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


- 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
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 FAE 183
  - 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 15th day of the fourth month following the close of the taxable year
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