

## Tennessee Works Tax Act Increases Business Tax Filing Threshold

### Filing Threshold Increases to \$100,000

The Tennessee Works Tax Act (the “Act”), Public Chapter 377 (2023), increases the business tax filing threshold from \$10,000 to \$100,000 per jurisdiction. Therefore, taxpayers with less than \$100,000 in annual gross receipts are not required to file an annual business tax return.

### Contractor “Deemed Location” Threshold Increases to \$100,000

The Act also increases the gross sales threshold for contractors who perform contracts in Tennessee from \$50,000 to \$100,000. These contractors will only be considered to have established a “deemed location” in a given jurisdiction if their annual gross receipts are more than \$100,000.

### Threshold Calculated on Per Jurisdiction Basis

The filing threshold is calculated on a per jurisdiction basis. Businesses with multiple locations in the same jurisdiction must combine the gross receipts of each location. For example, if a business has two locations in Knoxville, one location has \$55,000 in gross sales and the other location has \$50,000 in gross sales, the business will have to file and pay business tax because it has more than \$100,000 in gross sales in the same jurisdiction.

### Minimal Activity License

Businesses with annual gross receipts of more than \$3,000 but less than \$100,000 within a jurisdiction

are required to obtain a minimal activity license from the local county and/or incorporated municipality. The Department of Revenue does not issue business licenses. The license must be renewed annually, and the fee is \$15. A separate minimal activity license is required for each location within the jurisdiction.

### Standard Business License

Businesses with annual gross receipts of \$100,000 or more within a jurisdiction are required to obtain a standard business license from the local county and/or incorporated municipality for each location within the jurisdiction. When the taxpayer files the return and pays the business tax due, the county clerk and/or appropriate city official will automatically renew the license at no additional cost.

### Effective Date

These changes apply to tax years ending on or after December 31, 2023.

### 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 [Business Tax Manual](#).

### References

Pub. Ch. 377 (2023)