



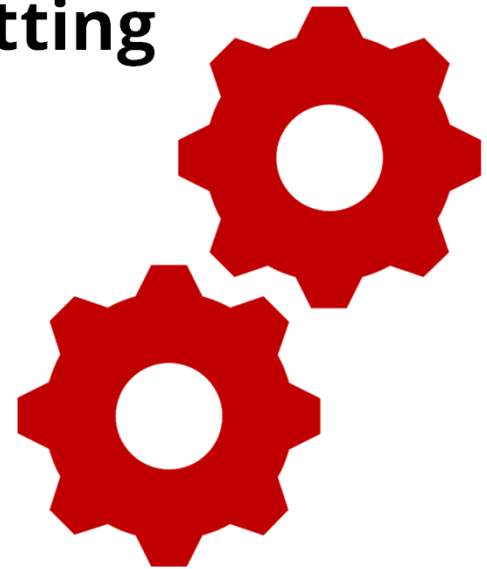
# STATE OF TENNESSEE

Helpful Information  
for New Businesses

June 2021

# Explored in This Presentation

- **Tools and resources available to assist new business owners getting started**
- **Licensing requirements**
- **TAXES! How to set up TN tax accounts, information on filing/paying, how to close an accounts, TNTAP (online tax portal), avoiding common mistakes and more**



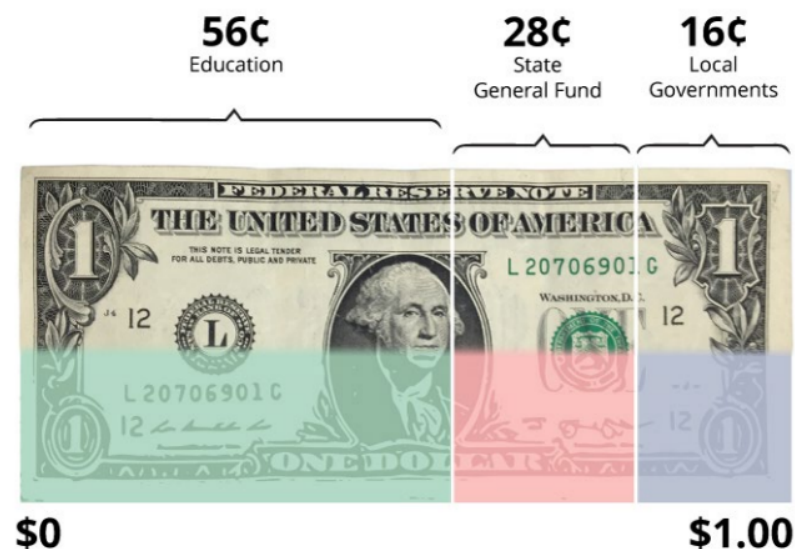
# It's Great to be in Tennessee!

- The Mercatus Center ([www.mercatus.org](http://www.mercatus.org)) and US News & World Report ([www.usnews.com](http://www.usnews.com)) both rank

## **TENNESSEE as #3 in the US for fiscal condition/stability!**

- TN has no state income tax
- The majority of state revenue comes from Sales Tax paid by consumers and collected/remitted by businesses

### How Each Sales Tax dollar is spent:



# It's Great to be in Tennessee!

- Our businesses in Tennessee are essential to our state's continued success!
- We are glad to help to be successful and want you to use all the tools at your disposal





# Resources: Getting Started!

## TN Department of Economic & Community Development (ECD)

### ✓ Smart Start Guide

<https://www.tn.gov/content/dam/tn/ecd/documents/bero/TNSmartStartupGuide.pdf>

### ✓ Smart Start Portal

<https://www.tnsmartstart.com/>

- Online tool to help you visualize your business model and connect with resources across the state



