

CITY OF CHATTANOOGA BUSINESS INFORMATION GUIDE



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TABLE OF CONTENTS

REGISTRATION BY STRUCTION	4
SOLE PROPRIETORSHIP	4
MARITAL JOINT (COUPLE) PARTNERSHIP	4
CORPORATION	5
GENERAL PARTNERSHIP	5
MULTI-MEMBER LLC	5
LIMITED PARTNERSHIP	5
LIMITED LIABILITY PARTNERSHIP	5
PROFESSIONAL LLC	6
S CORPORATION	6
SINGLE MEMBER LLC	6
DOES MY BUSINESS NEED AN EMPLOYER IDENTIFICATION NUMBER	7
WHAT IS A FISCAL YEAR, WHAT IS A FISCAL YEAR END DATE, AND WHY DOES IT MATTER?	7
WHAT IS REVENUE FOR BUSINESS TAX PURPOSES?	8
WHICH BUSINESS LICENSE DOES MY BUSINESS NEED?	9
BUSINESS CLASSIFICATION DETERMINATION	9
CITY OF CHATTANOOGA BUSINESS LICENSE APPLICATION	9
HAMILTON COUNTY BUSINESS LICENSE APPLICATION	9
BUSINESS TAX CLASSIFICATIONS 1-3 GUIDELINES	9
BUSINESS TAX CLASSIFICATION 4 IN-STATE CONTRACTOR GUIDELINE	10
BUSINESS TAX CLASSIFICATION 4 OUT OF STATE CONTRACTOR GUIDELINE	11
RESPONSIBILITIES AFTER REGISTRATION	12
BUSINESS LICENSE RENEWAL-STANDARD BUSINESS LICENSE	13
CALCULATING YOUR BUSINESS REVENUE FOR BUSINESS TAX	13
BUSINESS TAX FILING FOR BUSINESS TAX	14
HOW WILL I RECEIVE MY RENEWED COPY OF MY BUSINESS LICENSE	14
BUSINESS LICENSE RENEWAL-MINIMAL ACTIVITY LICENSE	15
PERSONAL PROPERTY TAXES	17
SALES & USE TAX	18
HOW ARE PARTNERSHIPS, LIMITED LIABILITY COMPANY'S, AND OR CORPORATIONS FORMED IN TENNESSEE?	19
WHAT IS NECESSARY FOR A FOREIGN OR OUT OF STATE BUSINESS ENTITY TO DO BUSINESS IN TENNESSEE?	20
FRANCHISE & EXCISE TAX	21
BUSINESS PERMIT INFORMATION	22
ADDITIONAL TAXES IN THE STATE OF TENNESSEE	23
CLOSING YOUR BUSINESS	24

Dear Chattanooga Taxpayer,

The material listed in this packet represents general information for businesses that are located within the corporate limits of the city of Chattanooga, but in no way is an assurance of compliance with all local and state business regulations. A business license does not permit operation unless properly zoned and/ or compliance with all other applicable state, county, or city laws, rules and regulations. The information in this guide is current as of the date of publication. Laws, their interpretation, and their application can change due to legislative action, reviews, and court decisions. It is the responsibility of the owners, officers, partners, or members of a business to keep up with the latest changes and updates to state, county, and or city, rules and regulations.

The City of Chattanooga land development office at (423) 643-5902 can assist you with zoning and special exception permit requirements. Please contact the Tennessee Department of Revenue at (615) 253-0600 for information regarding Tennessee State Tax Law.

Please be advised that the City of Chattanooga Treasury Staff cannot provide legal advice. Therefore if you are unsure of how best to start your business, it is always best to consult with a business advisor, CPA, or legal counsel.

