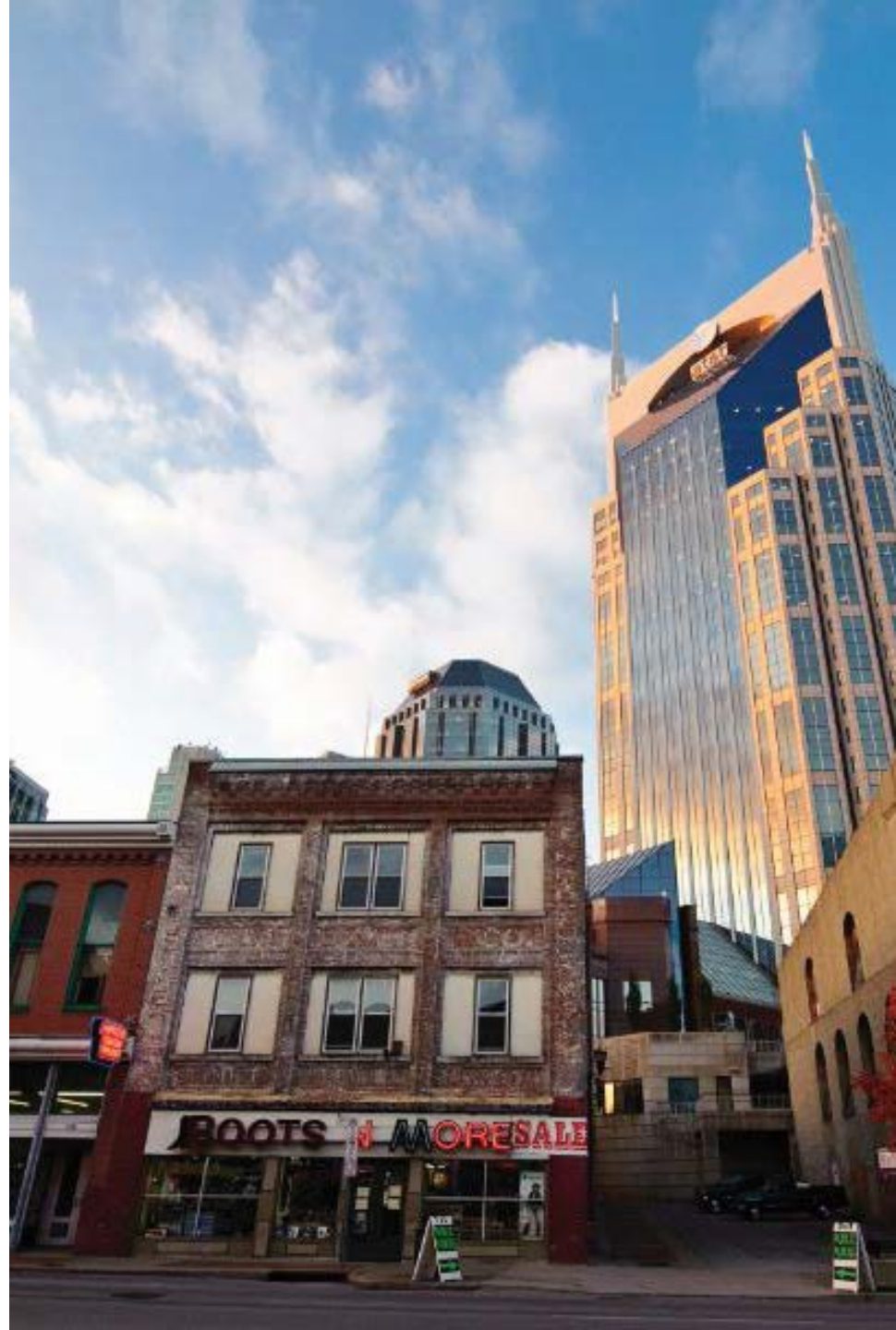


New Business Workshop

TN Dept. of Revenue

April 2024



Thanks for joining us!

