Department of Revenue

Business Tax Notice

Notice #23-08 May 2023

Tennessee Works Tax Act Increases Business Tax Filing Threshold

Filing Threshold Increases to $100,000

The Tennessee Works Tax Act (the "Act"), Public Chapter 377 (2023), increases the business tax filing threshold from $10,000 to $100,000 per jurisdiction. Therefore, taxpayers with less than $100,000 in annual gross receipts are not required to file an annual business tax return.

Contractor "Deemed Location" Threshold Increases to $100,000

The Act also increases the gross sales threshold for contractors who perform contracts in Tennessee from $50,000 to $100,000. These contractors will only be considered to have established a "deemed location" in a given jurisdiction if their annual gross receipts are more than $100,000.

Threshold Calculated on Per Jurisdiction Basis

The filing threshold is calculated on a per jurisdiction basis. Businesses with multiple locations in the same jurisdiction must combine the gross receipts of each location. For example, if a business has two locations in Knoxville, one location has $55,000 in gross sales and the other location has $50,000 in gross sales, the business will have to file and pay business tax because it has more than $100,000 in gross sales in the same jurisdiction.

Minimal Activity License

Businesses with annual gross receipts of more than $3,000 but less than $100,000 within a jurisdiction are required to obtain a minimal activity license from the local county and/or incorporated municipality. The Department of Revenue does not issue business licenses. The license must be renewed annually, and the fee is $15. A separate minimal activity license is required for each location within the jurisdiction.

Standard Business License

Businesses with annual gross receipts of $100,000 or more within a jurisdiction are required to obtain a standard business license from the local county and/or incorporated municipality for each location within the jurisdiction. When the taxpayer files the return and pays the business tax due, the county clerk and/or appropriate city official will automatically renew the license at no additional cost.

Effective Date

These changes apply to tax years ending on or after December 31, 2023.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers or to submit an information request to one of our agents. Additional information is also available in the Department's Business Tax Manual.

References

Pub. Ch. 377 (2023)

Disclaimer: The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.