# Resources: Getting Started!

## Tennessee Small Business Development Center (TSBDC)

<https://www.tsbdc.org/>



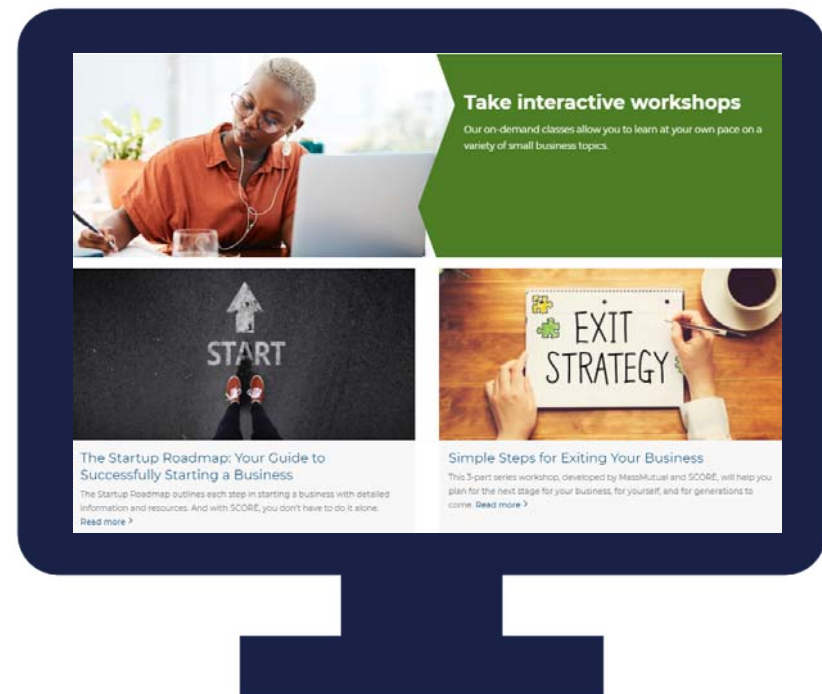
- ✓ A network of centers that provide counseling and training to help small business owners start, grow and expand their business
- ✓ Many free resources on website such as a Step-by-Step Business Planning Workbook

# Resources: Getting Started!

## SCORE Association

[www.SCORE.org](http://www.SCORE.org)

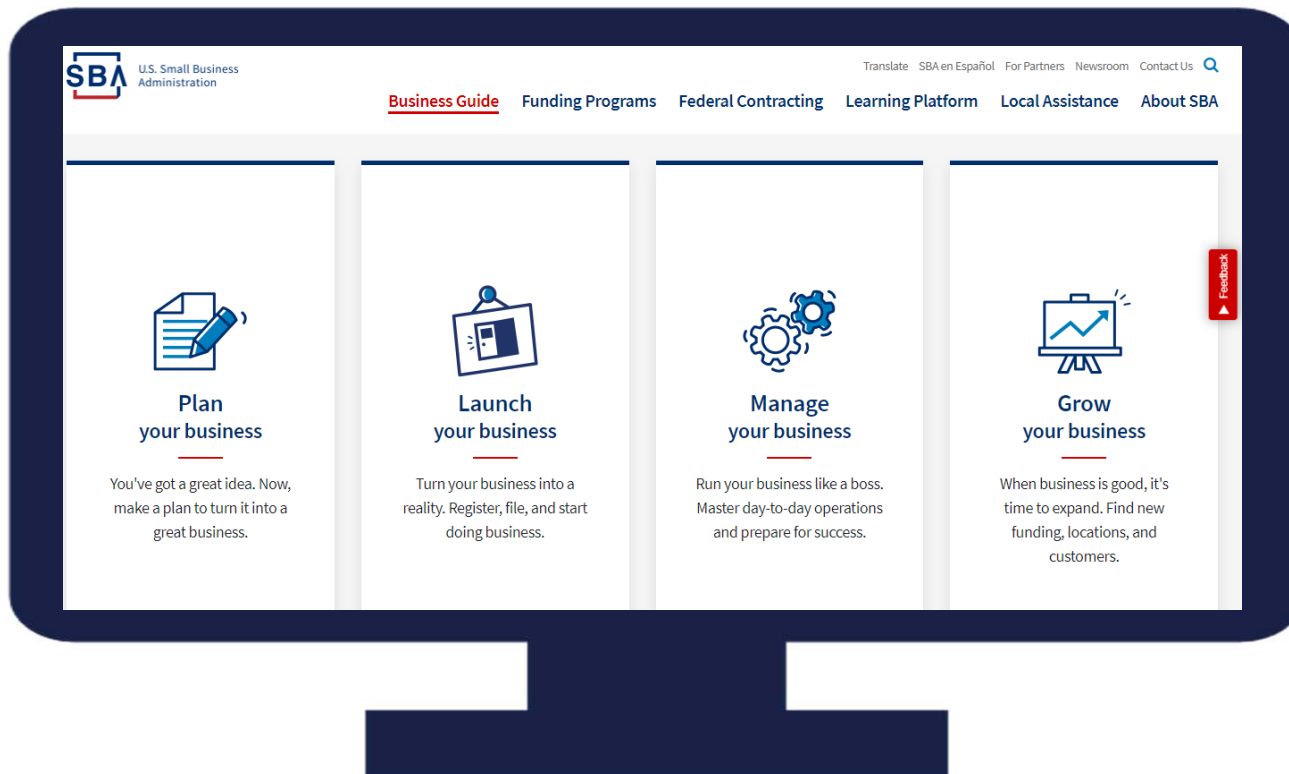
- ✓ Volunteer business counselors, advisors, and mentors who offer individual free to low-cost counseling throughout the U.S. and its territories
- ✓ Online workshops on topics such as “The Startup Roadmap” and “Simple Steps for Exiting your Business”



