing the franchise tax on any return in final return status.

The *average monthly values* are determined by totaling:

- the value of net worth as of the final day of each month of the tax period, and the book value of the real and tangible property owned in Tennessee as of the final day of each month of the tax period; and
- dividing these totals by the number of months in the tax period, excluding the month when total liquidation occurred.²⁴ The divisor will be the same for both the net worth and owned property calculations.

The month-end balances for “indebtedness to or guaranteed by an affiliate” are averaged and are included in the average monthly value for Schedule F1.²⁵

Rents are entered on Form FAE170, Schedule G, Lines 11-14 and annualized if the tax return covers less than 12 months. They are not averaged like owned property.

⚠ The Department has made available a [Franchise Tax Worksheet for Accounts in Final Return Status](#). This worksheet includes sections to assist the taxpayer in computing the average monthly values for net worth reported on Schedule F1 or Schedule F2 and the book value of owned tangible property reported on Schedule G.

Example 2: Average Monthly Values

A calendar year taxpayer sold all its tangible property on July 1 of Year One with the intent to completely liquidate. A final distribution of all assets was made on March 9 of Year Two, and the taxpayer's balance sheet reflected all zeroes after the distribution. Because the taxpayer is in final return status and the liquidation did not occur in a single day, the taxpayer will compute its franchise tax base using average monthly values. On the following page is a schedule detailing how the taxpayer will calculate the average monthly values of its net worth and real and tangible property franchise tax bases.

	Schedule F1 Net Worth Base	Schedule G Property Base
Year One	Month End Values	
January 31	\$500,000	\$2,000,000
February 28	\$550,000	\$2,000,000
March 31	\$450,000	\$2,000,000
April 30	\$500,000	\$2,000,000
May 31	\$600,000	\$2,000,000
June 30	\$550,000	\$2,000,000
July 31	\$750,000	\$0
August 31	\$800,000	\$0
September 30	\$700,000	\$0
October 31	\$700,000	\$0
November 30	\$650,000	\$0
December 31	\$100,000	\$0
<i>Total</i>	<i>\$6,850,000</i>	<i>\$12,000,000</i>
Number of Months	12	12
Average Monthly Value	\$570,833	\$1,000,000
Tax rate		.0025
Annual Franchise Tax		\$2,500
Prorate - days		N/A
Franchise Tax		\$2,500
Year Two	Schedule F1	Schedule G
January 31	\$100,000	\$0
February 28	\$100,000	\$0
March 9	\$0	\$0
<i>Total</i>	<i>\$200,000</i>	<i>\$0</i>
Number of Months	2	2
Average Monthly Value	\$100,000	\$0
Tax rate	.0025	
Annual Franchise Tax	\$250	
Prorate - days	68/365.25	
Franchise Tax - minimum	\$100	

In Example 2, average monthly values were used to calculate the franchise tax in both Year One and Two because the taxpayer was in final return status starting with the first liquidating event (July 1st of Year One) and remained in that status for all future returns.

- The average monthly values listed for net worth and property are the respective values as of the final day of each month in the tax period.
- Zeroes were entered for March 9 of Year Two because all liabilities had been paid and all assets had been distributed to the owners at that time.

The average monthly values were calculated by dividing the sum of the month end values by the number of months in the tax period, excluding the month in which total liquidation occurred.

- The divisor in this example is two.
- March of Year Two was not counted for the divisor because total liquidation occurred in this month, meaning the month end balance sheet values were zero.
- The \$250 “annual tax” in Year Two was prorated because it was for the 68-day short-period of January 1 through March 9.
- The prorated amount ($\$250 \times 68/365.25 = \46.58) is less than the \$100 minimum tax, so the assessed tax would be \$100.

Consolidated Net Worth Election

If the taxpayer is part of an affiliated group that has made a consolidated net worth election, the election will *not* apply to the taxpayer while it is in final return status, unless the entire affiliated group is in final return status during the same tax period.²⁶

A taxpayer in final return status may not file Schedule F2 using consolidated net worth unless the entire affiliated group is in final return status for the same tax period.

3. Tax Clearance

Taxpayers are subject to franchise and excise tax until they are “actually and legally dissolved or withdrawn” with the Secretary of State.²⁷ Before a taxpayer can terminate its Charter, Articles of Organization, Certificate of Limited Partnership, or withdraw its Certificate of Authority or similar

document with the Secretary of State, a tax clearance certificate must be issued by the Department.

Certificate of Tax Clearance

A Certificate of Tax Clearance declares that all tax returns administered by the Department have been filed and all liabilities have been paid. Certificates of Tax Clearance are issued to both terminating and ongoing businesses.

