

INSTRUCTIONS FOR COMPLETING THE FRANCHISE, EXCISE
FINANCIAL INSTITUTION AND CAPTIVE REAL ESTATE INVEST-
MENT TRUST TAX RETURN

In the top portion of the front page of the tax return, the following items must be completed by the taxpayer:

- (1) The beginning and ending period of the return being filed must be completed in the "Taxable Year" box. The period covered must coincide with the federal return. A return can cover a 52/53-week-filing period, but cannot otherwise exceed 12 months.
- (2) The account number along with the entity's Federal Employer Identification Number (FEIN) or Secretary of State (SOS) (in the case of a single member LLC filing as an individual).
- (3) Check the appropriate block(s), which pertain to your entity's structure. Single member LLCs that elect to file as an individual or corporation for federal purposes must file a franchise, excise tax return based on this same filing status. Corporate-owned single member LLCs that elect to file as a "Division of Parent" for federal purposes are also included in the "parent's" franchise, excise tax return. In this case, the single member LLC must file an Application of Registration with the department in order to establish a "Division of Parent" filing relationship. If none of these apply to your entity, please check "Other" and provide a description of the type of entity.
- (4) Check the appropriate boxes to indicate whether the return is an amended or final filing. Also, check whether payment for the return was sent via Electronic Funds Transfer (EFT) and if taxpayer has elected to compute apportioned new worth on a consolidated basis. If the return is marked final, please include a schedule of liquidation, distribution, or disposition of all assets.
- (5) Provide the date Tennessee operations began in the appropriate box.

Note: A taxable entity that is incorporated, domesticated, qualified or otherwise registered to do business in Tennessee that was inactive in Tennessee for the entire taxable period and owes only the minimum tax may file only page 1 of this return and omit pages 2 through 6.

Schedule A – Franchise Tax

- Line 1 Amount as calculated on Schedule F, Line 6, Schedule F1, Line 3 or Schedule F2, Line 3, Page 2.
- Line 2 Amount as calculated on Schedule G, Line 15, Page 2.
- Line 3 Multiply the greater of Line 1 or 2 by \$0.25 per \$100 or major fraction thereof. The minimum tax is \$100.

Schedule B – Excise Tax

- Line 4 Amount as calculated on Schedule J, Line 38, Page 5.
- Line 5 Multiply amount on Line 4 by 6.5%. If line 4 is a loss, enter "0."
- Line 6 Amount as calculated in Schedule T, Part 2.
- Line 7 Add Lines 5 and 6.

Schedule C – Computation of Total Tax Due or Overpayment

- Line 8 Add Schedule A, Line 3, and Schedule B, Line 7. This is the total franchise, excise tax liability.
- Line 9 Deduct the total available credits from Schedule D, Line 10, Page 2. Total credits cannot exceed the total franchise, excise amount on Line 8 above.
- Line 10 Deduct Schedule C, Line 9 from Line 8. This value must be zero or greater.
- Line 11 Deduct total payments reported on Schedule E, Line 7, Page 2.
- Line 12 Penalty is calculated at a rate of 5% for each 30-day period, or portion thereof, that a return is delinquent up to a maximum of 25% of the delinquent amount. The minimum penalty is \$15 for the delinquent filing of a return.
- Line 13 Interest is due on any amount of tax that is paid after the statutory due date of the return. The interest rate is determined in accordance with Tenn. Code Ann. Section 67-1-801.
- Line 14 Penalty on estimated franchise, excise tax payments is calculated at a rate of 5% per 30-day period, or portion thereof, that an estimated payment is deficient or delinquent up to a maximum of 25% of the deficient or delinquent amount. It is calculated from the due date of the estimated payment through the date paid or the due date of the return, whichever is earlier.

- Line 15 Interest is calculated on estimated franchise, excise tax payments on any deficient or delinquent amount. The rate of interest is the same as determined on Line 13. It is calculated from the due date of the estimated payment through the date paid or the due date of the return, whichever is earlier.
- Line 16 Total amount due (overpayment). Add Schedule C, Lines 10, 12, 13, 14 & 15, less Line 11. If an overpayment exists on this line, enter the amount to be credited to the next year in block and/or to be refunded in block B. If a refund of \$200 or more is requested in Block B, a Report of Debts Form must be completed and filed with the return.

