



# TENNESSEE FRANCHISE & EXCISE TAX EXEMPTIONS

Asset-Backed Securitization

Updated November 2020

# Entity Type

**Tenn. Code Ann. 67-4-2008 (10)(A)(i-iv)**

- ❑ Classified as a partnership or trust in accordance with the federal regulations and rulings promulgated under 26 U.S.C. § 7701
- ❑ Has elected to be treated as a real estate mortgage investment conduit (REMIC) under 26 U.S.C. § 860D
- ❑ Has elected to be treated as a financial asset securitization investment trust (FASIT) under 26 U.S.C. § 860L
- ❑ Is a business trust, as defined in § 48-101-202(a), or is classified as a trust under the laws of the state in which it is created and is disregarded for federal income tax under 26 U.S.C. § 7701, and the federal regulations and rulings promulgated under 26 U.S.C. § 7701, when the commercial domicile of the trustee is not in this state

# Qualifications

- ❑ Tenn. Code Ann. 67-4-2008 (10)(B)(i)
- ❑ The sole purpose of which, except for foreclosures and dispositions of the assets of foreclosures, is the asset-backed securitization of debt obligations such as first or second mortgages, including:
  - ❑ Home equity loans
  - ❑ Trade receivables
  - ❑ Whether an open account or evidenced by a note or installment or conditional sales contract
  - ❑ Obligations substituted for trade receivables
  - ❑ Credit card receivables
  - ❑ Personal property leases treated as debt for purposes of the IRC
  - ❑ Automobile loans or similar debt obligations

RM1

### Slide 3

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**RM1**

Suggestion: Remove last bullet and include in the first as a continuation as in the TCA

Robyn Meeks, 11/13/2020

# Registration & Renewal

- ❑ The initial application and the annual renewal is filed on form FAE183
  - ❑ This form with the appropriate sections completed must be submitted by the 15th day of the fourth month following the close of the entity's taxable year
- ❑ Entities requesting an extension for federal income tax are automatically granted an extension
- ❑ If the entity does not meet the exemption requirements in any given year, it is taxable on all activities for that year
  - ❑ A completed franchise and excise tax return (FAE170) must be filed electronically with payment of any taxes due by the 15<sup>th</sup> day of the fourth month following the close of the taxable year

**Slide 4**

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**RM4**

**Remove suggested strikethroughs**

Robyn Meeks, 11/13/2020

# Resources

- ❑ Application for Exemption/Annual Exemption Renewal
- ❑ Franchise and Excise Tax Return, Form 170
- ❑ Tenn. Code Ann 67-4-2008 (10)(B)(i-iv)



**THANK YOU**