Sincerely,

The Chattanooga Office of the City Treasurer

Registration by Structure

The first step in applying for a business license is identifying what type of tax structure the business will be. It is the responsibility of the taxpayer to declare how their business is structured. The City of Chattanooga Treasury Staff cannot provide legal advice. Therefore if you are unsure of how best to structure your business, it is always best to consult with a business advisor, CPA, or legal counsel. Please be aware that the structure indicated on your business license must always match with the way the business reports federal taxes to the Internal Revenue Service (IRS). Proof of the business structure is not required – the taxpayer simply needs to indicate their structure on the application form. Contact the Tennessee Secretary of State to determine what your entity needs to be legally recognized in the state of Tennessee. (615) 741-2286.

Types of Ownership Structures

• **A Sole Proprietorship** - A sole proprietorship is one individual in business alone. This is the most common form of business structure.

- The primary entity number for a proprietorship is the SSN of the sole person.
- Federal name: Sole Proprietorship
- Ownership information needed: Name and SSN of owner

• **A Marital Joint (Couple) Partnership** - A marital joint account is when two married individuals own the business together.

- The primary entity number for a joint ownership is the SSN of the primary spouse. The other spouse's SSN is also needed. Upon registration, the state will assign a joint identification number in the state's TNTAP system.
- Federal name: Sole Proprietorship—each spouse completes a separate Schedule C for their portion of earnings and attaches the Schedule C to their 1040
- Ownership information needed: Names and SSN of both spouses

When registering a **Sole Proprietorship** or **Marital Joint (Couple) Partnership**, for taxes, the owner's social security numbers are required on the application for registration. The major tax type liabilities for these structures are **Business Tax, Personal Property Tax (Personality Tax),** and **Sales and Use Tax.**

- **A Corporation** - Corporations are a more complex business structure. As a chartered legal entity, a corporation has its own rights, privileges, and liabilities. Doing business as a corporation may yield tax or financial benefits, but these can be offset by other considerations, such as increased licensing fees or decreased personal control. Corporations may be formed for profit or nonprofit purposes.

Corporations chartered in Tennessee are Tennessee domestic corporations. Corporations chartered in other states are foreign corporations.

- The primary entity number for a corporation is the entity's FEIN.
- Federal name: Corporation, C Corporation
- Ownership information: Name and social security number or FEIN (if available) of the person(s) or entity(s) owning the corporation

- **A General Partnership** - A General Partnership is composed of two or more persons who agree to contribute money, labor, and/or skill to a business. Each partner shares the profits, losses, and management of the business and each partner is personally and equally liable for debts of the partnership.

- The primary entity number for a partnership is the entity's FEIN.
- Federal name: General Partnership
- Ownership information: Name and social security number (if available) of each owner

- **A Multi-Member Limited Liability Company** - A multi-member LLC is formed by one or more individuals or entities through a special written agreement.

- The primary entity number for a multi-member LLC is either a person's SSN or the owning entity's FEIN.
- Federal name: Limited Liability Company
- Ownership information: Name and social security number or FEIN (if available) of the person or entity owning the LLC

- **A Limited Partnership (LP)** - This business type is composed of one or more general partners and one or more limited partners. The general partners have full management and control of the business and have full personal responsibility of all debts and liabilities of the business. The limited partners have no personal responsibilities for debts and liabilities beyond the amount of their investment interest and cannot participate in the management of daily operations.

- The primary entity number for a partnership is the entity's FEIN.
- Federal name: Limited Partnership
- Ownership information: Name and social security number (if available) of each owner

- **A Limited Liability Partnership (LLP)** A limited liability partnership is composed of two or more persons who agree to contribute money, labor, and/or skill to a business. Each partner shares the profits, losses, and management of the business and each partner is personally and equally liable for debts of the partnership. A limited liability partnership (LLP) is basically a

general partnership, but with the addition of giving the partners at least some limited personal liability. There is only one class of partner (general partner).

- The primary entity number for a partnership is the entity's FEIN.
- Federal name: Limited Liability Partnership
- Ownership information: Name and social security number (if available) of each owner

• **A Professional Limited Liability Company (PLLC)** - A professional limited liability company is formed under a state professional limited liability company law and is a company engaged in the rendering of professional services.

