OVERVIEW – PROFESSIONAL PRIVILEGE TAX

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WHAT IS PROFESSIONAL PRIVILEGE TAX

The professional privilege tax is an occupation tax imposed on people with an active Tennessee license or registration to practice specific professions.

The amount due is $400 annually.

Tenn. Code Ann. 67-4-1701; 67-4-1702
WHO IS REQUIRED TO PAY

There is levied a tax on the privilege of engaging in the following vocations, professions, businesses, or occupations:

• Persons registered as **LOBBYISTS** pursuant to § 3-6-302;
• Persons licensed or registered under title 48, Chapter 1 as:
  ▫ **AGENTS**;
  ▫ **BROKER-DEALERS**; and
  ▫ **INVESTMENT ADVISERS**;
• Persons licensed or registered under title 63 as:
  ▫ **OSTEOPATHIC PHYSICIANS**; and
  ▫ **PHYSICIANS**; and
• Persons licensed as **ATTORNEYS** by the supreme court of Tennessee
WHO IS REQUIRED TO PAY

Business or Individual?

- The tax is based on an individual's active license for Lobbyists, Investment Advisers, Osteopathic Physicians, Physicians, and Attorneys

- The tax is based on CRD/IARD registration for an individual and/or a business for Securities Agents, Investment Advisers, and Broker-Dealers

If the business is licensed as well as individuals employed there, the tax is due per license. EXCEPTION: if the single member of an SMLLC is registered as well as the SMLLC, the tax is paid by either the individual or the SMLLC.
EXCEPTIONS

• Some physicians may have a special volunteer license. **PHYSICIANS WITH A SPECIAL VOLUNTEER LICENSE ARE EXEMPT.** "Special volunteer license" means a license awarded to a medical practitioner whose sole practice is rendering professional services without remuneration in a free health clinic at a specified site or setting.

• **IN-HOUSE COUNSEL** without an active TN license does not have a liability for Professional Privilege Tax. In addition, attorneys who are suspended should be treated as inactive for Professional Privilege Tax purposes.

• Individuals who are registered in Tennessee **only as investment adviser representatives and who are not also registered in Tennessee as agents** are not liable for the Professional Privilege Tax.
EXCEPTIONS

- The professional privilege tax **DOES NOT APPLY TO ANY ACTIVE UNITED STATES MILITARY MEMBER IF HE OR SHE SERVED FOR MORE THAN 180 DAYS** during the year prior to the due date of the privilege tax (June 1). The exemption must be supported each year by provision of orders documenting the 181 or more days of active duty served during the qualifying period.
  - If the individual does not qualify for the privilege tax exemption, he or she must pay the professional privilege tax. However, he or she **may be eligible for a delayed filing** and due date for the tax. An active United States military member that owes the professional privilege tax does not have to file and pay the tax until 180 days after deployment in a combat zone ends or 180 days after the member is transferred out of a combat zone. When filing, the member must provide proof of the deployment status and the return from deployment.
WHO IS NO LONGER REQUIRED TO PAY

In 2019, Public Chapter 478 eliminated Professional Privilege Tax for the following professions for tax years beginning June 1, 2020:

- Accountant
- Optometrist
- Architect
- Pharmacist
- Audiologist
- Podiatrist
- Chiropractor
- Psychologist
- Dentist
- Real Estate Principal Broker
- Engineer
- Speech Pathologist
- Sports Agent
- Landscape Architect
- Veterinarian
In the month of June, the TN Dept. of Revenue is provided with an up-to-date report of active licenses. Accounts for professionals with inactive, expired, or invalid licenses on that date will have the balance removed.

For active licenses with no payment, penalty and interest will begin accruing on June 2.

Licenses made inactive on or before June 1st will not be liable for the tax.

DEADLINE TO PAY $400 TAX IF LICENSE IS ACTIVE

June 1, 2022
If you already have a TNTAP logon, you can access your Professional Privilege Account from TNTAP home.

Payments for multiple individuals can only be submitted through a logged on TNTAP account.

WHERE TO PAY – www.tntap.tn.gov
HOW TO PAY – Payment Method

professional Privilege tax

ACH Debit Payments
Make a bank payment now. No fees are associated for bank payments.

› Make an ACH Debit Payment

Credit Card Payments
Make a credit card payment. A fee of 2.29% is assessed by the credit card vendor.

› Make a Credit Card Payment
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NOTE: Lobbyists have no license number and will enter a “0” in the license ID field.

Need 2 out of 3 needed in order to identify account.
HOW TO PAY – Bulk Filing

A business may submit payment on behalf of multiple individuals. Bulk filing allows you to submit one payment for multiple individuals by submitting a file containing each individual’s account information.

Helpful information about bulk filing can be found here: https://www.tn.gov/revenue/taxes/professional-privilege-tax/file-and-pay.html

- Information you will need to submit the file
- Instructions for preparing and submitting the file
- FAQs about submitting
- Help? Email broker.dealers@tn.gov
FAQ

Will I receive a reminder?
- If you have a TNTAP web logon, you will receive a message in TNTAP.
- If we received an email address from the professional board, you will receive an email reminder.
- If you do not have a TNTAP logon or email address in our system, you will receive a letter in the mail.

What if I am delinquent with my payment?
- Penalty and interest begin accruing on June 2.
- The professional license may be deactivated (payment is still due even if license is deactivated after June 1)
- You will receive an assessment letter from TN Dept. of Revenue.
  - The account may be turned over to the Collections Division if payment is not received.
FAQ

How do I update my address with the TN Department of Revenue?

• Please contact us! The best way is to send an email with updated contact information to revenue.support@tn.gov
• Always make sure your licensing board/registration agency has your updated contact info as well.

I am licensed in more than one profession for which this tax is due, do I pay the fee for each license?

• Only one payment of $400 is due, regardless of the number of licenses a professional may have that are subject to the tax.
RESOURCES

From TN.gov/Revenue......

• General Information: Taxes > Professional Privilege Tax
• FAQ Articles: Revenue Help > Professional Privilege Tax
• Webinars: Taxpayer Education > Tax Webinars > Webinar Video Archive
RESOURCES

Information and Inquiries

Request a Refund

- Request an Auto/Boat Refund: Request an auto/boat refund.
- Request a Customer Refund: Request a customer refund.
- Natural Disaster Refund: File a natural disaster refund claim.

Professional Privilege Info

- Professional Privilege Lookup: Look up a professional privilege tax account number.
- Professional Privilege Status: Check professional privilege tax account status.
CONTACT US

Please submit specific account-related questions, or any questions that do not get addressed in this webinar to directly us!

www.tn.gov/Revenue

Revenue.support@tn.gov

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