



# Franchise and Excise Tax Notice

Notice #23-05

May 2023

## Tennessee Works Tax Act Creates Deduction from Franchise Tax Minimum Measure

### Franchise Tax Minimum Measure

Under the Tennessee Works Tax Act, Public Chapter 377 (2023), for tax years ending on or after December 31, 2024, the real and tangible property measure of the franchise tax base, as computed under Tenn. Code Ann. § 67-4-2108 (the “minimum measure”), will apply to the value of the property that is *in excess of* \$500,000.

Therefore, up to \$500,000 of a taxpayer’s aggregate property value, as determined under Tenn. Code Ann. § 67-4-2108 at the close of the tax year, will be excluded from the franchise tax minimum measure. The annual franchise tax continues to be based on the *greater* of the taxpayer’s net worth or its minimum measure. The \$500,000 exclusion does *not* apply to the net worth franchise tax base.

### Reporting the Deduction

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

### For More Information

Visit [www.tn.gov/revenue](http://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)