Certificates of Tax Clearance may be granted for terminations, withdrawals, reinstatements, rescissions, authorization, and good standing. Businesses often request a tax clearance certificate to confirm that they are in good standing with the Department to complete a large business transaction involving another entity.

To receive a tax clearance certificate when shutting down a business, a business must file all returns to date and a final franchise and excise tax return through the date of liquidation or the date on which the business ceased operations in Tennessee. Furthermore, all outstanding franchise and excise tax payments must be made.

A checked “final return” box on a franchise and excise tax return is deemed a request for tax clearance for termination or withdrawal. When the Department receives a return marked “final,” the Department may:

- Position the taxpayer for an audit;
- Automatically issue a tax clearance certificate; or
- Automatically issue a tax clearance denial letter that explains any shortcomings that need to be met and instructs the business to call the Department’s Taxpayer Services Division to get the matter resolved so the tax clearance can be issued.

The Department’s Taxpayer Services Division issues the certificate after the Department reviews the account and determines that all tax liabilities are satisfied. The Department mails the certificate to the business’ mailing address, unless otherwise specified. The clearance is valid for 45 days from the date of issuance.

The Secretary of State will deny the dissolution or withdrawal documents if the taxpayer has not been issued a tax clearance certificate. The same Certificate of Tax Clearance may be issued for a number of reasons and does not automatically signify that the business has terminated.

4. Tax Collection

The Commissioner of Revenue may collect franchise and excise taxes due, plus any penalties and interest from any officer, stockholder, partner, member, principal, or employee of a taxpayer that has ceased business without paying the tax, if the person has received property of the defunct business.

The amount of tax that may be collected in this situation may not exceed the value of the property received by the person from whom collection is sought.²⁸

5. Events Not Resulting in a Final Return

Short-Period Returns

Although short-period returns are filed to segregate the earnings of the new owners from the old owners, these returns are not “final” if the business is ongoing. Returns should not be marked “final” unless all business activities and transactions have ceased, including the collection of all receipts from an installment sale.

Conversion

Conversion occurs when a single business changes its entity type. Conversion does not constitute dissolution of the converting entity; converting businesses are not required to wind up affairs, pay liabilities, or distribute assets. A business, therefore, is not required to submit a final franchise and excise tax return when it converts. Converting entities, however, should update the Department as to their change in entity type upon filing with the Secretary of State.

The Secretary of State recognizes the following conversions:

- Foreign entities that convert to domestic entities;
- Domestic unincorporated entities that convert to domestic corporations; and
- Domestic corporations that convert to domestic unincorporated entities.

Conversion of a domestic corporation to a domestic unincorporated entity could change an entity’s franchise and excise tax status from a regarded entity to a disregarded entity or vice versa. A newly-converted entity is deemed to have commenced business on the date on which the original entity was first formed. For example:

- A corporation owns 100% of another corporation, and both file separate franchise and excise tax returns. If the subsidiary corporation converts to an LLC, then that entity would be a disregarded entity (an SMLLC) owned by a corporation.
 - As a disregarded entity, the SMLLC's business activities will be included in its parent's state and federal income tax returns.
 - The subsidiary's franchise and excise tax return filed immediately before the conversion should *not* be marked final.²⁹
 - If, at some point in the future, the disregarded SMLLC becomes a regarded entity again, the carryovers it originally generated as a regarded entity would be available to it again.

⚠ Please Note: Any credit or loss carryovers generated by the domestic corporation before it became a disregarded entity would *not* be available to the franchise and excise taxpayer, which includes the disregarded entity and its corporate parent. This also includes job tax credits.

A conversion may also result in a disregarded taxpayer losing its disregarded status for franchise and excise tax purposes. For example:

- An SMLLC that is owned by a corporation, which subsequently converts to a corporation, would no longer be disregarded and would need to begin filing its own franchise and excise tax return.
 - Any credit or loss carryovers generated by the SMLLC (prior to conversion) would stay with the SMLLC's corporate parent.
 - In general, carryovers will only be available to the entity that generated them, as evidenced by the entity's FEIN.³⁰
 - If the corporate owner of an SMLLC converts to an unincorporated entity, the SMLLC would lose its disregarded status and any loss or credit carryovers would stay with the parent.

Federal Entity Classification Changes

As previously discussed in Chapter 4 of this manual, eligible entities may use federal Form 8832 to elect how they will be classified for federal income tax purposes. The Department recognizes this election for franchise and excise tax purposes.