Schedule D – Schedule of Credits

- Line 1 Enter amount of gross premium tax paid to the Department of Commerce and Insurance during the period covered by this return.
- Line 2 Enter the amount of any Tennessee 'Hall' Income Tax paid during the period covered by this return. If this amount exceeds the net excise tax due listed on Schedule B, Line 5, Page 1 enter the amount of net excise tax due.
- Line 3 Enter any Community Investment Credit available per Tenn. Code Ann. Section 67-4-2109(h). Attach a schedule showing your computations.
- Line 4 Enter any Tennessee Rural Opportunity Fund Credit available per Tenn. Code Ann. Section 67-4-2109(i). Attach a schedule showing your computations
- Line 5 Enter any Tennessee Small Business Opportunity Fund Credit available per Tenn. Code Ann. Section 67-4-2109(l). Attach a schedule showing your computations.
- Line 6 Enter any Headquarters Relocation Expense Credit available per Tenn. Code Ann. Section 67-4-2109(g). Attach a schedule showing your computations.
- Line 7 Enter the amount from Schedule T, Line 11.
- Line 8 Enter the amount from Schedule X, Line 16.
- Line 9 Enter the amount from Schedule X, Line 21.
- Line 10 Add lines 1 through 9 and enter on Schedule C, Line 9, Page 1. Total credits may not exceed the amount on Schedule C, Line 8, Page 1.

Schedule E – Schedule of Payments

Total these amounts and carry forward to Schedule C, Line 11, Page 1.

Schedule F – Non-consolidated Net Worth - Financial Institutions

NOTE: All amounts in this schedule should be determined in accordance with generally accepted accounting principles (GAAP), however, if the taxpayer does not maintain its books on a GAAP basis, the franchise tax is computed in accordance with the accounting method used by the taxpayer for federal tax purposes, provided this method fairly reflects the taxpayer's activity.

- Line 1 Net worth is total assets less total liabilities computed in accordance with the above instructions.
- Line 2 To the extent that a corporation is inadequately capitalized, indebtedness to or guaranteed by a parent or affiliate must be added back. This amount cannot be a deduction.
- Line 3 Add amounts on Lines 1 and 2.
- Line 4 Enter apportionment ratio as computed on Schedules SF. If the entity is not entitled to apportion, enter 100%.
- Line 5 Line 3 multiplied by Line 4.
- Line 6 Total all Lines 5s. Enter this amount on Schedule A, Line 1, Page 1.

Schedule F1 – Captive Real Estate Investment Trust Group Net Worth

NOTE: Schedule F1 is to be completed by Captive Real Estate Investment Trusts and Captive REIT Affiliated Groups as defined by Tenn. Code Ann. Section 67-4-2004. Captive Real Estate Investment Trusts and Captive REIT Affiliated Groups that are part of a larger group that has made an election to file consolidated net worth must use Schedule F2.

- Line 1 Net worth is total assets less total liabilities computed in accordance with the above instructions.
- Line 2 Enter apportionment ratio as computed on Schedules N. If the taxpayer is not entitled to apportion, enter 100%.
- Line 3 Line 1 multiplied by Line 2. Enter this amount on Schedule A, Line 1, Page 1.

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Schedule F2 – Consolidated Net Worth

NOTE: SCHEDULE F2 IS TO BE COMPLETED ONLY IF THE CONSOLIDATED NET WORTH ELECTION HAS BEEN MADE.

NOTE: All amounts in this schedule should be determined in accordance with generally accepted accounting principles (GAAP), however, if the taxpayer does not maintain its books on a GAAP basis, the franchise tax is computed in accordance with the accounting method used by the taxpayer for federal tax purposes, provided this method fairly reflects the taxpayer's activity.

