



FRANCHISE & EXCISE TAX EXEMPTIONS

LLC, LP, or Business Trust Organized as a
Diversified Investing Fund

Qualifications

- ❑ Tenn. Code Ann. § 67-4-2008(a)(12)
- ❑ Entity is an LLC, LP, LLP, or business trust
- ❑ At least 90% of the cost of the entity's total assets consists of qualifying investment securities, bank deposits, and office space and equipment
- ❑ At least 90% of the entity's gross income consists of interest, dividends, and gains from the sale or exchange of qualifying investment securities

Qualifications

- ❑ The entity's primary purpose is buying, holding, and selling qualified securities on its own behalf and not as a broker
- ❑ Capital is primarily derived from investments by entities or individuals not affiliated with the fund

Registration

- ❑ Must file an application for exemption on form FAE 183, Application for Exemption/Annual Exemption Renewal, in order to receive the exemption
- ❑ 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

Renewal

- ❑ Must annually certify that they continue to be eligible for the exemption
- ❑ Both the initial application and the annual renewal are 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

Resources

- ❑ Application for Exemption/Annual Exemption Renewal
- ❑ Franchise and Excise Tax Return, Form 170
- ❑ Tenn. Code Ann. § 67-4-2008(a)(12)





THANK YOU