- The primary entity number for a PLLC is the entity's FEIN.
- Federal name: Professional Limited Liability Company
- Ownership information: Name and social security number or FEIN (if available) of the person or entity owning the PLLC

• **A S Corporation** - A corporation which has elected S status reports its federal income tax mainly through certain capital gains and passive income. Its shareholders include on their tax returns their share of the corporation's separately stated items of income, deduction, loss, and credit. These amounts are referred to as a "pass through item". As a chartered legal entity, a S Corporation has its own rights, privileges, and liabilities. Doing business as a corporation may yield tax or financial benefits, but these can be offset by other considerations, such as increased licensing fees or decreased personal control.

- The primary entity number for an S Corp is the entity's FEIN.
- Federal name: S Corporation
- Ownership information: Name and social security number or FEIN (if available) of the person or entity owning the S corporation

• **A Single-Member Limited Liability Company (SMLLC)** - A Single-Member Limited Liability Company (SMLLC) is formed by one individual or entity through a special written agreement. A single member LLC only has one member.

- The primary entity number for an LLC is the owner's SSN or an entity's FEIN.
- Federal name: Limited Liability Company
- Ownership information: Name and social security number or FEIN (if available) of the person or entity owning the SMLLC

When registering any of the following entities; **a Corporation, a General Partnership, a Multi-Member Limited Liability Company (LLC), a Limited Partnership (LP), a Limited Liability Partnership (LLP), a Professional Limited Liability Company (PLLC), S Corporation, or Single-Member Limited Liability Company (SMLLC)** for taxes, the business's federal employee identification number (FEIN) is required on the application for registration. The major tax type liabilities for these structures are **Business Tax, Franchise & Excise Tax, Personal Property Tax (Personality Tax), and Sales and Use Tax.**

DOES MY BUSINESS NEED AN EMPLOYER IDENTIFICATION NUMBER (EIN)?

[INTERNAL REVENUE SERVICE EIN INFORMATION PAGE](#)

[INTERNAL REVENUE SERVICE ONLINE EIN APPLICATION LINK](#)

WHAT IS A FISCAL YEAR, WHAT IS A FISCAL YEAR END DATE, AND WHY DOES IT MATTER?

A fiscal year is a 12 month accounting period used by the government for tax purposes. A fiscal year is indicated by the last day in the month in that accounting period. For example if you wish your fiscal year to run concurrent with the calendar year, the fiscal year end date would be December 31st. The period that your business license is valid for is determined by this period. Regardless of the fiscal year that you use for your business, business taxes for a standard business license and or renewal fees for a minimal activity license are due four months and fifteen days after the end of your fiscal year end date.

So based on our previous example of having a fiscal year end date of December 31st, business taxes and or renewal fees would be due by April 15th, and the business license would actually expire on May 15th of the year in question.

The IRS does have some requirements for tax years. A business taxed as a Sole Proprietorship (which files its business income tax return on a Schedule C), must use a calendar year as for their annual accounting period. In addition because a Single-Member LLC is taxed as a Sole Proprietorship, it must also use a calendar year for accounting purposes.

It is the responsibility of the taxpayer to determine their fiscal year end date. The City of Chattanooga Treasury Staff cannot provide legal advice. Therefore if you are unsure of your fiscal year end date, it is always best to consult with a business advisor, CPA, or legal counsel. Please be aware that the fiscal year end date indicated on your business license must always match with the way the business reports federal taxes to the Internal Revenue Service (IRS). For further questions on the federal regulations regarding fiscal year please contact the IRS Business Help Desk at 1-800-829-4933. For questions concerning state tax law please contact the Tennessee Department of Revenue Taxpayer Services Division (615) 253-0600 Ext 4.

WHAT IS REVENUE FOR BUSINESS TAX PURPOSES?

The taxpayer is responsible at all times for maintaining financial records for the business. In accounting, revenue is the income that a business has from its business activities, usually from the sale of goods and services to customers. Note that for business tax purposes; this is what is reported to the Tennessee Department of Revenue on business tax return. Revenue is different from profit. Therefore business taxes are still owed regardless of whether a business actually makes money from the sale of goods and services that they offer.