# Resources: Getting Started!

## Small Business Administration

[www.sba.gov](http://www.sba.gov)



- ✓ Business Guide
- ✓ Funding Programs
- ✓ Federal Contracting
- ✓ Learning Platforms
- ✓ Local Assistance

# Resources: Getting Started!

- ✓ Do your research!
- ✓ Should you be a LLC, corporation, etc.?
- ✓ Consider professional guidance (i.e. attorney, CPA, etc)
- ✓ Check with local government (city & county) about laws/ordinances that may affect your business
- ✓ Once you are ready to start, it's time to obtain a business license and set up TN tax accounts!



# Licensing Requirements: New License

**START OFF WITH THE CORRECT TYPE OF BUSINESS LICENSE!**



**Visit your county/city clerk to obtain the business license – a \$15 fee is required for your initial license**

# Licensing Requirements: Renewal License



To renew a Business License, file/pay the annual Business Tax return

**ONCE YOU OBTAIN A REGULAR BUSINESS LICENSE, YOU MUST FILE A TAX RETURN, EVEN IF YOUR BUSINESS DID NOT START AND/OR HAS NO INCOME (MINIMUM IS \$22 PER LICENSE)**

Detailed information provided later in this presentation!

# Tax Accounts: Overview

The TN Department of Revenue is responsible for the administration of state tax laws established by the legislature and the collection of taxes and fees associated with those laws

## **Common tax accounts that businesses in TN must register/file/pay taxes for are:**

- Business Tax
- Sales Tax
- Franchise/Excise Tax



# Tax Accounts: Overview

**Depending on business activity, additional tax requirements may be applicable**

- **Other tax types pertinent to Tennessee businesses:** Alcoholic Beverage Taxes, Automobile Rental Surcharge Tax, Bail Bond Tax, Beer Taxes, Coin-operated Amusement Tax, Fantasy Sports Tax, Liquor-by-the-drink Tax, Local Occupancy Tax, Motor Fuels Taxes, Oil & Tire Fees, Professional Privilege Tax, and Tobacco Tax