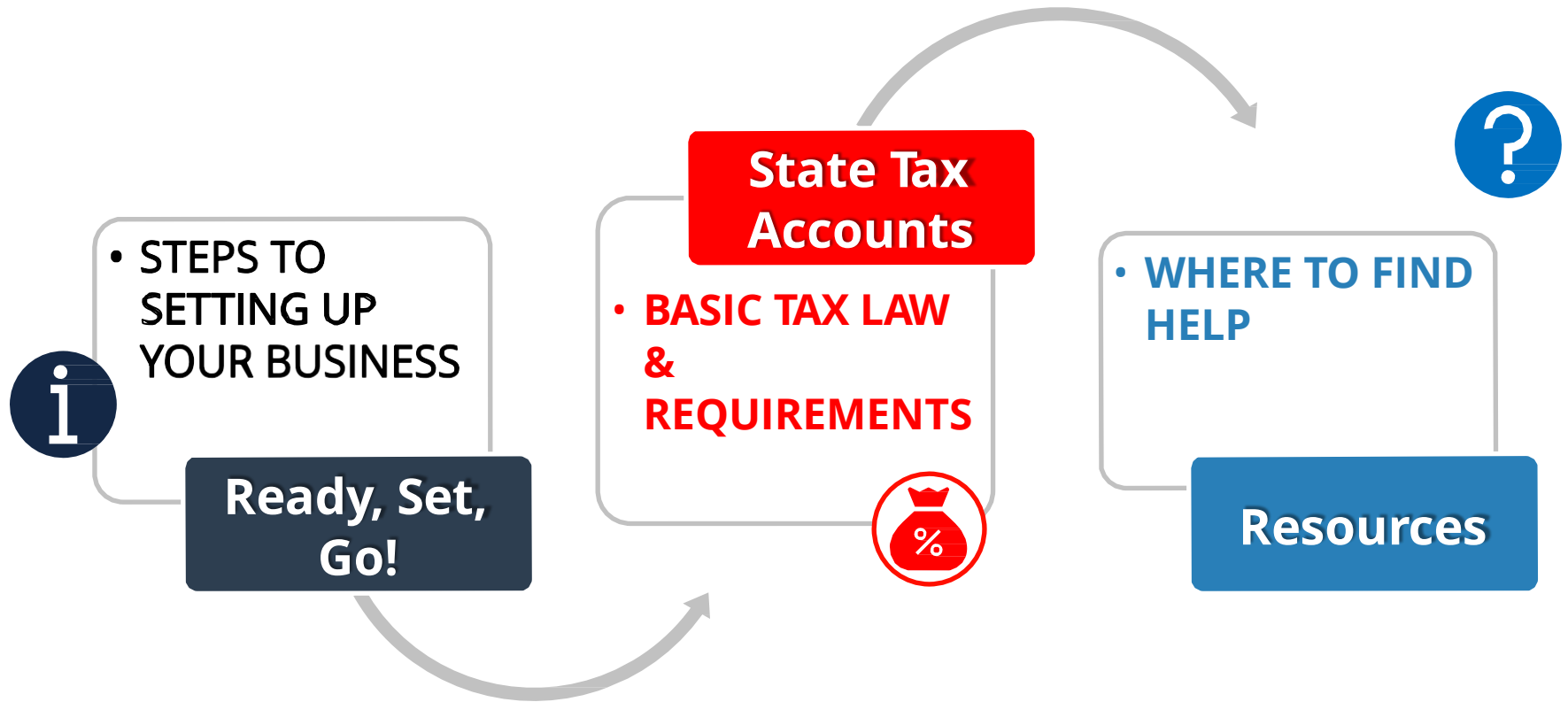
- **Please check your audio settings. See below for resources in case you experience audio or other technical difficulties:**
 - Contact WebEx Support <https://help.webex.com/contact/>
 - Link to Technical Service Resource Guide <https://www.cisco.com/c/en/us/support/web/tac/technical-services-resource-guide.html>
 - Try leaving and then re-entering the event

- **A participant guide and video for this workshop will be available at www.tn.gov/revenue > *Taxpayer Education* > *New Business Workshops***

- **Today's workshop will be from 8:30 – 11:30 am (Central Time) with two 5-minute breaks. Chat will open during several Q&A segments throughout.**

- **Links and tax manual pages in this presentation are subject to change.**

Workshop Overview



For New Businesses

Checklist:

<https://www.tn.gov/content/dam/tn/revenue/documents/misc/newbusiness-checklist.pdf>



Step 1: Setting Up a Business

DETERMINE.....

- Business Structure/Entity Type
- Licenses and Permits Needed
- Business Name/Addresses
- Do you need to register with SOS?
- Do you need an EIN?
- Start Date of Business
- What is your NAICS Code?
- What is the Fiscal Tax Year?
- Directors/Officers/Shareholders



Make sure to determine these factors before registering for accounts/licenses and use the same info for all gov't agencies!

Deciding Structure/Entity Type

Anyone who registers a business in Tennessee must ensure they indicate their business structure, which is necessary to establish tax accounts.