The change in entity type on federal Form 8832 does not require the filing of a final return because the same business will continue after the election but with a different entity designation. All credit and loss carryovers will be available to the business after the election, unless the business becomes a disregarded entity. For example:

- An LLC that elects to be treated as a corporation instead of a partnership for federal income tax purposes would be treated as a corporation for franchise and excise tax purposes, and any SMLLCs it owns would be disregarded.³¹

Technical Terminations

For tax years prior to December 31, 2017, “Technical Termination” occurs when there is a “sale or exchange of 50% or more of the total interests in a partnership’s capital and profits” within a 12-month period.³² Taxpayers filing for technical termination file federal Form 1065 for the period prior to the change in partnership interests and for the period subsequent to the change to reflect the “initial” return of the new partners’ interests.

- For franchise and excise tax purposes, a technical termination is considered a fictitious termination because the partnership’s business activities are ongoing.
- Taxpayers may file two short-period returns, but neither return should be considered final for franchise and excise tax purposes unless there is a complete liquidation of the business.

The Tax Cuts and Jobs Act of 2017, P.L. 115-97, however, eliminated technical terminations. With the repeal of technical terminations, partnerships can only terminate for federal tax purposes if the business, operation, or venture is completely terminated. In this case, the partnership would be in final return status.

Administrative Terminations

Businesses registered with the Secretary of State may be *administratively revoked or dissolved* for a variety of reasons, including failure to file an Annual Report.³³

- Administrative dissolutions or revocations should not trigger final franchise and excise tax returns because administrative terminations are not equal to legal terminations.

- Entities must continue to file returns until the business is “actually and legally” dissolved or withdrawn from the state.
- Any person doing business in Tennessee with a forfeited, revoked, or suspended registration or charter will not be relieved from filing a return and paying the tax for each tax year that it does business in Tennessee.³⁴

Chapter 11 Bankruptcies

Corporations and partnerships being reorganized through Chapter 11 of the United States Bankruptcy Code should not file final franchise and excise tax returns because the business is ongoing. However, businesses in Chapter 7 bankruptcy should file final returns because there is a complete liquidation of the business.

6. Corporate Reorganizations

Corporate reorganizations may or may not result in a final return. Corporate reorganizations usually involve more than one entity and can be orchestrated to qualify as a “tax-free” exchange under one of the seven provisions of the IRC.³⁵

Other reorganizations include:

- Statutory mergers or consolidations;
- Acquisitions of one corporation by another involving a stock exchange or asset transfer;
- Recapitalization transactions of a single corporation whereby stocks and/or securities are exchanged for new stocks and/or securities to reconfigure the company’s capital structure; and
- Transfers of all or part of a corporation’s assets to another corporation in bankruptcy.

Depending on the type of reorganization, a final franchise and excise tax return may or may not be required.

“Type A” Reorganization

- A “Type A” reorganization is a statutory merger or consolidation whereby one company is acquired by another.

- After the reorganization, only one company will remain in existence and the other will terminate.
- The terminating company will file a final return, and all its credit or loss carryovers will terminate.
- The surviving company will continue to file franchise and excise tax returns, and its credit and loss carryovers earned before the merger will be available after the merger.

“Type B” Reorganization

- A “Type B” reorganization is an acquisition of one corporation by another through the exchange of its own stock or a parent company’s stock.
- The acquired company becomes a subsidiary of the acquiring corporation.
- If these corporations were doing business in Tennessee, they would each file their own franchise and excise tax returns, both before and after the reorganization.
- This reorganization does not impact franchise and excise tax filings.

“Type C” Reorganization

- A “Type C” Reorganization occurs when a corporation acquires another corporation, the “target” corporation, in exchange for stock.
- The target company’s shareholders become shareholders of the acquiring company, and the target company is required to liquidate.
- As with the Type A reorganization, one corporation will survive and the other will liquidate or terminate.
- The terminating company will file a final return, and all its credit or loss carryovers will terminate.
- The surviving company will continue to file franchise and excise tax returns, and its credits and loss carryovers will survive the reorganization.

Estimated Tax Payments

1. Estimated Payment Requirement

Taxpayers are required to make estimated tax payments when there is a combined franchise and excise tax liability of \$5,000 or more (after applicable tax credits) for *both* the prior tax year *and* the current tax year.