IF YOU HAVE A SINGLE BUSINESS WITH A SINGLE LOCATION, YOU CAN REFERENCE YOUR IRS TAX FORM FOR THE YEAR IN QUESTION TO FIND YOUR BUSINESS REVENUE.

- Form 1065 (US Return of Partnership Income), Line 1a
- Form 1120 (US Corporation Income Tax Return), Line 1a
- Form 1040, Schedule C (Profit or Loss from Business), Line 1
- Form 1120S (US Income Tax for an S Corporation), Line 1a

ONE BUSINESS, MULTIPLE LOCATIONS:

If you have a single business with multiple locations (i.e., a single corporation with one FEIN who has multiple locations of their business), you will have different gross receipts/sales for each location. If you do not have records for each individual location showing your gross receipts/sales, please contact a tax professional for help determining your business revenue.

WHICH BUSINESS LICENSE DOES MY BUSINESS NEED?

First Determine your Business Tax Classification:

[BUSINESS TAX CLASSIFICATION LINK](#)

IF YOUR BUSINESS WOULD BE CONSIDERED IN A CLASSIFICATION 1, 2, OR 3, IS LOCATED OUTSIDE THE CORPORATE LIMITS OF THE CITY OF CHATTANOOGA PLEASE CONTACT THE TENNESSEE DEPARTMENT OF REVENUE TO DETERMINE YOUR BUSINESS LICENSING REQUIREMENTS (615) 253- 0600 EXT 4.

If you are unsure if you are located or doing business in the corporate limits of the City of Chattanooga, you can use this [link to make that determination](#). If after typing in your address or the address where work will take place, the district is listed as CITY, you are located or doing business within the corporate limits of the City of Chattanooga. Please be aware that any business required to obtain a City Of Chattanooga business license will also be required to obtain a Hamilton County business license.

[CITY OF CHATTANOOGA BUSINESS LICENSE FORMS PAGE](#)

[HAMILTON COUNTY BUSINESS LICENSE](#)

For Business Tax Classifications 1-3 go to guideline 1:

For Business Tax Classification 4: In-State Contractors go to guideline 2;

Out of State Contractors skip to guideline 3:

The taxpayer is responsible at all times for maintaining financial records for the business.

1. Standard Business License: If the business will have total sales of goods and services of greater than \$9,999.99, you are required by law to obtain a Standard License.

Minimal Activity License: If the business will have total sales of goods and services of less than or equal to \$9,999.99 you will be eligible to apply for a minimal activity license.

A Minimal Activity License is only valid if your business grosses less than or equal to \$9,999.99 worth of goods and services. If at any point during a fiscal year period, a business that has a Minimal Activity License grosses over \$9,999.99 from the sale of goods and services, an owner, officer, member, or partner of the business is legally required to notify the Tennessee Department of Revenue to upgrade to a Standard Business License within 15 days of that occurrence. You can contact the Tennessee Department of Revenue Taxpayer Services Division at (615) 253-0600 Ext 4.*

2. In-State Contractors

The following rules apply to State Tax, also known as Business County Tax. If you are also within city limits/incorporated areas, and that municipality requires businesses to obtain an active business license, then you must also obtain a Standard Business License and Business Tax Account if your gross sales meet the rules below. All rules follow annual basis. NOTE: GR = Gross Receipts/Sales

GR more than \$10,000 in Domicile County, less than \$50,000 in other county (“deemed location”)

- You will need to obtain a Standard Business License/Business Tax account in domicile county
- You will not need to obtain a Standard Business License/Business Tax for deemed location.
- You will include all GR from domicile and deemed location on your domicile business tax return.

GR more than \$10,000 in Domicile County, more than \$50,000 in other county

- You will need to obtain a Standard Business License/Business Tax account in domicile county
- You will need to obtain a Standard Business License/Business Tax account in deemed location
- You will include GR made in deemed location ONLY on tax return of deemed location
- You will include GR from domicile co. (& other counties where GR less than \$50,000) on tax return of domicile co. Do not include GR made in deemed location where GR \$50,000 or more

GR less than \$10,000 in domicile County (or sourced to domicile), more than \$50,000 in other County.