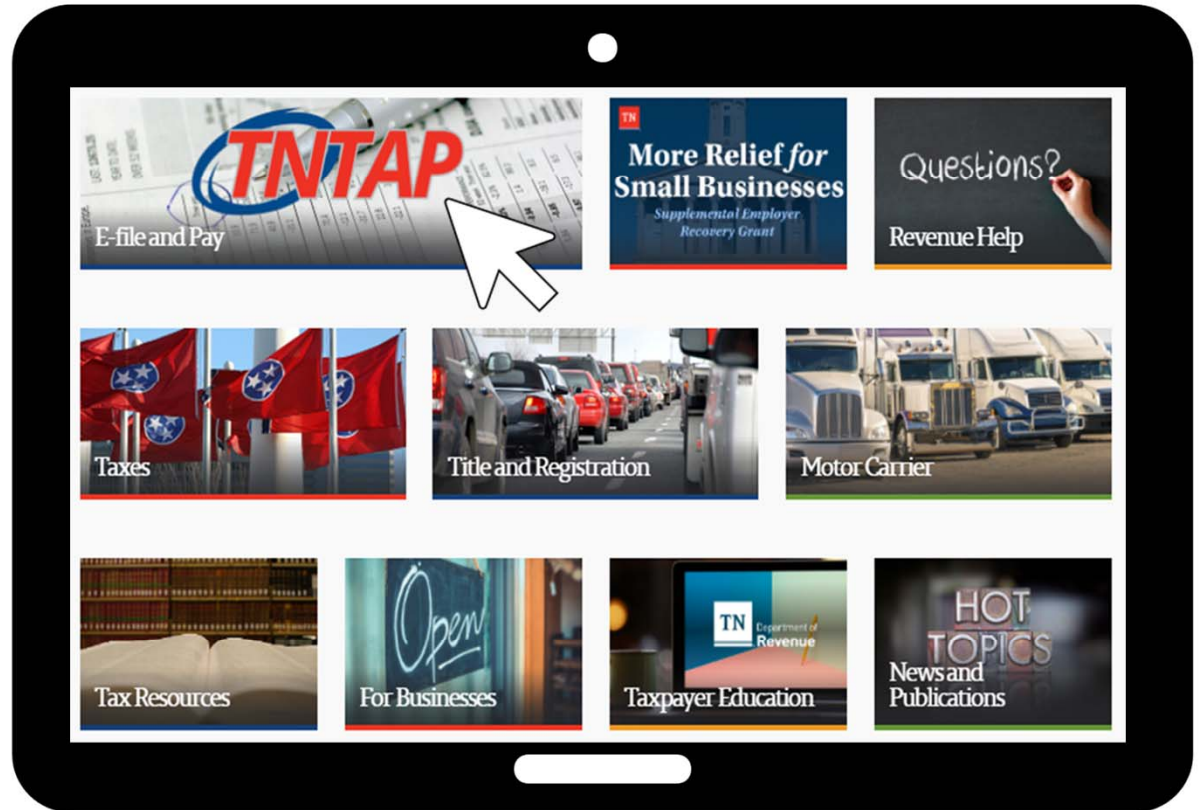


**Visit [www.tn.gov/revenue](http://www.tn.gov/revenue)  
and click on 'taxes'  
for detailed information on all tax types**

# Tax Accounts: TNTAP

[www.tn.gov/revenue](http://www.tn.gov/revenue) > TNTAP

- ✓ Register for tax accounts
- ✓ Electronic filing for all Tennessee tax accounts
- ✓ Schedule payments in advance
- ✓ Automatic correction of common errors
- ✓ Amend returns
- ✓ Access returns, certificates, and letters
- ✓ Much more!



# Tax Accounts: TNTAP

## **STEP 1: Register your business on TNTAP**

www.tn.gov/revenue

TNTAP

Register a New Business

**The online tool will walk you through what tax accounts are required!**

- Every business owner should have TNTAP account access (even if a third-party files the taxes)
- Online filing on TNTAP is available for all tax types and is required (exception: electronic filing waiver)

## Tax Accounts: TNTAP



### Keep in mind when registering your business:

- ✓ Sole Proprietorship and Marital/Joint tax accounts are registered by **Social Security #**
- ✓ All others are registered by **FEIN**
- ✓ If you already have a TNTAP account, you can register for and add access to a new business by logging into your TNTAP account

# Tax Accounts: Business Tax

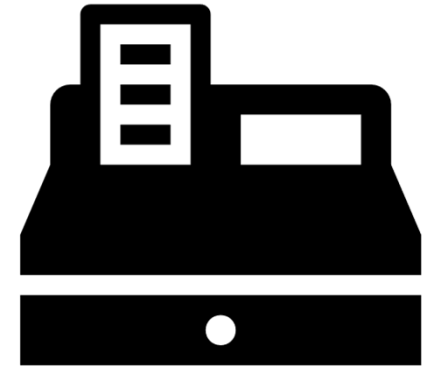


- **Required** for all entities with a Standard Business License (regardless of gross receipts)
- Tax rate depends on the **business classification** (based on dominant business activity)
- The minimum tax due is \$22 per license per year

**Filing: due on the 15th day of the fourth month following the end of your fiscal year (i.e. for a calendar year fiscal year, return is due on April 15<sup>th</sup>)**

# Tax Accounts: Sales Tax

- **Required** for any person who sells, leases, or rents tangible personal property or provides a taxable service
- Tax is *paid by the buyer* and *remitted to the state by the seller*
- Seller receives a certificate to purchase products intended for resale tax-free



**Filing: Most Sales Tax accounts are set up for monthly filing and are due 20th day of the month following the end of the reporting period**

# Tax Accounts: Sales Tax Common Mistakes

## **INCORRECT COMMENCE DATE OF SALES TAX ACCOUNT**

- When registering for a sales tax account, be careful to enter the correct commence date for when you expect to start selling
- A sales tax return must be filed timely for every period, regardless of the amount of sales
- Once you are registered, we must have a filed sales tax return for every period, even if there are zero sales



# Tax Accounts: Franchise/Excise Tax (F&E)

- **Required** for any corporation, limited partnership, LLC, or business trust chartered/organized or doing business in Tennessee
- Franchise tax is based on greater of net worth or *book value of real/tangible personal property* owned/used in TN.  
Excise tax is based on *net earnings*



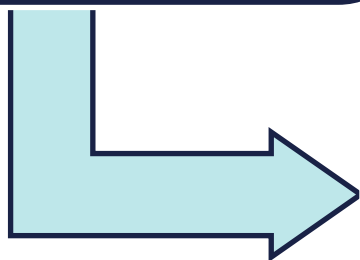
These entities  
should first register  
the TN Sec. of State  
**[www.sos.tn.gov](http://www.sos.tn.gov)**

**Filing: 15th day of the 4th month following the close of your books and records. (i.e. for a calendar year fiscal year, return is due on April 15th)**