Entity Type	Description	Tax Account Number
Sole Proprietorship	One individual in business alone	SS# of indiv.
Partnership	Generally two or more persons	FEIN
Limited Liability Company (LLC)	SMLLC- one individual/entity; MMLLC-one or more individuals/entities	SMLLC – SS# of indiv. or FEIN; MMLLC - FEIN
Professional Limited Liability Company (PLLC)	Company engaged in the rendering of professional services	FEIN
Corporation	Chartered legal entity	FEIN
Nonprofit	Granted tax-exempt status by the IRS	FEIN

Licenses Permits and More!

What	Where	Required for
Business License	County/City Clerks office	Most businesses with few exceptions (more info later!)
Charter/Business Registration	TN Secretary of State	Partnerships, corporations, LLCs, business trusts
Federal Employee Identification Number	Internal Revenue Service (IRS)	Partnerships, corporations, LLCs, business trusts AND all businesses with employees regardless of structure
Unemployment Insurance	TN Dept. of Labor & Workforce Development	All businesses with employees/payroll
Professional License	TN Dept. of Commerce & Insurance	Certain professions (contractors, cosmetologists, insurance agents, etc.)
Alcohol License	TABC	Sales of alcoholic beverages for consumption on the premises
Tax Accounts	TN Dept. of Revenue	Most businesses with few exceptions (more info later!)

RESOURCES – Miscellaneous Help

- **TN Department of Economic & Community Development (ECD)**: Online tool to help you visualize your business model and connect with resources across the state
 - Smart Start Guide: <https://www.tn.gov/content/dam/tn/ecd/documents/bero/TNSmartStartupGuide.pdf>
 - Smart Start Portal: <https://www.tnsmartstart.com/>
- **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 – Miscellaneous Help

- **SCORE Association** 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”
- **Small Business Administration** www.sba.gov
 - Business Guide
 - Funding Programs
 - Federal Contracting
 - Learning Platforms
 - Local Assistance

Next Steps: Tax Accounts!





- Decide which tax types are applicable to your business
- Know what resources are available to you
- Ensure that you have access to all tax accounts on TNTAP



®

Business Tax

Business Tax/Licensing Overview

<u>GROSS SALES</u> (ANNUALLY)	<u>LICENSE</u>	<u>BUSINESS TAX REQ</u>	<u>RENEWAL</u>
UNDER \$3K	No Business License Required		
\$3K - \$100K	Minimal Business License		Directly with Clerk
\$100K+	Standard Business License		File/Pay Annual Business Tax to TDOR, Renewal issued by Clerk

NEW THRESHOLD based on total gross per jurisdiction

Webinar: [Business Tax Law Changes](#)

Who is Subject to Business Tax

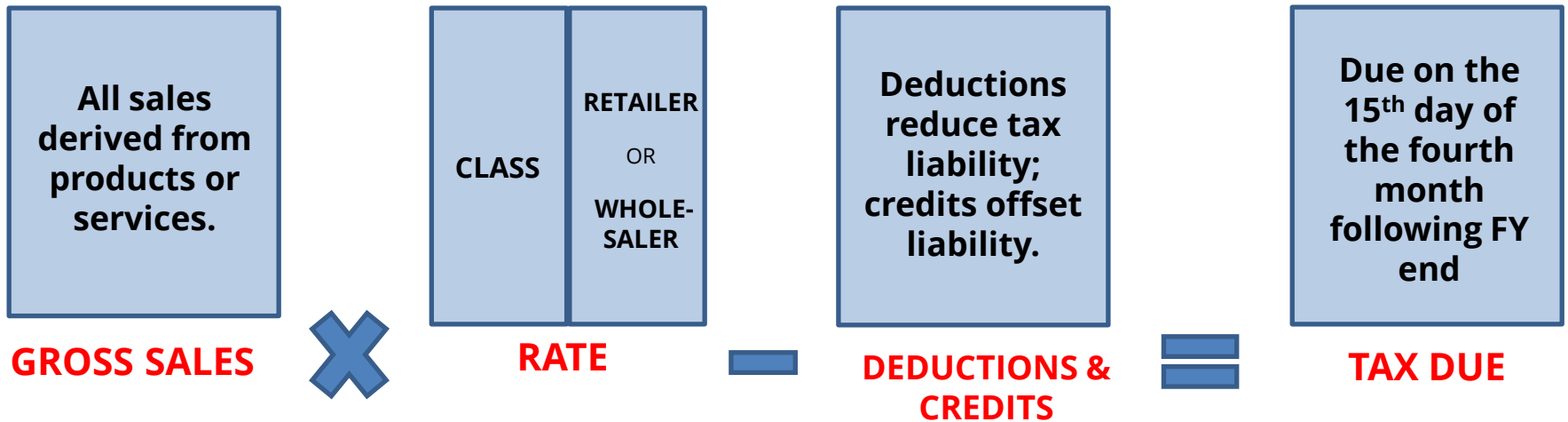
- In-state businesses with gross sales over \$100k in any county and within municipalities enacting business tax/license (some exceptions, later!)
- Out-of-state businesses:
 - with substantial nexus in TN, and
 - engaged in activities subject to business tax, and
 - gross receipts within a county are \$100,000 or more
 - Webinar: [Nexus for Out-of-State Businesses](#)
- Special rules for contractors
 - Webinar: [Business Tax for Contractors](#)

