



Tax Manual Updates

August 2022

Please find below, a brief overview of substantive updates the Department made to various tax manuals. These updates are predominately based on new legislation and taxpayer questions or issues, as well as opportunities for improved clarity or expanded guidance. Changes were not made to every manual, only those outlined below.

Alcohol Tax Manual

Duplicate Invoices

- Updated page 19 relating to the requirement that manufacturers send a duplicate invoice to the Department when making a sale to a wholesaler. Public Chapter 714 (2022) eliminated this requirement.

Beer Self-Distribution

- Updated page 40 to clarify the regulation of manufactures self-distributing beer pursuant to Public Chapter 816 (2022).

Business Tax Manual

Marketplace Facilitator

- Updated pages 20 and 21 to include information regarding the business tax treatment of sales facilitated through a marketplace.

Wholesaler/Retailer Certificates – Effective 1/1/23

- Updated page 64 to include information on the Wholesaler/Retailer Certificate that is available to taxpayers **beginning 1/1/23** and indicates whether a taxpayer reported tax due at a specific location at the retailer or wholesaler rate, consistent with Public Chapter 683 (2022).

Trucking Companies

- Updated pages 96 and 97 to clarify that trucking companies, as opposed to all transportation companies, are public utilities for business tax purposes.

Real Estate

- Updated page 119 to include information regarding sales or rentals of real property.

Payments In Lieu of Tax

- Updated page 135 to clarify that payments in lieu of tax (“PILOTs”) do not qualify for the personal property tax business tax deduction.

Hospitals and Allied Health Care Providers

- Updated page 161 to clarify that hospitals and persons providing health services are considered the consumers of products used when performing healthcare services.

Franchise and Excise Tax Manual

Research & Development Expenditures (IRC §174)

- Updated page 304 to provide guidance regarding Tennessee’s decoupling from IRC §174, as amended by the federal Tax Cuts and Jobs Act of 2017, in accordance with Public Chapter 743. As a result, taxpayers may continue to immediately deduct research and development expenditures as paid or incurred during the tax year.

Apportionment

- Updated page 346 to provide guidance regarding the apportionment ratio calculation when a taxpayer’s property, payroll, and sales factors are all zero.
- Updated page 347 to clarify how to determine whether a taxpayer qualifies as a manufacturer that is eligible to make the optional single sales factor apportionment election.
- Updated page 426 to provide guidance regarding the apportionment of global intangible low-taxed income (GILTI).

Job Tax Credit

- Updated page 458 to provide guidance as to the criteria that a taxpayer must meet to qualify as a warehousing and distribution qualified business enterprise.

Recordation Tax Manual

Quitclaim Deeds

- Updated page 4 to clarify what constitutes a quitclaim deed pursuant to Public Chapter 834 (2022).

Sales and Use Tax Manual

- Updated page 180 to provide additional information on how to source sales of admission tickets to taxable amusements.

Utilities Gross Receipts Tax Manual

Electric Vehicle Charging Stations

- Updated page 5 to clarify that businesses engaged in selling electricity via electric vehicle charging stations are subject to the utilities gross receipts tax.