- GR gross between \$3,000 and \$9,999 in domicile county, you will need a MABL from county, but will not need a Business Tax account
- GR less than \$3,000 in domicile county, you will not need a MABL or Business Tax account
- Need a Standard Business License and a Business Tax account in deemed location county

3. Out-of-State Contractors

If you make over \$10,000 in TN, you are required to open an out-of-state business tax account and file an out-of-state business tax return

- If you make between \$10,000 and \$50,000 in one single county, you will only need the out-of-state business tax account

If you gross \$50,000 or more in one county, you are required to get a Standard Business License and a Business Tax account for that county

- If you are also in city limits of a city that requires businesses to hold a business license, and you grossed over \$50,000 in that municipality, you are also required to obtain a Standard Business License and Business Tax account for that city, in addition to the county

You will report gross sales/receipts as follows:

- Out-of-state Business Tax: Report GR made in the entirety of Tennessee on this tax return
- State (County) Business Tax: GR over \$50,000 in this specific county, you will no longer be eligible for Out-of-state Business tax, and will claim GR made in this county on this tax return
- If you also did work in other counties/cities, but grossed under \$50,000 in those jurisdictions, you would include GR made in those other jurisdictions on your State (County) Business Tax return along with the gross sales/receipts made in that county as stated above

If you need to set up a Tennessee State Business Tax Account please do so by visiting the [Tennessee Taxpayer Access Point \(TNTAP\) portal](#), if you need assistance using TNTAP call (615) 253-0600 Ext 1. If you are unsure of the regulations concerning Class 4 Contractors please call the Tennessee Department of Revenue Taxpayer services division at (615) 253-0600 Ext 4.

RESPONSIBILITIES AFTER REGISTRATION

After registration, the business is required to file all returns by the tax due dates, keep copies of those returns, and maintain records. It is the responsibility of the owners, officers, partners, or members of a business to keep up with the latest changes and updates both State Tax law and the City of Chattanooga Code of Ordinances.

If any changes in business information occur, which include but are not limited to the following; updating the business name, updating the business address, updating the business mailing address, updating the business contact information, you are required to promptly notify the Tennessee Department of Revenue. All this information can be entered directly into a taxpayer's [TENNESSEE TAXPAYER ACCESS POINT \(TNTAP\)](#) business tax profile. It is the responsibility of the owners, officers, partners, or members of a business to keep up with the latest changes and updates to state, county, and or city, rules and regulations.

Physical address, mailing address, and contact changes will no longer be submitted through the City Treasurer's Office and must be submitted through the [TNTAP](#) system. At any time a business has ceased operation, the business owner is required to notify the Department of Revenue within 15 days of closing by filing final tax returns. You can stay informed on changes to the City of Chattanooga Code of Ordinances by visiting the City of Chattanooga Council webpage. You can stay updated on tax law changes by visiting the Tennessee Dept. of Revenue's important notice page.

[TNTAP HOW-TO VIDEOS](#)

[TENNESSEE DEPARTMENT OF REVENUE IMPORTANT NOTICES](#)

[CITY OF CHATTANOOGA CITY COUNCIL PUBLIC NOTICES](#)

Business License Renewal - If you have a Standard Business License

***RENEWAL NOTICES ARE NOT SENT OUT. AS THE BUSINESS OWNER YOU ARE RESPONSIBLE FOR RENEWING YOUR BUSINESS LICENSE EACH YEAR.**