NOT Subject to Business Tax

- Casual and isolated sales
- Gross receipts under \$100k (receipts between \$3k-\$100k still subject to local minimal activity licensing unless exempt)
- Some services are exempt from business tax (services such as veterinary, accounting, engineering and more.)
- Some entities are excluded from business tax (entities such as manufacturers, radio stations and more.)
- Some sales are exempt from business tax (sales such as real property, wholesaler to wholesaler and more.)

See [BT Manual](#), chapter 8 Exemptions & Exclusions

Business Tax Overview



Webinar: [Business Tax Basics](#)

Webinar: [Filing the Business Tax Return](#)

Help Video: [Filing the Business Tax Return](#)



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Sales Tax

TN Sales Tax Basics

The tax applies to dealers engaged in the business of making sales of taxable products/services in TN.

Retailers are responsible for the tax and are to collect the tax from consumers.



TAXABLE
UNLESS SPECIFICALLY EXEMPT BY LAW

Sales are exempt if:

- **purchase** is made by exempt entity (i.e. reseller, non-profit)
- **product** is exempt (i.e. certain healthcare products)
- **usage** is exempt (i.e. manufacturing, agricultural)



NOT TAXABLE
UNLESS SPECIFICALLY LISTED BY LAW or ARE PART OF THE SALES PRICE OF TPP

Taxable services include:

repair/installation/cleaning of TPP (incl. computer software), lodging services and rooms, short-term space rental for making sales, parking/storage of vehicles, etc.

Generally,

$$\begin{array}{l} \text{State Tax Rate} \\ + \text{Local Tax Rate} \\ = \$ \text{TOTAL SALES TAX} \end{array}$$



Special rates...
Food
Digital products
Single articles
And more...

[Webinar: Services Subject to Sales Tax](#)

Sales Tax Nexus

Does the business have physical presence in TN?

➤ YES

- If **in-state TPP sales threshold of \$4800+** annually is met:
 - ✓ Register/file TN sales tax if in-state threshold met
- If **in-state service sales threshold of \$1200+** annually is met:
 - ✓ Register/file TN sales tax if in-state threshold met
- If sales of TPP/services threshold(s) not met
 - TN sales tax registration /filing not required

➤ NO

- If **Economic Nexus** sales threshold of **\$100,000 within 12-month** period is met:
 - ✓ register/file TN sales tax
- If **Substantial Nexus** met:
 - ✓ register/file TN sales tax
- If economic/substantial nexus not met
 - TN sales tax registration/filing not required

[Webinar: Reporting Out-of-State Sales by Delivery Destination](#)

Rates

- The **general state sales tax rate** for most tangible personal property and taxable services is **7%**.
- The sales tax rate on **food** is **4%**.
 - [Notice #23-09 2023 Sales Tax Holiday for Food and Food Ingredients](#)
- Any county or incorporated city may levy a local sales/use tax. The **local tax rate is 2.75% or less**.
 - [LOCAL RATE LINKS: https://www.tn.gov/revenue/taxes/sales-and-use-tax/local-sales-tax.html](https://www.tn.gov/revenue/taxes/sales-and-use-tax/local-sales-tax.html)
- **Specified digital products** are taxed at the state rate of **7%** and a **standard local tax rate of 2.5%** (instead of the local tax rate in effect in a county/municipality).
 - [Webinar: Sales Tax on Specified Digital Products](#)
- For **“single articles”** over \$1600 in price, the entire price is taxed at the state 7%, the first \$1600 is taxed at the local rate, and any amount between \$1600 & \$3200 is taxed at the state single article rate of 2.75%.
 - [Webinar: Single Article Tax](#)

Exemptions

USAGE-BASED, examples include:

- Pollution control (supported by valid exemption certificate)

PRODUCT-BASED, examples include:

- Textbooks
- School meals
- Some healthcare items

ENTITY-BASED, examples include:

- Government (US Govt, state of TN, TN counties/municipalities – supported by exemption certificate)
- Non-profits (supported by TN exemption certificate or a federally issued 501(c)(3) document)
- Qualified farmers (supported by valid exemption certificate)
- Qualified manufacturers (supported by valid exemption certificate)


