



Municipal Technical Advisory Service  
INSTITUTE *for* PUBLIC SERVICE

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## Business Taxes

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Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://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,

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## Business Taxes

**Reference Number:** MTAS-540

The business tax in Tennessee is to be "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. The statutes governing business tax changed significantly effective January 1, 2014. Consequently, information about business tax should be referred to <https://www.tn.gov/content/dam/tn/revenue/documents/taxguides/bustaxguide.pdf> [1].

### **Local Tourism Development Zone Business Tax**

Municipalities and counties may levy a privilege tax of up to 5 percent of the sale price on goods sold in a qualified public use facility or in a tourism development zone established under the Convention Center and Tourism Development Financing Act of 1998 codified in T.C.A. §§ 7-88-101, *et seq.* Businesses exempt from the business tax also are exempt under this tax. Passage of the tax requires a two-thirds vote of the governing body at two consecutive meetings. A petition signed by 10 percent of those who voted in the municipality in the latest gubernatorial election can require that the tax be put to referendum. Revenues from the tax will be used to pay the cost of the convention center or other qualified public use facility. Authority to levy this tax does not apply in Davidson County. T.C.A. §§ 67-4-3001, *et seq.*

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### **Links:**

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

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