

SENATE BILL 2366

By Watson

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 4, relative to franchise and excise taxes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 4, Part 20, is amended by adding the following as a new section:

67-4-2024.

(a)

(1) A taxpayer is exempt from all franchise and excise tax liability in its first tax year in existence if the taxpayer:

(A) Employs no more than twenty-five (25) employees throughout its first tax year; and

(B) Has no more than one and one-half million dollars (\$1,500,000) in gross receipts in its first tax year.

(2) A taxpayer is exempt from fifty percent (50%) of its combined franchise and excise tax liability in its second tax year in existence if the taxpayer:

(A) Employs no more than twenty-five (25) employees throughout its first two (2) tax years; and

(B) Has no more than one and one-half million dollars (\$1,500,000) in gross receipts in either of its first two (2) tax years.

(3) A taxpayer is exempt from fifty percent (50%) of its combined franchise and excise tax liability in its first tax year of existence if the taxpayer:

(A) Employs no more than fifty (50) employees throughout its first tax year; and

(B) Has no more than two and one-half million dollars (\$2,500,000) in gross receipts in its first tax year.

(b) To be eligible for an exemption provided in subsection (a), the taxpayer shall:

(1) File a return in accordance with § 67-4-2015; and

(2) Provide documentation requested by the department of revenue to establish that the taxpayer qualifies for the exemption.

(c) The department of revenue is authorized to promulgate rules in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, to specify the documentation required to qualify for the exemptions provided in subsection (a).

(d) This section is deleted on July 1, 2021.

SECTION 2. Tennessee Code Annotated, Section 67-4-2119, is amended by deleting the language "The minimum franchise tax" and substituting instead the language "Except as provided in § 67-4-2024, the minimum franchise tax".

SECTION 3. This act shall take effect July 1, 2016, the public welfare requiring it, and shall apply to all tax years that begin on or after that date.