If the prior period's franchise and excise tax return was for a period of less than 12 months (short-period return), the actual liability from the prior short period must be annualized. Under these circumstances, the taxpayer is required to make estimated tax payments if both the annualized liability for the prior tax period and the projected liability for the current tax period are \$5,000 or more.³⁶ For example:

- A taxpayer filed a return for the tax period of January 1, 2018 through June 30, 2018 and plans to file a return for the period of July 1, 2018 through December 31, 2018.
- For the January 1, 2018 through June 30, 2018 period, the taxpayer owes \$3,000 in franchise and excise tax.
- The taxpayer estimates that the combined taxes, net of credits, for the second short period (July through December) will be \$5,000.
- To determine if both the current and preceding tax periods meet the \$5,000 threshold, the preceding tax period is annualized ($\$3,000 \times 365.25/180 = \$6,088$).
- Here, *both* the preceding *and* current tax period exceed the \$5,000 threshold, so estimated tax payments are required for the tax period ended December 31, 2018.
- Note, the current year tax would not be annualized. If the estimated tax for the second short period return was \$4,000 instead of \$5,000, estimated payments would *not* be required.

2. Quarterly Estimated Payment Amount

Minimum quarterly estimated tax payments are computed using either the *standard method* or the *alternative annualized income installment method*.³⁷ Taxpayers may use either method but may not switch between methods during the tax year.

⚠ The Department's [Estimated Franchise and Excise Tax Payments Worksheet](#) can be used to calculate payments under both methods.

Standard Method

Under the standard method, the amount of each quarterly installment is the same, regardless of that quarter's actual revenue. Both franchise and excise tax estimated payments are computed using the below formula under this method. The standard method computes the minimum quarterly payment amount as the *lesser* of:

- 25% of the prior year's total liability (annualized if the tax period was less than 12 months); or
- 25% of 80% of the projected current year's liability.

Annualized Income Installment Method

The election to use the alternative annualized income installment method is an annual election made on the franchise and excise tax return Form FAE 170 or FAE 174. This method recognizes that income may be earned unevenly throughout the year and provides the estimate amounts that vary between quarters. Under this method, the payments more closely correlate to the income earned during the period. Franchise and excise tax components of the quarterly estimates are computed separately.

- The excise tax component is computed in accordance with Section 6655(e)(2) of the Internal Revenue Code.
- The franchise tax component of each installment is the lesser of 25% of the franchise tax shown on the tax return for the preceding tax year (annualized if less than 12 months) or 25% of 80% of the current year's liability.

3. Remitting Payments

Taxpayers are required to remit their estimated tax payments electronically on TNTAP, through their bank or with approved tax preparation software through the IRS Modernized e-File Program. Penalty and interest charges may apply if the taxpayer fails to remit payments electronically.³⁸

Tax payments are to be made by funds readily available to the state. Accepted forms of payment include ACH debit, ACH credit, and credit card (Visa, MasterCard, American Express, or Discover). A 2.35% service fee is added to payments made by credit card.

Any taxpayer owing \$2,500 or more in connection with any quarterly estimated tax payment must remit that tax payment to the state in funds that are immediately available to the state on the date the payment is made.³⁹

4. Payment Due Dates

Quarterly payments of estimated franchise and excise tax are made according to the schedule below. The term “quarterly” is used because there are four payments due. The days between each quarter may vary.

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

Penalties

Penalties may be assessed for several reasons, including but not limited to, late filing, late payment, delinquent or deficient estimated tax payments, failure to make a reasonable attempt to comply with the law, failure to make required disclosures, or fraud.

1. Penalties and Penalty Rates

Delinquent and Deficient Estimated Quarterly Tax Payments

The penalty rate for delinquent and deficient estimated tax payments is 2% per month, up to a maximum of 24%, plus interest at the current rate per year.⁴⁰ 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.

In order to avoid incurring a deficiency penalty, a taxpayer must make timely quarterly estimated franchise and excise tax payments, each consisting of at least:

- 25% of 80% of the current year's franchise and excise tax liability; or
- 25% of the prior year's liability.⁴¹

If a taxpayer has timely filed estimated tax payments for at least two years, but the estimated tax payments resulted in an underpayment of tax on which penalties and interest accrued (i.e., were deficient), such estimated payments may still be considered timely for the purpose of establishing good and reasonable cause for the waiver of a delinquency penalty.⁴²

Delinquency Penalty – Filing or Paying Late

If a taxpayer does not file its return or files late, or if a taxpayer does not timely pay the tax due, a delinquency penalty will be assessed. The penalty is computed at a rate of 5% per month, or any portion of a month, from the due date until the date the taxes are paid.

- The *maximum* penalty is 25% of the tax amount due.
- The *minimum* penalty is \$15, regardless of the amount of tax due.

