



Tennessee Department of Revenue Professional Privilege Tax for Professional Athletes

As of July 1, 2009, a new Tennessee law imposes a professional privilege tax on players in the National Hockey League (NHL) and National Basketball Association (NBA). The full text of this law can be accessed at <http://state.tn.us/sos/acts/106/pub/pc0530.pdf>. The actual law pertaining to this tax can be found in Sections 64 and 65.

This tax applies both to Tennessee-based teams (Nashville Predators and Memphis Grizzlies) and their opponents on games played in Tennessee. Some key points about the tax are:

- The new tax applies to players who are employed by NBA and NHL clubs for more than ten days during the tax year (June 1 through May 31) and available for participation in a game in Tennessee.
- Players on minor league or “two-way” contracts are only subject to the tax when they have been on the parent club’s active roster for more than ten days during the tax year. Once a player has been on the parent club’s active roster for more than ten days, the tax is due retroactively for any games played for the parent club prior to the player having been on the active roster for the ten-day threshold.
- The tax is \$2,500 per game, up to a maximum of three games per annual tax period. This means the maximum amount an individual player can be taxed per year is \$7,500 (\$2,500 x 3 games).
- Any athlete who is on the club’s active roster and eligible to participate in a game is subject to the tax. It does not matter if the athlete actually participates in the game.
- Teams will determine the method of collecting the tax from their players who owe the tax. The team will then submit a tax return with payment to the Tennessee Department of Revenue. All tax returns and payments are due by June 1 following the tax year ending May 31. However, returns may be filed and tax payments may be made more frequently (i.e., following each game, at the end of each month, etc.) during the tax year if a team chooses to do so.
- Adequate records must be maintained by each team to verify proper payment has been made for all players subject to the tax.

Additional information is available on the Department of Revenue’s website, www.TN.gov/Revenue. You may also contact our office at 615/253-0600, from 8:00 AM to 5:00 PM, Central Time.