



This Week in State Tax (TWIST)

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Tennessee: Notice Issued on Franchise Tax Refunds; Webinar Held To Discuss Procedures

The Tennessee Department of Revenue recently issued [Notice #24-05](#) addressing the franchise tax property measure repeal. A webinar was also held to educate practitioners and businesses on the processes and procedures for filing amended franchise tax returns and refund claims. A playback of the webinar is posted on the Department's website, and the Department has also started a list of [FAQs](#) Recall, under SB 2103/ HB 1893 the property measure of the franchise tax has been repealed for tax years ending on or after January 1, 2024. Going forward the franchise tax will be calculated based only on a taxpayer's net worth. The legislation allows taxpayers to request a refund of the difference between the tax paid using the property measure and the tax that would have been owed based on net worth for the applicable tax year(s). Importantly, the Notice addresses franchise tax filing requirements for the 2023 tax year. Specifically, for returns filed for tax years ending on or before December 31, 2023, taxpayers must complete Schedule G (reporting the property measure) and calculate franchise tax based on the greater of Schedule F net worth or Schedule G property. Taxpayers who pay franchise tax based on schedule G property may then request a refund of franchise tax pursuant to the refund procedure set forth in the notice.

Refund claims filed pursuant to the refund procedure set forth in the notice must be filed between May 15, 2024, and November 30, 2024. It is highly recommended that taxpayers review the notice, view the playback of the webinar, and read the FAQs for specific details as to the filing of amended returns and refund claims. One point to note is that it is "strongly recommended" that such filings occur electronically in the Department's TNTAP system. The notice provides additional guidance on the documentation that may be required, the process for filing any lawsuits related to the franchise tax, and other important details, particularly with respect to outstanding tax debts which will be offset against the refund. The FAQs make clear that a claim for refund related to the Schedule G property measure should not include refunds based on other issues. In terms of timing, the FAQs note that refunds will be processed as quickly as possible. Processing will take longer if a taxpayer submits a refund claim on paper, fails to amend all required returns prior to submitting a refund claim form, or is asked to submit additional supporting information, such as a balance sheet, and does not promptly respond. Please contact [John Harper](#) or [Taylor Sorrells](#) with questions on Tennessee franchise tax refunds

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