



Franchise and Excise Tax Notice

Notice #23-04

May 2023

Tennessee Works Tax Act Creates Standard Excise Tax Deduction

Standard Excise Tax Deduction

The Tennessee Works Tax Act, Public Chapter 377 (2023), creates a new \$50,000 standard deduction from net earnings when calculating Tennessee excise tax for tax years ending on or after December 31, 2024.

Deduction Applies Pre-Appportionment and Cannot Create or Increase a Loss

The standard deduction applies to pre-apportioned, net earnings as calculated under Tenn. Code Ann. § 67-4-2006 ("adjusted net earnings"). Furthermore, the deduction cannot create or increase a net operating loss. Therefore, for taxpayers with \$50,000

or less in pre-apportioned, adjusted net earnings, this deduction will reduce net earnings to \$0.

Reporting the Deduction

The Department will revise the Franchise and Excise Tax Return by adding three lines to Schedule J.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers or to submit an information request to one of our agents. Additional information is also available in the Department's [Franchise and Excise Tax Manual](#).

References

Pub. Ch. 377 (2023)

Disclaimer: The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.