Negligence Penalty

Taxpayers are expected to file tax returns with all required schedules and disclosures and to pay the applicable tax due, based on Tennessee law. Failure to do so could result in the Department assessing a penalty if the Department determines that such failure is due to negligence. Negligence includes, but is not limited to, any failure to make a reasonable attempt to comply with the law.

A taxpayer's failure to report and pay the total amount of taxes due may result in the imposition of a penalty in the amount of 10% of the underpayment, if the Department determines that such failure is due to negligence. The penalty may be assessed on the franchise and/or excise tax. For example:

- If a taxpayer makes the same mistake with respect to the franchise tax reporting of a particular item/transaction for two consecutive audits, but correctly reports the excise tax due under both audits, the negligence penalty is only assessed on the franchise tax.⁴³

This can also apply to specific mistakes made with respect to franchise or excise taxes. For example, if a taxpayer incorrectly deducts a non-deductible expense for two consecutive audits, the Department can assess a negligence penalty as it relates to that specific line item.

Intangible Expense Disclosure

A taxpayer who deducts intangible expenses paid to an affiliate and fails to make the required disclosure or fails to add back the intangible expenses to net earnings/losses may be assessed a penalty equal to the greater of \$10,000 or 50% of any excise tax adjustment to the initially filed return.

The penalty is calculated when it is determined that the taxpayer:

- Deducted an intangible expense (e.g., royalties/licenses) paid to an affiliate and the taxpayer computed its excise tax based on its federal taxable income or loss without adding back the intangible expense on Schedule J, line 2; or
- Added back the intangible expense on Schedule J, line 2 and deducted the expense on Schedule J, line 21 but did not attach the Intangible Expense Disclosure form.

Even if the Intangible Expense Disclosure form is not attached to the excise tax return, and the excise tax is computed *without* taking the deduction, a nondisclosure penalty is *still* calculated.

The Department calculates nondisclosure penalties by determining the difference between the excise tax calculated with the deduction and without the deduction. Then, the difference is multiplied by 50% to arrive at the penalty that may be assessed.

Captive REIT Disclosure

Any financial institution that receives dividends, directly or indirectly, from a captive REIT must disclose the dividends and the name of the REIT on the [Captive REIT Disclosure Form](#). If a financial institution fails to make the required disclosure, the dividends received deduction is not allowed on Schedule J, even if the taxpayer owns 80% or more of the stock.

If the disclosure is not made, the taxpayer is also subject to a negligence penalty equal to the greater of \$10,000 or 50% of any adjustment to the initially filed return.⁴⁴

Sale of Distributed Assets

An entity or individual not normally subject to the excise tax may be assessed a penalty if it receives an asset from a taxpayer and later disposes of it for a gain without paying the required tax.⁴⁵ If the Department determines that this failure was due to negligence, a 50% penalty will be assessed on the underpayment.⁴⁶

Fraud Penalty

Fraud includes any deceitful practice or willful device resorted to with the intent to evade the tax.⁴⁷ If the Department determines that a failure to report and pay tax is due to fraud, a penalty of 100% of the underpayment will be imposed against the taxpayer. Imposition of this penalty is in lieu of all other penalties imposed by the Department, except penalties for dishonored checks or money order payments and penalties imposed in accordance with the Tax Enforcement Procedures Act.⁴⁸

2. Penalty Waiver

The Commissioner is authorized to waive, in whole or in part, penalties that are not the result of gross negligence or willful disregard of the law, if such penalties fall within any of the good and reasonable causes for waiver set forth in the law.⁴⁹ Thus, the Commissioner does not have the authority to waive properly imposed fraud penalties. Interest may not be waived under any circumstances.⁵⁰

If a taxpayer fails to pay the full amount of tax due, the following circumstances would be good and reasonable causes for the waiver of penalty:⁵¹

- The taxpayer incurred a deficiency because of the taxpayer's good faith reliance on the incorrect interpretation of a law or regulation that was, at the time, unclear and misleading.
- The taxpayer incurred a deficiency because the taxpayer relied on factual, but not legal, misrepresentations made by business associates of the taxpayer, of which the taxpayer had no reason to doubt or question.
- The taxpayer incurred a deficiency because the taxpayer made a factual mistake, but after discovering the mistake, voluntarily and without demand from the Department, remitted the amount of the deficiency plus accrued interest.