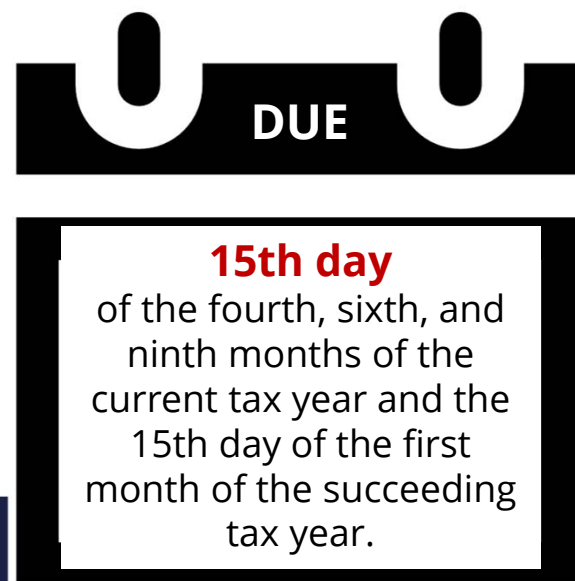


# Tax Accounts: Quarterly F&E Payments

combined tax liability  
of \$5,000 or more in  
both the prior and  
current tax years



**Quarterly F&E  
Payments  
Required!**



**AVOID PENALTIES BY MAKING QUARTERLY PAYMENTS IF APPLICABLE**

## Tax Accounts: F&E Common Mistake

**i**

**Even if your business has no income or assets, a minimum (\$100) F&E return is required until the business is properly dissolved through the TN Sec. of State  
[www.sos.tn.gov](http://www.sos.tn.gov)**

# Tax Accounts: Common Mistakes

## **Not Filing Timely**

- Penalties and interest apply to any deficient or delinquent payments.
- A penalty of 5% of the unpaid amount is added for each month (or part of the month) that a payment is delinquent or deficient, up to a maximum of 25%.
- Interest is computed at the current rate of interest.



