



Dept. of Economic & Community Development
Matthew Kisber, Commissioner

TENNESSEE TAX INCENTIVES—CALL CENTERS

◆ *Excise Tax*

Excise Tax Credit:

A 1% industrial machinery excise tax credit may be allowed on telephone equipment and telephone units, computers, software and any peripheral devices if purchased in the process of meeting the required capital investment to qualify for the Jobs Tax Credit. This credit is not to exceed 50% of excise tax liability for that year. Any unused credit may be carried forward for 15 years.

Jobs Tax Credit: This tax credit has been expanded to apply to the excise tax as well as the franchise tax. Please see Jobs Tax Credit in the following franchise tax section for more information.

Net operating loss may be carried forward for 15 years.

All capital losses can be claimed in the year incurred.

◆ *Franchise Tax*

Jobs Tax Credit:

Tax credit of \$2,000 (\$4,500 in special enhancement counties—formerly economically distressed counties) for each new full-time employee for qualified businesses that create 25 new jobs and make an additional capital investment of \$500,000. Credit may also be taken for new jobs in the future, resulting in a net increase in jobs.

For fiscal years on or after July 1, 1999, the jobs tax credit can be applied to both the franchise and excise tax. The percentage of franchise and excise tax liability offset allowed ranges from 33-1/3% to 100% for total employment in Tennessee, ranging from less than 1,000 to 5,000 or more.

Property under construction, not being utilized by the business, is excluded from the franchise tax.

Property rented from an industrial development board may be capitalized on the business books.

◆ *Additional Tax Credits*

The Day Care Incentive Act establishes credit against franchise and excise taxes for any business that establishes a day care center for children of employees.