If the taxpayer's late filing and payment of tax is no more than 30 days after the due date, the following circumstances would be good and reasonable causes for the waiver of the penalty:⁵²

- The return was timely mailed but was not timely received or not received at all, and the taxpayer provides evidence that it was mailed as required.⁵³
- The delinquency was caused by an intervening providential cause that occurred before the filing and payment due date, such as a disabling injury, illness, or death of the taxpayer, a member of the taxpayer's immediate family, or the exclusive preparer of the taxpayer's returns.
- The delinquency was caused by the unavoidable absence of the taxpayer or the exclusive preparer of the taxpayer's returns.
- The delinquency was caused by the destruction by fire or other casualty of the taxpayer's place of business or business records.
- The taxpayer proves that it requested the proper tax forms from the Department in a timely manner, but they were not sent to the taxpayer in time for the taxpayer to complete and file the return by the due date.
- The taxpayer proves that the taxpayer personally visited an office of the Department before the filing due date to get information or assistance to properly complete a tax return, but through no fault of the taxpayer, was unable to get information or help.
- The delinquency was caused by the taxpayer's failure to include payment with its timely filed return, if the taxpayer promptly provides payment when notified by the Department and satisfactorily demonstrates that the payment omission was due to an inadvertent oversight or error.
- The delinquency is discovered only when the taxpayer voluntarily pays the tax, but the Department is legally unable to enforce collection (e.g., the collection would be barred by the statute of limitations or the lack of jurisdiction).
- The taxpayer timely filed and paid the tax for at least the two-year period preceding the due date of the delinquent return and payment, and the delinquency was not caused by a willful disregard of the law or gross negligence.

The Department may also waive a penalty for good and reasonable cause, even if the cause for the deficiency/delinquency does not match one of the above circumstances, if the taxpayer can show that it has done everything it could reasonably be expected to do as an ordinarily intelligent and reasonably prudent business person. The taxpayer must also show that the deficiency/delinquency was not caused by a willful disregard of the law or gross negligence.⁵⁴

Any taxpayer that believes it has good and reasonable cause for waiver of any penalty assessed should petition the Commissioner in writing by selecting the “Petition for Penalty Waiver” on their TNTAP account. A Petition for Waiver of Penalty Form is also available on the Department’s website under the General Forms section.

Interest

Interest applies to any taxes not paid by the date required by law, even if the Department grants a filing extension. The Department determines the interest rate on July 1st of each year using a statutorily imposed formula.⁵⁵

⚠ The Department is prohibited by law to waive interest. Tenn. Code Ann. § 67-1-803(a)(2)(B). (Under no circumstances shall the Commissioner’s authority to waive penalties extend to interest.)

All delinquent or deficient tax payments, either administered or collected by the Commissioner, begin accruing interest from the date delinquent or deficient until paid.⁵⁶

- For tax periods prior to the date of assessment, interest accrues at the prevailing rate in effect on the date of the tax assessment, regardless of the tax period involved.
- For periods after the date of assessment, interest accrues at the prevailing rate in effect on the date of the accrual of such interest.

Delinquent Accounts

The Commissioner will “certify” to the Secretary of State the name of any taxpayer having a payment delinquency exceeding 90 days. Upon certification, following notification to the taxpayer, the taxpayer’s charter or certificate to do business in Tennessee will automatically be revoked. If the taxpayer subsequently pays all taxes, fees, interest, and penalties, the charter or certificate may be reinstated, unless another taxpayer has taken title.⁵⁷

Statute of Limitations

1. Assessments

The statute of limitations for a franchise and excise tax assessment is three years from December 31st of the year in which the **return was filed**. Adjustments may be made to carryover schedules beyond this three-year period, but additional tax may only be assessed in periods open under the statute. Assessments may be made at any time if a return is not filed, or if a false or fraudulent return is filed with the intent to evade taxation.⁵⁸

2. Refunds

The statute of limitations for refund claims is three years from December 31st of the year in which the **payment was made**. If a taxpayer makes franchise and excise tax payments and fails to claim the payments on its franchise and excise tax return (Schedule E), the taxpayer will lose the right to claim these payments after three years from December 31st of the year in which the tax return was filed.⁵⁹

Refund Determinations

The Department must decide on a refund claim within six months of receipt of the claim. If a refund claim is not approved or denied within six months following receipt of the claim, the refund claim is deemed denied for the purpose of filing suit in chancery court. If the claim for refund is denied, the taxpayer may file a suit for refund in chancery court within one year from the date on which the claim for refund was filed.⁶⁰

The following are examples of barred refund claims:

- A taxpayer filed its 2014 franchise and excise tax return with payment of \$3,000 on April 15, 2015. The payment resulted in an overpayment of tax that the taxpayer did not claim on subsequent returns filed. The remaining overpayment resulting from the 2014 tax payment became barred from refund on January 1, 2019.
- A taxpayer computed a tax liability of \$7,000 for the period ended December 31, 2013. The payment was made on April 15, 2014, and the return was filed on October 15, 2014. The taxpayer failed to claim an NOL carryover from the prior tax year.