- Line 1 Consolidated net worth is total assets less total liabilities of all members of the affiliated group computed in accordance with the above instructions.
- Line 2 Enter apportionment ratio as computed on Schedule 174SC or 174NC.
- Line 3 Line 1 multiplied by Line 2. Enter this amount on Schedule A, Line 1, Page 1.

Schedule G – Determination of Real and Tangible Property

Lines 1-5 The amounts on these lines are based on the year-end net book values of the assets on the entity's books and records. All tangible assets should be included in these values regardless of how the assets are classified.

- Line 6 This amount is calculated by multiplying the taxpayer's percentage of ownership, shown on Federal Schedule K-1, by the amount of real and tangible property shown on the balance sheet of an entity treated as a partnership for federal tax purposes. Only include property from a partnership on this line if the partnership itself is not required to file a Tennessee franchise, excise tax return.
- Line 7 Include all inventory and work in progress on this line. Deduct exempt inventory on Line 7a. Exempt inventory is any amount of finished goods in excess of \$30,000,000 in accordance with Tenn. Code Ann. Section 67-4-2108(a)(6)(B).
- Line 8 This amount is the value of pollution control equipment that has been certified by the Department of Environment and Conservation. A copy of the certificate should be attached to the return.
- Line 9 Enter the amount of any required capital investments exempted by Tenn. Code Ann. Section 67-4-2108(a)(6)(G).
- Line 10 Add Lines 1 through 7, less Line 7a through Line 9.
- Lines 11– 14 The amount on Lines 11(A) through 14(A) is the total net annual rental paid for property located in Tennessee. Multiply amounts on Lines 11(A) through 14(A) by the multiples on Lines 11(B) through 14(B), and enter each total on Lines 11(C) through 14(C). For determination of rental value of property used but not owned, please note that for returns covering a period of less than 12 months, rents must be annualized.
- Line 15 Total Lines 10, 11(C) through 14(C), and enter total also on Schedule A, Line 2, Page 1. This amount is the total Tennessee property.

Schedule J-1 - Net Earnings for Entities Treated as Partnerships

- Line 1 Enter the amount of "ordinary income (loss)" from Line 22, Federal Form 1065.
- Line 2 Enter the amount of additional income items "passed-through" to partners or members from Federal Form 1065, Schedule K, Lines 2 through 11. This includes guaranteed payments to partners. When computing a partnership's net earnings for excise tax purposes, amounts shown in the federal 1065, Schedule K "Income (Loss)" section must be added at Line 2, Schedule J-1 of the Tennessee franchise, excise tax return. Amounts, including IRC Section 179 and contributions passed through to shareholder partners, shown in the "Deductions" section of federal 1065, Schedule K must be deducted on Line 5, Schedule J-1 of the Tennessee franchise, excise tax return. Amounts shown in the "Self-Employment" section of federal form 1065, Schedule K are deducted on Line 6 of Schedule J- 1 of the Tennessee franchise, excise tax return.
- Line 3 Enter the amount of any "pass-through" net loss and expense included in the excise tax base by the taxpayer. The "passthrough" items are reported to the taxpayer on Federal Schedule K-1. This adjustment is only made if the entity issuing

the K-1 is itself subject to the excise tax and filing a franchise, excise tax return. This adjustment is to prevent the duplicate recognition of the "pass-through" loss and expense in the excise tax base. If an entry is made on this line, please attach a schedule listing the entity/entities and FEINs that are incurring and reporting the loss and expense for excise tax purposes. Also include on this line any net loss or expense distributed to a publicly traded Real Estate Investment Trust (REIT) by a "pass-through" entity on Schedule K-1. The name and FEIN of the REIT must be attached.