All businesses that currently have a standard business license or businesses that have grossed more than \$9,999.99 from the sales of goods and services are required by law to have Standard Business License. Those who have a Standard Business License will need to file a business tax return with the Tennessee Department of Revenue. Business tax returns are required to be filed and the payment remitted electronically through the Tennessee Department of Revenue to the Tennessee Taxpayer Access Point (TNTAP) system, unless a business has been granted an electronic filing waiver. Please contact the Tennessee Department of Revenue directly to see if you qualify for an electronic filing waiver at (615) 253-0600 Ext 4. Business tax returns are due four months and fifteen days after the end of your fiscal year end date. Business licenses expire five months and fifteen days after the end of your fiscal year end date. The minimum tax for taxpayers in Classifications 1 through 4 is \$22 per Business License. A penalty is imposed for the late filing of a tax return and for late payment of taxes owed to the state. The penalty is computed at a rate of 5% per month, or any portion of a month, from the due date until the date the taxes are paid. The maximum penalty is 25% of the tax amount due; with a minimum penalty of \$15. In addition, interest is imposed on any taxes not paid by the tax due date. The interest rate applicable to any delinquent tax payment is set on July 1st, each year. For general questions regarding business tax call (615) 253-0600 Ext. 4. For questions regarding the TNTAP system, call (615) 253-0600 Ext 1.

[TENNESSEE TAXPAYER ACCESS POINT \(TNTAP\)](#)

[TNTAP HOW-TO-VIDEOS](#)

CALCULATING YOUR BUSINESS REVENUE FOR BUSINESS TAX PURPOSES

If you have a single business with a single location, you can reference your IRS tax form for the year in question to find your business revenue.

- Form 1065 (US Return of Partnership Income), Line 1a
- Form 1120 (US Corporation Income Tax Return), Line 1a
- Form 1040, Schedule C (Profit or Loss from Business), Line 1
- Form 1120S (US Income Tax for an S Corporation), Line 1a

One business, multiple locations:

If you have a single business with multiple locations (i.e., a single corporation with one FEIN who has multiple locations of their business), you will have different gross receipts/sales for each location. If you do not have records for each individual location showing your gross receipts/sales, please contact a tax professional for help determining your business revenue.

BUSINESS TAX FILING EXTENSIONS

Businesses that have filed for an extension on their Federal Income Taxes are not excused from the expiration of their business license. A filing request for an extension on business tax must be made in writing, must state why the extension is desired, must be signed, and must be submitted before the due date of business taxes to the address listed at the end of this section. Interest, as provided in Tenn. Code Ann. § 67-1-801, will be added to the amount of tax due, beginning from the statutory due date until the date the tax is paid. No penalty will be assessed if the return is made and the full amount of taxes are paid on or before the extended due date. Any return and payment made subsequent to the extended due date will be subject to penalty and interest from the original statutory due date without regard to the period allowed by the extension. For questions call (615) 253-0600 Ext. 4.

Tennessee Department of Revenue

Taxpayer Services Division

Andrew Jackson Building

500 Deaderick Street

Nashville, Tennessee 37242-1099

HOW WILL I RECEIVE MY RENEWED COPY AFTER I HAVE FILED AND PAID MY BUSINESS TAX?

As of May 29th 2018, business Licenses will no longer be mailed out when they are renewed. Renewed business license copies will now be electronically sent to a taxpayer's TNTAP account via the message portal 48 hours after the city of Chattanooga receives record of tax clearance from the Tennessee Department of Revenue. For questions on using your TNTAP account call (615) 253-0600 Ext. 1.

Business licenses are available to be emailed or mailed to the authorized representatives of the business by request only. To make a request to receive either an electronic PDF copy of your business license emailed, or a hard copy mailed to the address on file please email busl@chattanooga.gov or fax (423) 643-7278 with the following information. Please use the subject line BUSINESS LICENSE COPY REQUEST. Please list the name of the business, physical address where it is located, and provide the tax ID that the business license was filed under. This would be a SSN (Social Security Number) or ITIN (Individual Taxpayer Identification Number) for all Sole Proprietors and or Marital Joint ownerships, and would be an FEIN (Federal Employer Identification Number) for all Estates, Trusts, Partnerships, LLC's, and or Corporations. A business license will only be provided when the information given matches that which is currently on record.