MORE DETAILS ABOUT EXEMPTIONS: [Sales tax Manual Chapter 18](#)

Resale Certificate

Once registering for a sales tax account, you will receive a Certificate of Resale:

- Issued by location – each location needs its own certificate
- Do not expire, but are no longer valid when a location is closed
- Can ONLY be used for items intended for resale

[Webinar: Resale Certificates](#)

 **STATE OF TENNESSEE**
DEPARTMENT OF REVENUE

Taxpayer Name _____ Letter ID: L1060683776
Address _____ Effective Date: March 1, 2017
City State Zip Code _____ Account ID: 1XXXXXXXXX-SLC
Location ID: 0XXXXXXXXX
Taxpayer Name _____
Address _____
City State Zip Code _____

Sales and Use Tax Certificate of Resale

The above named taxpayer has been granted authority in accordance with Tenn. Code Ann. § 67-6-102 and Tenn. Comp. R. & Regs. 1320-05-01-.62 and 1320-05-01-.68 to make purchases intended for subsequent resale without payment of sales or use tax. Any merchandise or other taxable item purchased without the payment of tax upon this resale certificate that is used or consumed in any manner by the taxpayer, or is given away, must be reported and the tax paid directly to the Tennessee Department of Revenue.

The supplier must maintain a file copy as evidence of the sales tax exemption. Later purchases do not require the submission of additional copies.

Seller's Name _____ *Seller's Address (City & State)* _____

I, _____, as an authorized representative of the taxpayer named above, certify that the products or services purchased are intended for subsequent resale by the purchaser for the following reason.


resale of the tangible personal property, taxable service, taxable amusement, or taxable digital product
 rental or leasing of the tangible personal property
 a component part of a manufactured, assembled, processed or refined finished product that is for resale

Under penalty of perjury, I affirm this to be a true and correct statement.

Print Name of Authorized Representative _____ *Signature of Authorized Representative* _____ *Date* _____

Registering



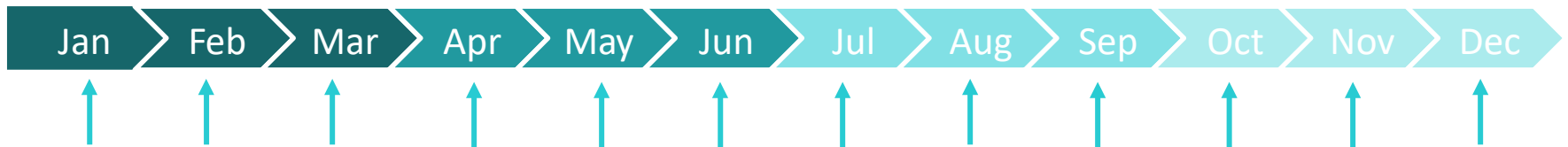
 You will be liable for filing a sales tax return beginning from the date you open a sales tax account, even if no sales are made during that period.

Out-of-state dealers may register through TNTAP or by accessing the Streamlined Sales Tax Registration System through a certified service provider.

Filing

- Due on the **20th day of the month following the period**
- Once an account is opened, filing must begin even if no sales (file \$0 if needed)
- There is no option for filing extension
- **Sales Tax accounts are generally set up monthly**
 - For more info on annual or quarterly filing, please visit our website

- Webinar: [Completing the Sales Tax Return](#)
- Help Video: [Filing a Sales Tax Return](#)
- [Sales Tax Manual](#): pp 27-29



How to File

Account
123456789-SLC
Balance
\$0.00

- > Make a Payment
- > View/File Returns
- > Additional Actions

Sales and Use Return for 30-Sep-2021
Due
20-Oct-2021

> File now

File/amend return for previous period

File current period return

Choose to submit file via software vendor or input return data

Info about software vendors:

tn.gov/revenue >
E-filing Information >
Electronic Filing Using
a Software Vendor

Sales and Use Tax Return

File Upload

Will you be submitting a file provided by your software vendor? *

Yes No

Cancel Save Draft

< Previous **Next** >



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Other Taxes

FRANCHISE/EXCISE TAX BASICS

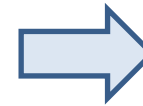
Franchise Tax

greater of net worth or the book value of real or tangible personal property owned or used in TN