- Line 4 Total of Lines 1, 2 and 3.
- Line 5 Enter the amount of additional expense items "passed-through" to partners or members from Federal Form 1065, Schedule K, Lines 12 to 13 a-d, plus any intangible expense deducted for federal tax purposes.
- Line 6 Enter the amount subject to self-employment taxes distributable or paid to each partner or member net of medical insurance payments previously deducted to determine ordinary income (loss) on Form 1065. This amount is not subject to any federal tax percentage limitation or cap; however, this deduction cannot create a loss carryover. This computation is made on Schedule K, loss carryover, Page 4.
- Line 7 Enter the amount of contribution, not previously deducted, to qualified pension or benefit plans of any partner or member, including all Internal Revenue Code (IRC) 401 plans. This deduction cannot create a loss carryover. This computation is made on Schedule K, loss carryover, Page 4.
- Line 8 Enter the amount of any "pass-through" net gain and income included in the excise tax base by the taxpayer. The "passthrough" items are reported to the taxpayer on Federal Schedule K-1. This adjustment is only made if the entity issuing the K-1 is itself subject to the excise tax and filing a franchise, excise tax return. This adjustment is to prevent the duplicate recognition of the gain and income in the excise tax base. If an entry is made on this line, please attach a schedule listing the entity/entities and FEINs that are incurring and reporting the gains and income for excise tax purposes. Also include on this line any net gain or income distributed to a publicly traded REIT by a "pass-through" entity on Schedule K-1. The name and FEIN of the REIT must be attached.
- Line 9 Add Lines 5 through 8. This is the total amount of deductions.
- Line 10 Deduct Line 9 from Line 4, and enter on Schedule J, Line 1, Page 4. This is the total net earnings (net loss).

Schedule J-2 – Computation of Net Earnings for a Single Member LLC Filing as an Individual

- Line 1 Enter the amount of business income (loss) from Federal Form 1040, Schedule C, Line 31.
- Line 2 Enter the amount of gain or loss from Federal Form Schedule D that is attributable to assets used by the LLC.
- Line 3 Enter the amount of total income or loss attributable to the LLC from Federal Form 1040, Schedule E, Line 41.
- Line 4 Enter the amount of net profit or loss attributable to the LLC from Federal Form 1040, Schedule F, Line 36.
- Line 5 Enter the amount of gain or loss from Federal Schedule 4797 that is attributable to assets used by the LLC.
- Line 6 Enter the amount of any income or loss attributable to the LLC that is reported on any federal schedules not on Lines 1 through 5 above.
- Line 7 Enter the amount of any "pass-through" net loss and expense included in the excise tax base by the taxpayer. The "passthrough" items are reported to the taxpayer on Federal Schedule K-1. This adjustment is only made if the entity issuing the K-1 is itself subject to the excise tax and filing a franchise, excise tax return. This adjustment is to prevent the duplicate recognition of the "pass-through" loss and expense in the excise tax base. If an entry is made on this line, please attach a schedule listing the entity/entities and FEINs that are incurring and reporting the loss and expense for excise tax purposes.
- Line 8 Add Lines 1 through 7.
- Line 9 Enter the amount subject to self-employment taxes distributable or paid to the single member. This deduction is not subject to any federal tax percentage limitation or cap; however, it cannot

create a loss carryover. This computation is made on Schedule K, loss carryover, Page 4.

- Line 10 Enter the amount of any "pass-through" net gain and income included in the excise tax base by the taxpayer. The "passthrough" items are reported to the taxpayer on Federal Schedule K-1. This adjustment is only made if the entity issuing the K-1 is itself subject to the excise tax and filing a franchise, excise tax return. This adjustment is to prevent the duplicate recognition of the gain and income in the excise tax base. If an entry is made on this line, please attach a schedule listing the entity/entities and FEINs that are incurring and reporting the gains and income for excise tax purposes.
- Line 11 Add Lines 9 and 10. This is the total amount of deductions.
- Line 12 Deduct Line 11 from Line 8 and enter on Schedule J, Line 1, Page 4. This is the amount of total net earnings (net loss).