# Tax Accounts: Closing a Tax Account

**Avoid unnecessary penalties and possible collections by closing your tax account(s) properly!**

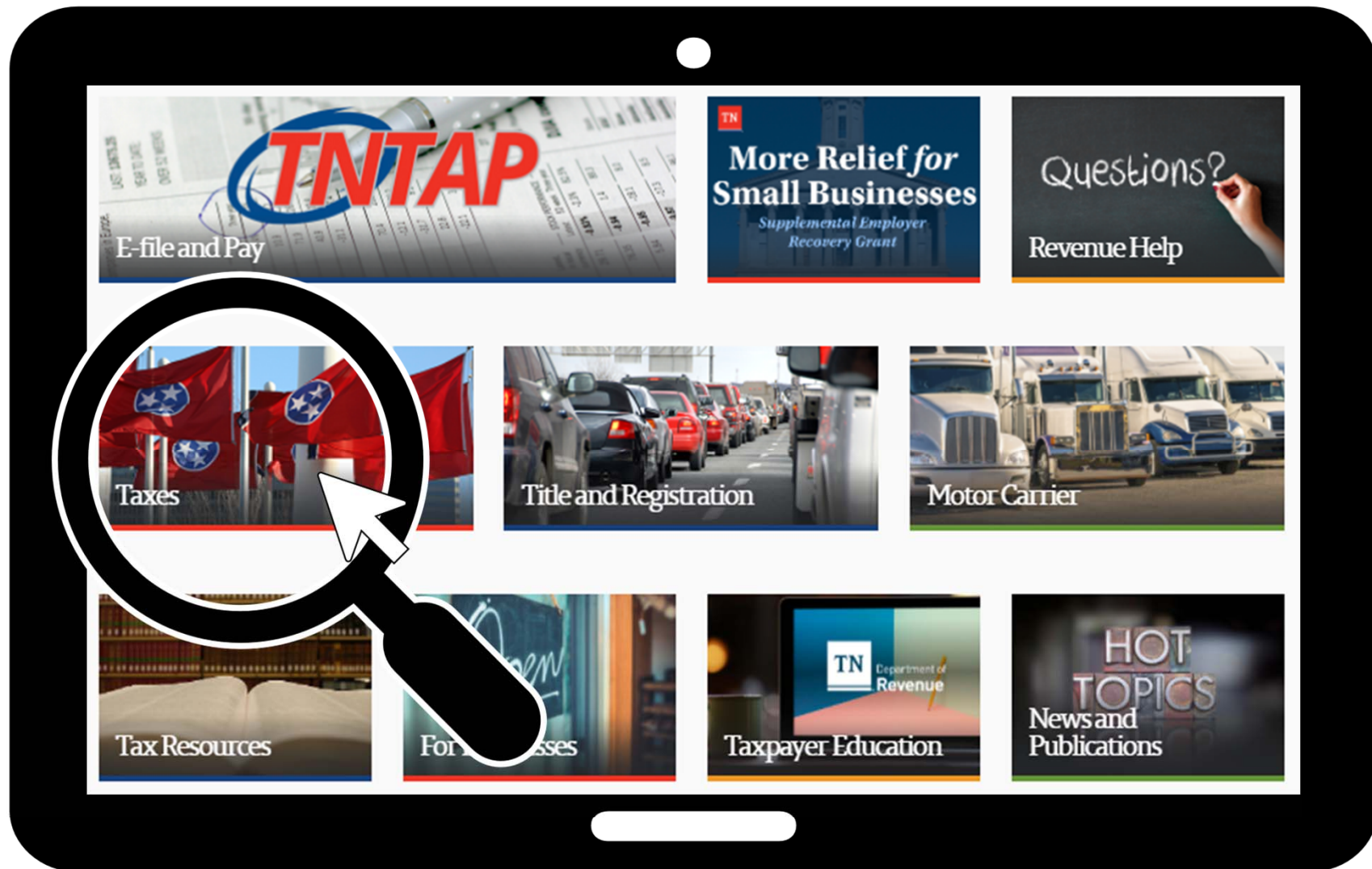
## How to Close a Tax Account

- ✓ File/pay any final returns on TNTAP
- ✓ In the account on TNTAP, click on “close account”

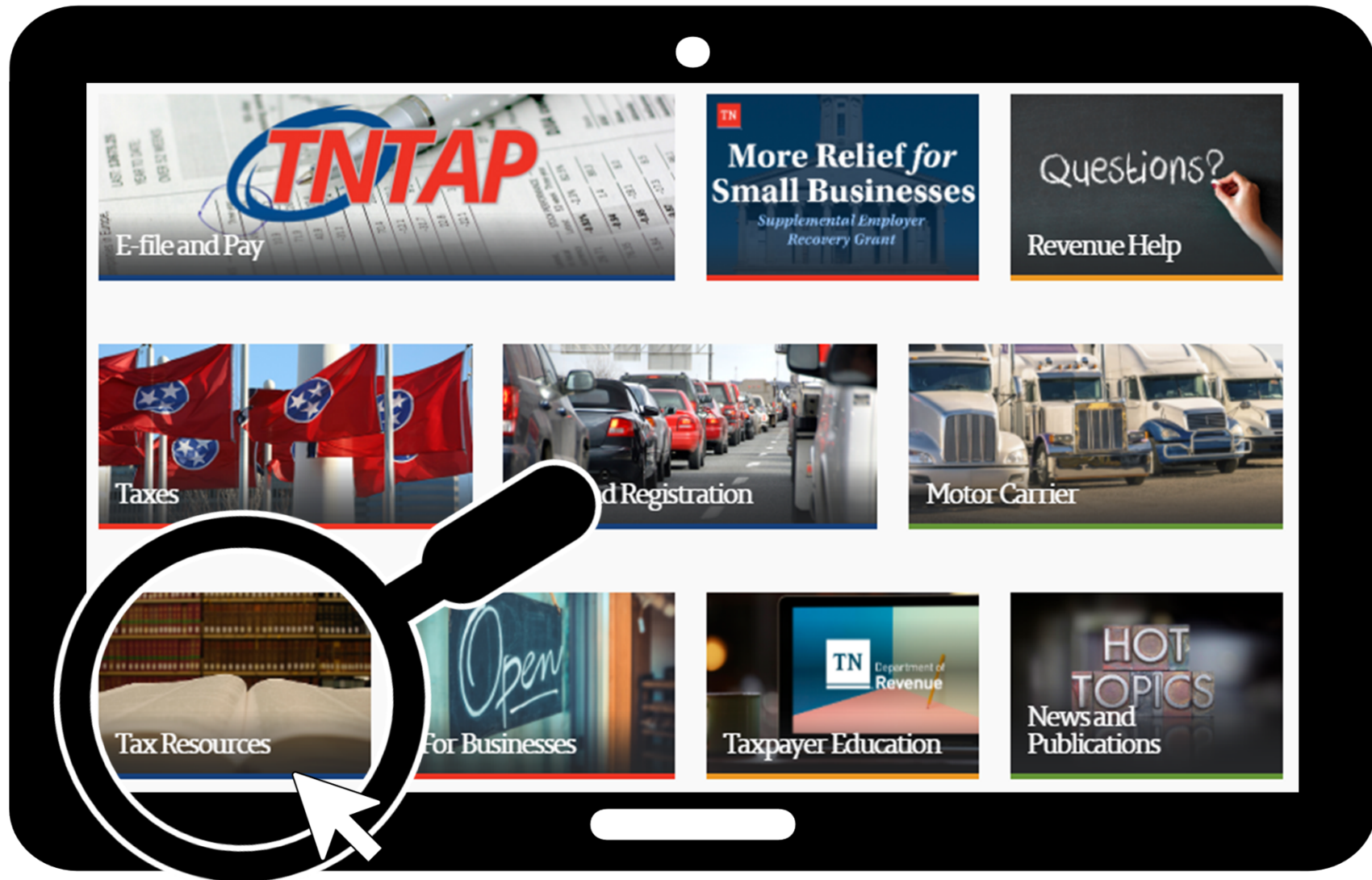
**NOTE: Businesses holding standard business tax licenses must file and pay business taxes due to the Tennessee Department of Revenue within 15 days after the business ceases operation or is sold to another entity**