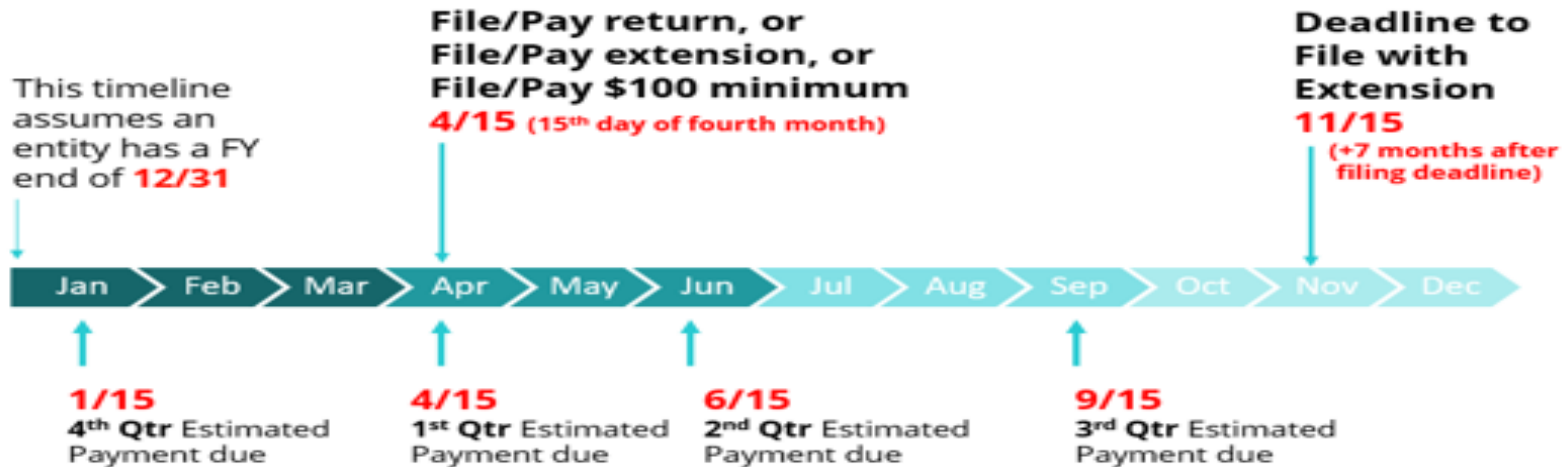


Excise Tax

net earnings or income for the tax year



[Webinar: F&E Basics](#)
[F&E Manual](#)



WHO IS LIABLE:

All for-profit, foreign, and domestic entities chartered, qualified, or registered in Tennessee or doing business in TN must file the F&E tax return and pay at least the minimum tax.

F&E – Filing Extension

To receive a 7-month extension, a taxpayer must have paid, on or before the original due date, an amount equal to or greater than...

- ✓ 90% of the current period liability, or
- ✓ 100% of the previous period liability, annualized to 365.25 days, or
- ✓ \$100 if the previous period does not exist.

The extension is automatic if the payment requirements for receiving an extension have been met and/or a valid federal extension has been filed.

[F&E Manual](#)_pp 93-94

F&E – Minimum Filing

[F&E Manual](#) p 159

EASY!

File Minimum \$100
F&E Tax without even
logging into TNTAP!



Returns

File a return.

[View Return Links](#)

File a return

Returns

> [Minimum \(\\$100\) F&E Tax](#)

Franchise and Excise Minimum Tax Return

Franchise and Excise Minimum Tax Return

[Information](#)

[Account Information](#)

[Questions](#)

[Payment](#)

F&E – Estimated Payments

Taxpayers are required to make estimated tax payments when there is a combined F&E tax liability of \$5,000 or more (after applicable tax credits) for both the prior tax year and the current tax year.

[F&E Manual](#)_p 109-111

PAYMENT	DUE DATE
1 st Payment	15th day of the 4 th month of the current taxable year
2 nd Payment	15th day of the 6 th month of the current taxable year
3 rd Payment	15th day of the 9 th month of the current taxable year
4 th Payment	15th day of the 1 st month of the subsequent taxable year

OTHER TAX ACCOUNTS – General Information

- Did you know that Tennessee has over two dozen different state taxes and fees?
- Other major taxes include liquor by the drink, tire fee, motor fuel, and tobacco taxes.
- Tax information for all taxes and fees is listed on our website – www.TN.gov/revenue.

GENERAL TAX ACCOUNT INFORMATION

- Delinquencies
 - Penalties and interest apply to any deficient or delinquent payments.
 - A penalty of 5% of the unpaid amount is added for each month (or partial month) that a payment is delinquent or deficient, up to a maximum of 25%.
 - Interest is computed at the current rate of interest.
- Collections will be made on any taxes not filed/paid.
- If taxes are overpaid, refunds or credits can be issued.