Schedule J-3 - Net Earnings for Entities Treated as Subchapter S Corporations

- Line 1 Enter the amount of "ordinary income (loss)" from Line 21, Federal Form 1120S.
- Line 2 S corporation's "pass-through" income items are required to be added to ordinary income. This amount should include the total income items as shown on Schedule K of Federal Form 1120S.
- Line 3 Enter the amount of any "pass-through" net loss and expense included in the excise tax base by the taxpayer. The "passthrough" items are reported to the taxpayer on Federal Schedule K-1. This adjustment is only made if the entity issuing the K-1 is itself subject to the excise tax and filing a franchise, excise tax return. This adjustment is to prevent the duplicate recognition of the "pass-through" loss and expense in the excise tax base. If an entry is made on this line, please attach a schedule listing the entity/entities and FEINs that are incurring and reporting the loss and expense for excise tax purposes. Also include on this line any net loss or expense distributed to a publicly traded REIT by a "pass-through" entity on Schedule K-1. The name and FEIN of the REIT must be attached.
- Line 4 Add Lines 1, 2 and 3.
- Line 5 S corporation's "pass-through" expense items are required to be deducted from ordinary income. This amount should include the total expense items as shown on Schedule K, Federal Form 1120S.
- Line 6 Enter the amount of any "pass-through" net gain and income included in the excise tax base by the taxpayer. The "passthrough" items are reported to the taxpayer on Federal Schedule K-1. This adjustment is only made if the entity issuing the K-1 is itself subject to the excise tax and filing a franchise, excise tax return. This adjustment is to prevent the duplicate recognition of the gain and income in the excise tax base. If an entry is made on this line, please attach a schedule listing the entity/entities and FEINs that are incurring and reporting the gains and income for excise tax purposes. Also include on this line any net gain or income distributed to a publicly traded REIT by a "pass-through" entity on Schedule K-1. The name and FEIN of the REIT must be attached.
- Line 7 Add Lines 5 and 6. This is the total amount of deductions.
- Line 8 Deduct Line 7 from Line 4, and enter on Schedule J, Line 1, Page 4. This is the amount of total net earnings (net loss).

Schedule J-4 – Computation of Net Earnings for Entities Treated as Corporations and "Other" Entities

- Line 1 Enter the amount of net earnings (loss) from Line 28, Federal Form 1120. This is the amount of taxable income or loss before the net operating loss deduction and special deductions.
- Line 2 Enter the amount of "unrelated business taxable income" before net operating loss deduction from Line 30, Federal Form 990-T.
- Line 3 Enter the amount of net earnings or loss from any entity that reports on a federal return different from any of the above returns as reported on Lines 1, 2 and 3, plus any intangible expense to an affiliated business entity deducted for federal tax purposes. Please enter the type of federal form and schedule in the space provided.
- Line 4 Enter the amount of any "pass-through" net loss and expense included in the excise tax base by the taxpayer. The

"passthrough" items are reported to the taxpayer on Federal Schedule K-1. This adjustment is only made if the entity issuing the K-1 is itself subject to the excise tax and filing a franchise, excise tax return. This adjustment is to prevent the duplicate recognition of the "pass-through" loss and expense in the excise tax base. If an entry is made on this line, please attach a schedule listing the entity/entities and FEINs that are incurring and reporting the loss and expense for excise tax purposes. Also include on this line any net loss or expense distributed to a publicly traded REIT by a "pass-through" entity on Schedule K-1. The name and FEIN of the REIT must be attached.

- Line 5 Enter the amount of any "pass-through" net gain and income included in the excise tax base by the taxpayer. The "passthrough" items are reported to the taxpayer on Federal Schedule K-1. This adjustment is only made if the entity issuing the K-1 is itself subject to the excise tax and filing a franchise, excise tax return. This adjustment is to prevent the duplicate recognition of the gain and income in the excise tax base. If an entry is made on this line, please attach a schedule listing the entity/entities and FEINs that are incurring and reporting the gains and income for excise tax purposes. Also include on this line any net gain or income distributed to a publicly traded REIT by a "pass-through" entity on Schedule K-1. The name and FEIN of the REIT must be attached.
- Line 6 Deduct Line 5 from Lines 1 through 4, and enter on Schedule J, Line 1, Page 4. This is the amount of total net earnings (net loss).