- This resulted in the Department's tax system generating a Notice of Overpayment of \$2,000.
- The taxpayer never claimed the \$2,000 overpayment credit on subsequent tax returns filed. The overpayment credit carried over to the period ended December 31, 2017. The taxpayer filed a claim for refund on January 20, 2018, and requested a refund of the \$2,000 overpayment. The refund claim was denied because the overpayment was barred from refund as of January 1, 2018.
- On March 20, 2011, a taxpayer made a payment of \$10,000 for the 2010 tax period. However, the 2010 return was not filed until April 15, 2014. On the return, the taxpayer computed a tax liability of \$100 and requested a refund of \$9,900. The overpayment of \$9,900 is eligible for refund because the return/refund claim was filed within three years of December 31 of the year in which the payment was made.
- Assume the same facts as the previous example, except the taxpayer does not file the 2010 return on April 15, 2014; instead, it files the return and requests the refund on April 15, 2015. In this case, the refund *would* be barred because the return on which the refund is requested was filed beyond the three-year period.

For the purpose of applying the statute of limitations, the Department considers estimated tax payments and extension payments to have been made as of the statutory due date or extended due date of the return. For example:

- A taxpayer made four equal quarterly estimated tax payments of \$6,000 on April 15, 2013, June 15, 2013, September 15, 2013, and January 15, 2014, for the 2013 tax year. On October 15, 2014, the taxpayer filed its tax return with a computed tax liability of \$31,000 and remitted a payment of \$7,000 with the return.
 - With the assumption that all tax payments were made on October 15, 2014, the statute of limitations in which to request a refund would be December 31, 2017. If, however, on November 20, 2017, the taxpayer amended the return and requested a refund of \$30,000, the taxpayer would be entitled to the entire amount of the refund.

3. Statute Waivers

The Department may enter into a written agreement with the taxpayer to extend the statutory period of limitations upon the assessment of taxes payable to, or refundable by, the Department. The Department will provide the taxpayer with a standardized form when extending the statute of limitations during an audit. The waiver form extends both the period for making assessments and the period for requesting refunds.

The taxpayer and the appropriate Department official must sign the waiver agreement before it will be considered a fully executed agreement. Both parties must sign the extension form before the statute of limitations period has expired. The form cannot be backdated and signed after the expiration of the statute by either party. Audits will have to be adjusted for expired periods if the waiver is not signed by both parties before the expiration of the statute of limitations. Taxpayers should make a copy of the signed form before returning the form to the auditor.⁶¹

Records Maintenance

Any tax return open under the statute of limitations is subject to either a field audit or an office audit. Taxpayers must maintain records that can be used to determine their franchise and excise tax liability. The Department has the authority to request the appropriate federal information to audit franchise and excise tax returns.⁶²

If a taxpayer keeps electronic records, it must provide the records to the Department in a standard record format upon request. The Department will use the best information available if a taxpayer does not maintain appropriate records.⁶³

Assessment

The Audit Division will issue the taxpayer a Notice of Proposed Assessment if an audit results in an assessment. Taxpayers can work with the Audit Division to resolve issues regarding the assessment even after a Notice is issued. Taxpayers also have the right to request an informal conference with the Commissioner, or the Commissioner's designee, to discuss proposed assessments.⁶⁴ The Notice of Proposed Assessment becomes a Final Assessment on the 31st day after the date on which the assessment is issued, unless the taxpayer timely requests an informal conference. A taxpayer wishing to contest a Final Assessment without making payment must file suit in chancery court within 90 days of the date on which the assessment becomes final.

¹ Tenn. Code Ann. §§ 67-4-2007, 67-4-2103.

² Tenn. Code Ann. §§ 67-4-2007, 67-4-2103.

³ Tenn. Code Ann. §§ 67-4-2007, 67-4-2103.

⁴ Tenn. Code Ann. § 67-4-2116.

⁵ Tenn. Code Ann. §§ 67-4-2003, 67-4-2103.

⁶ Tenn. Code Ann. § 67-1-115.

⁷ Tenn. Code Ann. § 67-4-2015(a).

⁸ Tenn. Code Ann. § 67-4-2115(a).

⁹ The box titled “Date Tennessee operations began” must be completed on all initially filed Forms FAE 170 and FAE 174.

¹⁰ Tenn. Code Ann. § 67-4-2015(a).