Webinar: [Tax Compliance & the Collection Process](#)



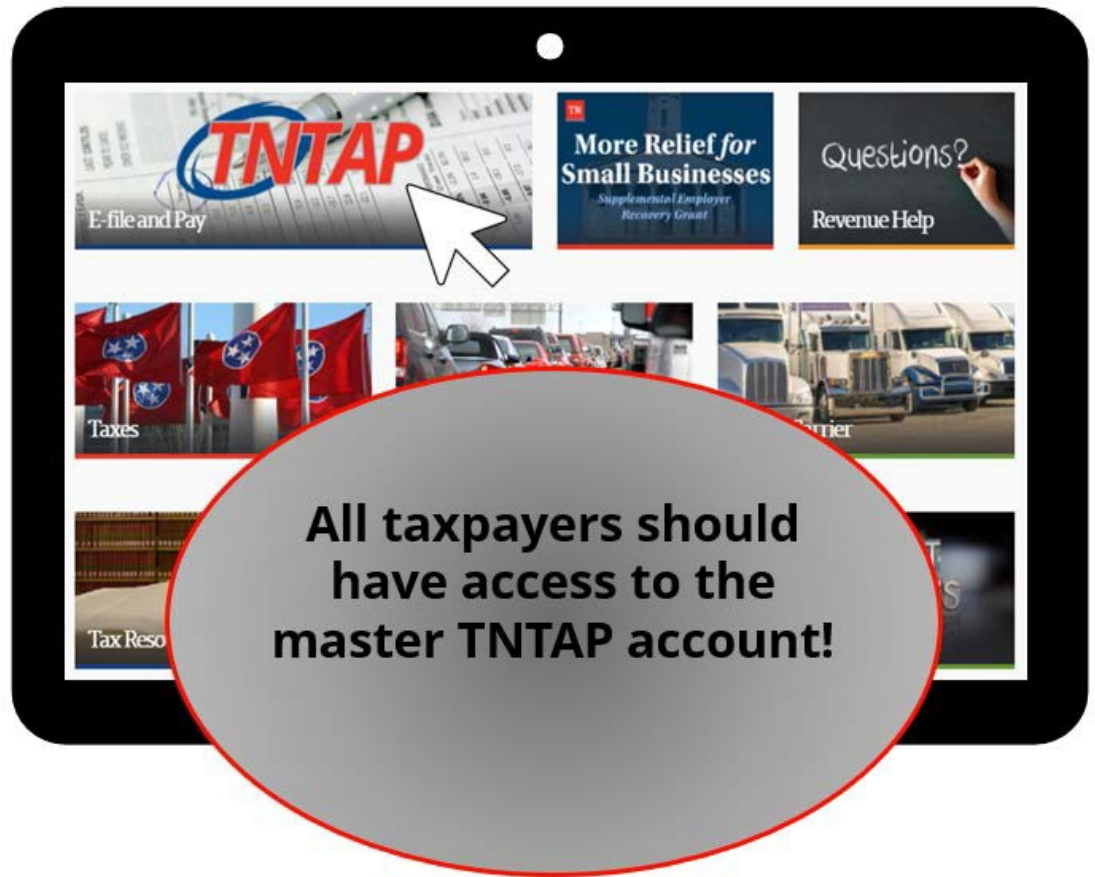
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Resources

RESOURCES - 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!

 www.tn.gov/revenue > TNTAP



RESOURCES - TNTAP

TN.gov/revenue > Revenue Help

Tennessee Taxpayer Access Point (TNTAP)

General TNTAP How-to Videos

About TNTAP

TNTAP Login

TNTAP Registration

TNTAP Payments

TNTAP Tax Returns

How-to Videos: Licensed Distributor Reports

- ★ [Creating a TNTAP logon](#)
- ★ [TNTAP: Filing a Sales Tax Return](#)
- ★ [TNTAP: Filing a Business Tax Return](#)
- [Logging into TNTAP](#)
- [Gain Access to Another Account](#)
- [TNTAP: Gaining Access as a Third Party](#)

RESOURCES – TNTAP Assistant



Username

Password

Log in

Forgot username or password?

New to TNTAP?
Create a Logon

TNTAP Assistant ✕

I am able to guide you through TNTAP as well as answer some common questions.

How can I help you today?

real person

Send us a **message** or give us a **call** to speak with a live representative.

Send A Message

Link for Revenue contact page

TNTAP Assistant's answer doesn't make sense.