Schedule J – Computation of Net Earnings Subject to Excise Tax

- Line 1 Enter the amount of net earnings or loss reported in either Schedule J-1, J-2, J-3, or J-4.
- Line 2 Enter expenses from transactions between members of the group.
- Line 3 Any dividends and receipts from transactions between members of the group.
- Line 4 Compute the sum of Lines 1 and 2, less Line 3.
- Additions:
- Line 5 Enter the "Intangible Expense" you paid, accrued or incurred to an "Affiliate" and deducted on your federal income tax return. "Intangible expense" and "Affiliate" are defined at Tenn. Code Ann. Section 67-4-2004(23) and Tenn. Code Ann. Section 67-4-2004(1)(A).
- Line 6 Enter any depreciation under the provisions of IRC Section 168 not permitted for excise tax purposes due to Tennessee permanently decoupling from federal bonus depreciation and any depreciation or other expense deducted as a result of "safe harbor" lease elections.
- Line 7 Any deduction for domestic production activities under the provisions of IRC Section 199.
- Line 8 Enter the amount of any gain on the sale of an asset sold within 12 months after distribution to a nontaxable entity. This gain is to be reported by the entity that distributed the assets. If an asset was distributed to a member, partner, shareholder or certificate holder and no sale has taken place, or the asset was sold 12 months after distribution, no entry is required. Failure to report this gain may result in a 50% negligence penalty.
- Line 9 This amount is the excise tax that was deducted in determining federal net income. In the event of an overaccrual in the prior year that causes the current year's federal return to report a negative "deduction," this amount can be reported as a deduction.
- Line 10 If a taxpayer elects to take the gross premiums tax paid to the Tennessee Department of Commerce and Insurance as a credit against its franchise, excise taxes, the amount of the gross premiums tax expensed for federal purposes that is used as an excise tax credit must be shown here.
- Line 11 This amount is all tax-exempt interest as shown on the books of the taxpayer, net of disallowed interest expense pursuant to 26 U.S.C. Sections 265 and 291. This amount is reflected on Federal Schedule M-1, "Reconciliation on Income per Books with Income per Return."
- Line 12 Enter any percentage depletion deducted for federal tax purposes. This amount is reflected on Federal Schedule M-1, "Reconciliation on Income per Books with Income per Return."

- tion on Income per Books with Income per Return.”
- Line 13 Contribution carryovers must be added to net income when used for federal purposes. This amount is reflected on Federal Schedule M-1, “Reconciliation on Income per Books with Income per Return.”
- Line 14 Capital loss carryovers must be added to net income when offset against capital gains for federal tax purposes. This amount is reflected on Federal Schedule M-1, “Reconciliation on Income per Books with Income per Return.”
- Line 15 The excess of the fair market value over the book value of property donated must be added to net income. This amount is reflected on Federal Schedule M-1, “Reconciliation on Income per Books with Income per Return.”
- Line 16 The amount of rent that is paid, accrued, or incurred in excess of reasonable rent for property owned by an affiliate must be added back. Reasonable rent means rent that does not exceed 2% per month of the appraised value for property tax purposes. A taxpayer receiving excess rent, to the extent added back to net earnings by its affiliate, may enter a negative amount on this line.
- Line 17 Enter any Captive Real Estate Investment Trust Dividends Paid Deduction taken in computing Federal income.
- Line 18 Add Lines 5 through Line 17. This is the amount of total additions.

Deductions:

- Line 19 Enter any depreciation under the provisions of IRC Section 168 permitted for excise tax purposes due to Tennessee permanently decoupling from federal bonus depreciation.
- Line 20 Enter any excess gain reported for federal tax purposes resulting from the basis adjustment resulting from Tennessee permanently decoupling from federal bonus depreciation.
- Line 21 Enter the amount of any loss on the sale of an asset sold within 12 months after distribution to a nontaxable entity. This loss is to be reported by the entity that distributed the asset. If an asset was distributed to a member, partner, shareholder or certificate holder and no sale has taken place, or the asset was sold 12 months after distribution, no entry is required.
- Line 22 This amount is all dividends received from corporations in which the entity owns at least 80% of the corporation’s stock.
- Line 23 Contributions may be deducted, in full, for the year in which the contributions were made. This amount is reflected on Federal Schedule M-1, “Reconciliation on Income per Books with Income per Return.”
- Line 24 Enter 75% of donations to qualified public school support organizations as defined in Tenn. Code Ann. Section 67-4-2006(b)(2)(M) or nonprofit organizations as described in Tenn. Code Ann. Section 67-4-2006(b)(2)(P). Attach a schedule showing the name and account number of the entity and/or nonprofit organization(s) to which the donation was made.
- Line 25 Capital losses may be deducted, in full, the year the loss was incurred. This amount is reflected on Federal Schedule M-1, “Reconciliation on Income per Books with Income per Return.”
- Line 26 Any expense incurred, other than income taxes, that was not deducted for federal tax purposes but was used as a credit against federal income tax goes on this line. Most common are federal job credits and ESOP. The expenses are reflected on Federal Schedule M-1, “Reconciliation on Income per Books with Income per Return.”
- Line 27 Any income included for federal tax purposes and any depreciation or other expense that could have been deducted for “safe harbor” lease elections. A detailed schedule must be attached to the tax return to document any adjustment made on this line.
- Line 28 Amount as calculated on Schedule M, Line 8.
- Line 29 Check all boxes that apply. If you are attaching Form IE-N, “Intangible Expense–Notice of Deduction,” check box A, and enter the amount from line 4 of the form. Check box B if you have previously filed Form IE-A, “Intangible Expense-Application for Approval to Deduct,” but the status is pending; and enter the applicable amount. Check box C and enter the approved amount, if you have previously filed Form IE-A and received approval. By checking Box C, the taxpayer certifies that the facts and circumstances surrounding the transaction(s) remain substantially unchanged. If the taxpayer has some intangible

- expense deductions that fall within the exceptions of Tenn. Code Ann. Section 67-4-2006(b)(2)(N)(i)(a)-(c) and others that do not, check box A and either box B or C, whichever applies.
- Line 30 Enter any “Intangible Income” from an affiliated business entity to the extent that the affiliate’s corresponding intangible expense was included in the affiliate’s net earnings or loss, but not deducted on the affiliate’s excise tax return under Tenn. Code Ann. Section 67-4-2006(b)(2)(N).
- Line 31 Enter bad debts not deducted but allowed by I.R.C. 585 or 593 as it existed on 12-31-86.
- Line 32 Add Lines 19 through 31. This is the amount of total deductions.
- Line 33 Compute the sum of Lines 4 and 18, less Line 32. This is the total business income. If the corporation has a net loss, compute Schedule K.
- Line 34 Enter apportionment ratio as computed on Schedule SE or N. If the entity is not entitled to apportion, enter 100%.
- Line 35 Multiply Line 33 by Line 34.
- Line 36 Amount as calculated on Schedule M, Line 9.
- Line 37 Loss carryover from prior year as shown on Schedule U. Please note that Tennessee loss carryover is computed separately from federal loss carryover.
- Line 38 Compute the sum of Lines 35 and 36, less Line 37. Enter this amount on Schedule B, Line 4, Page 1. This is the excise tax base.

Schedule K – Determination of Loss Carryover Available

- Line 1 Net loss as computed on Schedule J, Line 33 above.
- Line 2 Add amounts deducted on Schedule J, Lines 22 and 28 above.
- Line 3 Add amounts deducted on Schedule J-1, Page 3, Line 6, Self-Employment Tax, and Line 7, Contribution to Pension Plan. Add amount deducted on Schedule J-2, Page 3, Line 9, Self-Employment Tax.
- Line 4 Compute the sum of Lines 1 through 3. If the net amount is positive, then enter “0”, and no loss carryover is available. This is the net reduced loss carryover.
- Line 5 Enter apportionment ratio as computed on Schedule SE or N. If the entity is not entitled to apportion, enter 100%.
- Line 6 Multiply Line 5 by Line 4. This is the current year loss carryover available.