

Corporate Excise Tax

Dear Reader:

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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,

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Corporate Excise Tax

Reference Number: MTAS-1883

Revenue Class: Intergovernmental Revenue

Fund: General

Account No.: 33593

Description: The state corporate excise tax collected from banks is shared with municipalities and counties.

Local tax rates determine the payment allocation between the county and the city, so a city must levy a property tax to receive any funds. Another formula is prescribed for allocating such revenue if a bank has branches in more than one city and/or in more than one county. T.C.A. § 67-4-2017 (a)(1)(B).

Authorization: T.C.A. § 67-4-2017

Requirements or Restrictions: As noted in T.C.A.

Current Rate: The tax is 3 percent of net earnings (excluding interest from state bonds), less 7 percent of *ad valorem* taxes, divided between counties and municipalities based on property tax rates.

Frequency of Payment: Annually in the third quarter.

Late Pay Penalty: N/A

Exemptions: None.

Collection: State forwards revenue to municipalities in third quarter of each year.

Use Restrictions: None.

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