



## Minimum Business Tax

---

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

The University of Tennessee  
Municipal Technical Advisory Service  
1610 University Avenue  
Knoxville, TN 37921-6741  
865-974-0411 phone  
865-974-0423 fax  
[www.mtas.tennessee.edu](http://www.mtas.tennessee.edu)

## Table of Contents

Minimum Business Tax .....	3
----------------------------	---

## Minimum Business Tax

**Reference Number:** MTAS-1858

**Revenue Class:** Local Taxes

**Fund:** General

**Account No.:** 31810

**Description:** The business tax is levied in addition to all other privilege taxes and is intended by the legislature to be in-lieu-of any other *ad valorem* tax on "inventories of merchandise held for sale or exchange." T.C.A. § 67-4-701 (b).

**Authorization:** T.C.A. § 67-4-701 *et seq.* (Business Tax Act)

**Requirements or Restrictions:** Businesses are required to file tax returns with the state on state subscribed forms.

**Current Rate:** A minimum of \$22 annually is required for each taxpayer in classifications 1-4 and 5B (\$450 annually for classification 5A) for each fixed place, location or outlet from which a business is operated. The state has established different classifications of businesses and gross receipt rates assessed to the different classifications. The classifications and rates are listed in detail in T.C.A. § 67-4-708 and T.C.A. § 67-4-709. The rates include a wide range of percentages. Some examples are:

- 1/10 of 1 percent of all retail sales of the business for businesses classified under T.C.A. § 67-4-708 (1);
- 1/40 of 1 percent of all wholesale sales of the business by people classified under T.C.A. § 67-4-708 (1)(A);
- 3/8 of 1 percent of all wholesale sales of the business by people classified under T.C.A. § 67-4-708 (1)(B) and (1)(C), T.C.A. § 67-4-708 (2) and T.C.A. § 67-4-708 (3);
- 1/20 of 1 percent of all retail sales of the business by people classified under T.C.A. § 67-4-708 (1)(D);
- Transient vendors must pay a minimum tax of \$50 for each 14-day period of business in a municipality, but they are not subject to the percent of the gross receipts portion of the tax. T.C.A. § 67-4-710 (a)(2).

The Tennessee Department of Revenue Business Tax Guide can be found at : <https://www.tn.gov/content/dam/tn/revenue/documents/taxguides/bustaxguide.pdf> [1]

**Frequency of Payment:** Monthly. Due dates for different business classifications are listed under T.C.A. § 67-4-715.

**Late Pay Penalty:** N/A

**Exemptions:** Exemptions are listed under T.C.A. § 67-4-712. Businesses may deduct certain items from their gross receipts liability (listed under T.C.A. § 67-4-711). Certain credits are also allowed as listed in T.C.A. § 67-4-713.

**Collection:** State forwards municipality's share monthly.

**Use Restrictions:** None.

### Links:

[1] <https://www.tn.gov/content/dam/tn/revenue/documents/taxguides/bustaxguide.pdf>

*DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.*

**Source URL (retrieved on 08/05/2020 - 6:33am):** <http://www.mtas.tennessee.edu/reference/minimum-business-tax>



**Municipal Technical Advisory Service**  
INSTITUTE *for* PUBLIC SERVICE