# [www.TN.gov/revenue](http://www.TN.gov/revenue) : General Tax Info

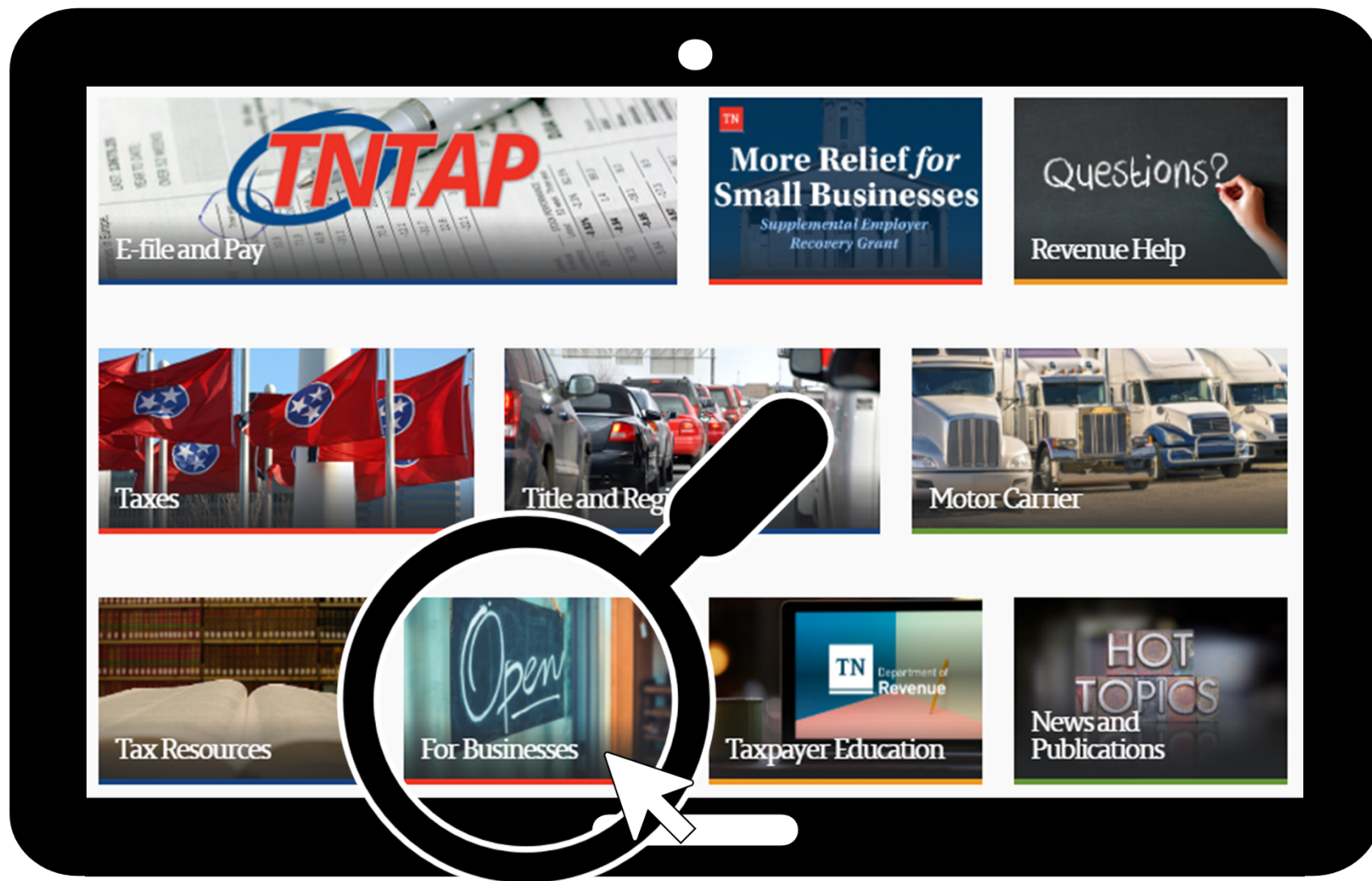


# [www.TN.gov/revenue](http://www.TN.gov/revenue) : Tax Resources

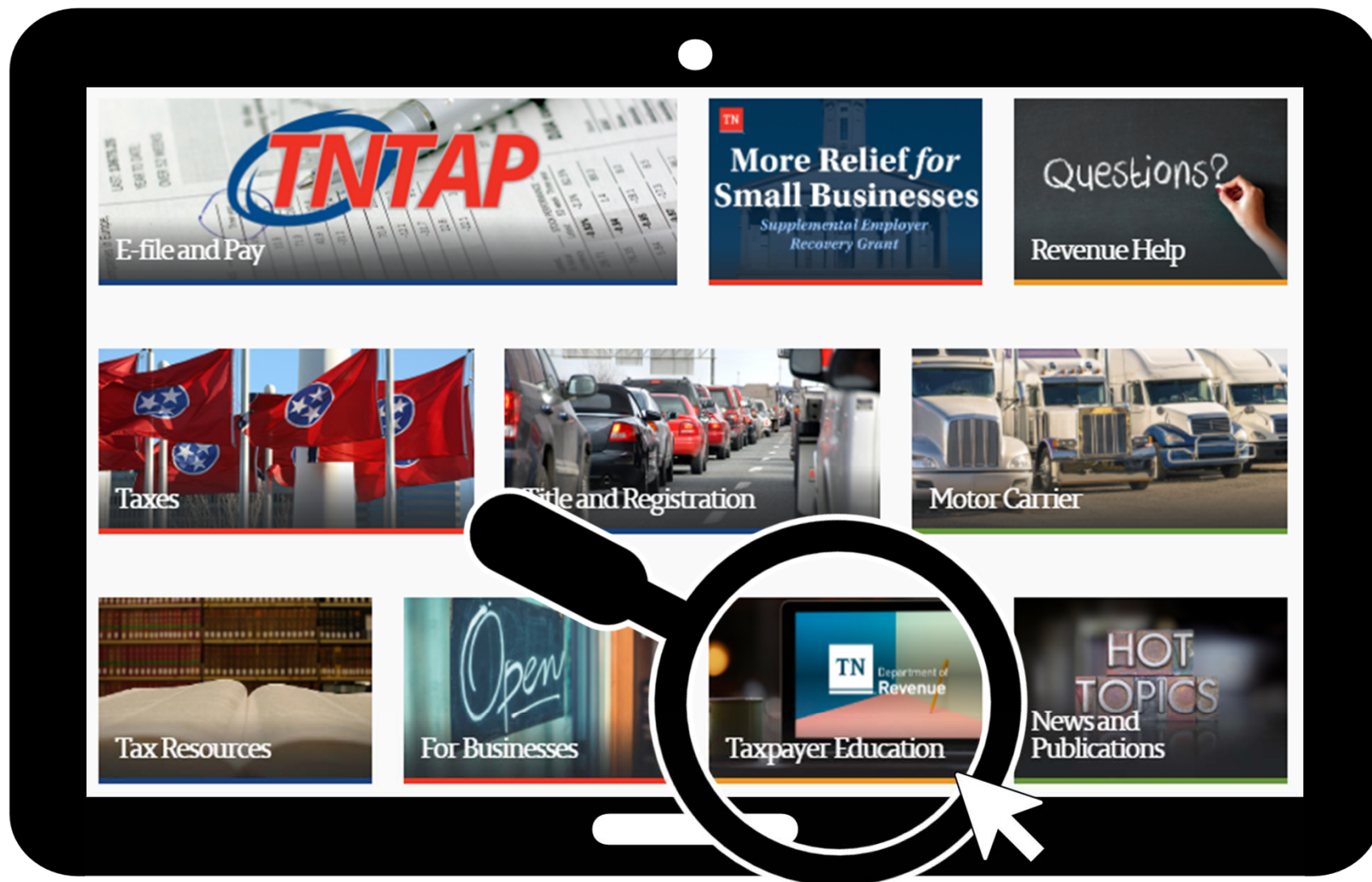




# [www.TN.gov/revenue](http://www.TN.gov/revenue) : Info for Businesses



# [www.TN.gov/revenue](http://www.TN.gov/revenue) : Taxpayer Education





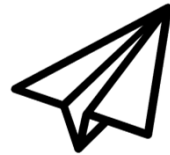
# How to Contact Us



**Please visit  
our website  
and reach out  
to us *anytime*  
for questions!**



[www.tn.gov/Revenue](http://www.tn.gov/Revenue)



[Revenue.support@tn.gov](mailto:Revenue.support@tn.gov)



615.253.0600 (M-F 8-4:30 CST)



**THANK YOU**

Please submit in-depth tax law questions or  
account-related questions to  
**revenue.support@tn.gov**  
**615.253.0600**