Type your message... ➤



RESOURCES – TNTAP Home Page/Summary

 TNTAP



JIM JONES CORP

-*0351
500 DEADERICK ST
NASHVILLE TN 37242-0001

Welcome, First Last

You last logged in on Saturday, 10/15/2021 10:30:42 AM

[Manage My Profile](#)

[Favorites](#) [Summary](#) [Action Center](#) [Settings](#) [More...](#)

Filter



Business Tax

JIM JONES CORP
10624 GENLOU RD
CHESTERFIELD VA 23832-7272

Account

Balance
\$0.00

- > [Make a Payment](#)
- > [View/File Returns](#)
- > [Additional Actions/Licenses](#)

Franchise and Excise Tax

JIM JONES CORP
10624 GENLOU RD
CHESTERFIELD VA 23832-7272

Account

Balance
\$0.00

- > [Make a Payment](#)
- > [View/File Returns](#)
- > [Additional Actions](#)

RESOURCES – TNTAP Action Center

Favorites Summary **Action Center** ³ Settings More...

Filter

JIM JONES CORP

-*0351

500 DEADERICK ST
NASHVILLE TN 37242-0001

You have 7 unread messages


Messages sent to you may contain important information about your accounts.

[View Messages](#)



Sales and Use Tax

JIM JONES CORP

 RD
CHESTERFIELD VA 23832-7272

\$15.00 balance due

You have a balance due. Penalty and/or interest may be applied if this balance remains outstanding.

[Make a Payment](#)



Sales and Use Return for 30-Apr-2021 needs to be filed

A return needs to be filed. Returns filed late may be subject to a penalty.

[File Return](#)



RESOURCES – TNTAP, More...

TNTAP

< Work with Someone Else

JIM JONES CORP
**.*0351
500 DEADERICK ST
NASHVILLE TN 37242-0001

Welcome, First Last
You last logged in on Saturday, Jun 19, 2021 10:30:42 AM
[Manage My Profile](#)

[Favorites](#) [Summary](#) [Action Center](#) [Settings](#) [More..](#)

Manage Accounts
Manage accounts and locations.

- > Register New Account
- > Register New Location
- > Gain Access to An Account
- > Look Up Tax Account Numbers

Payments
Manage payments for this customer.

- > Request a Payment Plan
- > Cancel a Payment Plan

Additional Services
Additional Services

- > **Print Certificate**
- > Request a Customer Refund
- > Submit Power of Attorney
- > Principal Surety Bond Form
- > Bond Rider Form
- > Obtain a Franchise/Excise Tax Clearance
- > Apply or Renew F&E Tax Exemption

Access
Manage users who have access to this customer.

- > View Access
- > Manage Access

Names & Addresses
View or update names and addresses associated to this customer.

- > Manage Names & Addresses

Letters
View letters I've received from the agency.

- > **View Letters**

Submissions

Revenue Help

FOLLOW/CONTACT US!

Facebook:

[@TennesseeDepartmentofRevenue](https://www.facebook.com/TennesseeDepartmentofRevenue)

Twitter/X:

[@TNDeptofRevenue](https://twitter.com/TNDeptofRevenue)

Sign Up for Email Updates:

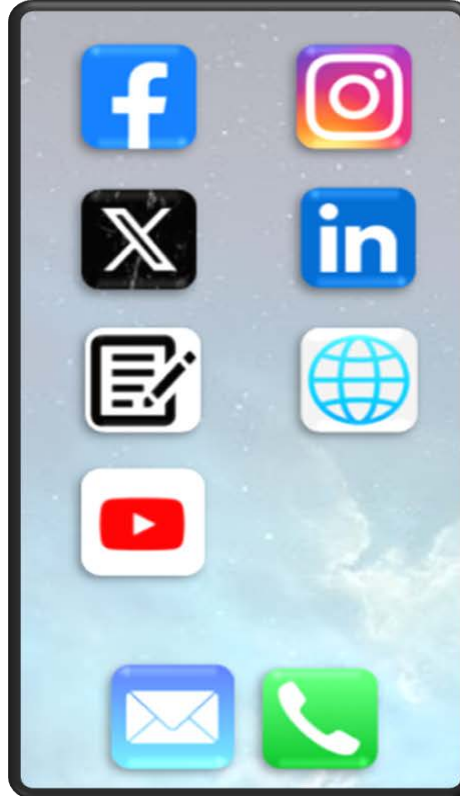
[Revenue News](#)

YouTube:

[@TDOR2013](https://www.youtube.com/channel/UCDOR2013)

Email Us:

Revenue.Support@tn.gov



Instagram:

[@TNRevenue](https://www.instagram.com/TNRevenue)

LinkedIn:

[@TennesseeDepartmentofRevenue](https://www.linkedin.com/company/TennesseeDepartmentofRevenue)

On the Web:

www.tn.gov/revenue

Call the Tax Help Line:

615.253.0600

SUPPORT STAFF AVAILABLE TO ASSIST YOU M-F 8am - 4:30pm

[All Dept. of Revenue Contact Numbers and Office Locations](#)



Questions?



®

Thank You!