



Municipal Technical Advisory Service
INSTITUTE *for* PUBLIC SERVICE

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Corporate Excise Tax

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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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.

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.

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