¹¹ Filing due dates occurring on a weekend or a legal holiday, for IRS purposes, may be extended to the next workday by the Commissioner of Revenue.

¹² Tenn. Code Ann. § 67-4-2015(k).

¹³ TENN. COMP. R. & REGS. 1320-06-01-.02.

¹⁴ Tenn. Code Ann. § 67-4-2015(g).

¹⁵ Tenn. Code Ann. § 67-1-113(b).

¹⁶ Tenn. Code Ann. § 67-4-2015(a).

¹⁷ Tenn. Code Ann. § 67-4-2115(a).

¹⁸ TENN. COMP. R. & REGS. 1320-06-01-.28(2)(c).

¹⁹ All balance sheet accounts will have zero balances.

²⁰ Tenn. Code Ann. § 67-4-2004(16).

²¹ Tenn. Code Ann. § 67-4-2115(a)-(b).

²² A pre-liquidation balance sheet prepared in accordance with GAAP should be available as support for the net worth and property numbers reported on the final return. An alternative method of accounting may be accepted if the taxpayer does not maintain books and records in accordance with GAAP.

²³ Tenn. Code Ann. § 67-4-2115(b).

²⁴ The instructions to the Franchise Tax Worksheet for Accounts in Final Return Status were revised in 2019 and the “at least half of the month” wording was removed.

²⁵ Tenn. Code Ann. § 67-4-2115(b).

²⁶ Tenn. Code Ann. § 67-4-2115(b).

²⁷ Tenn. Code Ann. §§ 67-4-2007(c), 67-4-2105(c).

²⁸ Tenn. Code Ann. § 67-4-2117.

²⁹ Tenn. Code Ann. § 67-4-2115(b).

³⁰ Tenn. Code Ann. § 67-4-2009(6)(A).

³¹ See [Important Notice #13-16](#).

³² IRC §708(b)(1)(B).

³³ Tenn. Code Ann. § 48-249-909.

³⁴ Tenn. Code Ann. §§ 67-4-2105(c), 67-4-2007(c).

³⁵ IRC §368(a)(1)(A)-(G).

³⁶ See [Important Notice #16-04](#).

³⁷ The *annualized income installment method* for computing quarterly estimated tax payments is permitted for tax years beginning on or after January 1, 2017.

³⁸ Tenn. Code Ann. § 67-1-115.

³⁹ Tenn. Code Ann. § 67-1-703(b).

⁴⁰ For tax years beginning before January 1, 2016, the penalty rate was 5% per month, with a maximum of 25%. Tenn. Code Ann. § 67-4-2015(d).

⁴¹ Tenn. Code Ann. § 67-4-2015.

⁴² Tenn. Code Ann. § 67-1-803(d)(3).

⁴³ Tenn. Code Ann. § 67-1-804(b)(1).

⁴⁴ Tenn. Code Ann. §§ 67-1-804(b)(2), 67-4-2006(e).

⁴⁵ Tenn. Code Ann. § 67-4-2007(f).

⁴⁶ Tenn. Code Ann. § 67-1-804(b)(3).

⁴⁷ Tenn. Code Ann. § 67-1-804(c)(2).

⁴⁸ Tenn. Code Ann. §§ 67-1-804(d), 67-1-1400 *et seq.*

⁴⁹ Tenn. Code Ann. § 67-1-803(c)-(d).

⁵⁰ Tenn. Code Ann. § 67-1-803.

⁵¹ Tenn. Code Ann. § 67-1-803(c)(1)(A)-(E).

⁵² Tenn. Code Ann. § 67-1-803(d)(1)(A)-(I).

⁵³ Tenn. Code Ann. § 67-1-107.

⁵⁴ Tenn. Code Ann. § 67-1-803.

⁵⁵ Tenn. Code Ann. § 67-1-801(a)(1)(B).

⁵⁶ Tenn. Code Ann. § 67-1-801(a)(2).

⁵⁷ Tenn. Code Ann. §§ 67-4-2016, 67-4-2116.

⁵⁸ Tenn. Code Ann. § 67-1-1501(b).

⁵⁹ Tenn. Code Ann. § 67-1-1802(a)(1)(A).

⁶⁰ Tenn. Code Ann. § 67-1-1802(b)(1).

⁶¹ Tenn. Code Ann. § 67-1-1501(b)(5).

⁶² Tenn. Code Ann. §§ 67-4-2003(b), 67-4-2103(b).

⁶³ Tenn. Code Ann. § 67-1-113.

⁶⁴ Tenn. Code Ann. § 67-1-1438.