If any further changes in business information occur, such as primary address, mailing address, and or personnel changes; the business is legally required to promptly notify the Tennessee Department of Revenue. All this as well as business tax returns are required to be filed directly via the Tennessee taxpayer access point (TNTAP) system.

[TENNESSEE TAXPAYER ACCESS POINT \(TNTAP\)](#)

Business License Renewal – If you have a Minimal Activity License

****RENEWAL NOTICES ARE NOT SENT OUT. AS THE BUSINESS OWNER YOU ARE RESPONSIBLE FOR RENEWING YOUR BUSINESS LICENSE EACH YEAR.***

The taxpayer is responsible at all times for maintaining financial records for the business. If you have not kept financial records previously please contact a tax professional for help determining your gross receipts/sales.

All businesses that currently have a Minimal Activity License, and have grossed less than or equal to \$9,999.99 in revenue will renew their business licenses directly through both the City of Chattanooga Treasurer's Office and the Hamilton County Clerk's Office. Minimal Activity Licenses expire five months and fifteen days after the end of your fiscal year end date. For questions please call the respective Offices.

To renew your City of Chattanooga Minimal Activity License please complete the Minimal Activity License Renewal Form and either mail it or come in person to the following address:

[CITY OF CHATTANOOGA MINIMAL ACTIVITY LICENSE RENEWAL FORM](#)

City of Chattanooga

Office of the City Treasurer

101 E 11th Street, Room 101
Chattanooga, TN 37402-4285

To renew your Hamilton County Minimal Activity License please either complete their online renewal, or go in person to the following address:

[HAMILTON COUNTY MINIMAL ACTIVITY LICENSE RENEWAL](#)

Hamilton County

County Clerk's Office

625 Georgia Ave, Room 201
Chattanooga, TN 37402

If you have a single business with a single location, you can reference your previous IRS tax forms to find your business revenue.

- Form 1065 (US Return of Partnership Income), Line 1a
- Form 1120 (US Corporation Income Tax Return), Line 1a
- Form 1040, Schedule C (Profit or Loss from Business), Line 1
- Form 1120S (US Income Tax for an S Corporation), Line 1a

The taxpayer is responsible at all times for maintaining financial records for the business. A Minimal Activity License is only valid if your business grosses less than or equal to \$9,999.99 worth of goods and services. If at any point during a fiscal year period, a business that has a Minimal Activity License grosses over \$9,999.99 from the sale of goods and services, an owner, officer, member, or partner of the business is legally required to notify the Tennessee Department of Revenue to upgrade to a Standard Business License within 15 days of that occurrence. At that point in time the business would be required to file business tax, and would be due four months, and fifteen days after the close of a business's fiscal year. If any further changes in business information occur, such as primary address, mailing address, and or personnel changes; the business is legally required to promptly notify the Tennessee Department of Revenue. All this as well as business tax returns are required to be filed directly via the Tennessee taxpayer access point (TNTAP) system. For questions call the Tennessee Department of Revenue at (615) 253-0600 Ext 4.

TENNESSEE TAXPAYER ACCESS POINT (TNTAP)

PERSONAL PROPERTY TAXES

(A.K.A. Personalty Taxes) are taxes that are based on temporary or moveable property such as furnishings, office machines, computers, telephones, vehicles and other such items that are used by a company or a person to operate a business. The tax is based upon information furnished to the Assessor or Property each year by the business. The Assessor of Property furnishes a schedule for each business owner to provide a detailed list of all tangible personal property owned by the business. The Assessor determines the value of your personal property based on the information supplied.

It is the duty of the taxpayer to fully list all tangible personal property, to place a correct value on the property and to sign and return the schedule prior to the due date. If the schedule is not returned prior to the due date, a forced assessment is given.

Anyone in business on January 1st of any given year is responsible for the entire year's tax, even if they closed their business prior to December 31st of that same year. For questions on the Personal Property Tax please contact the Hamilton County Assessor of Property (423) 209- 7300.

After the Hamilton County Assessor has completed the Personal Property Tax Assessment, the information is provided to the City of Chattanooga Treasurer's Office and the Hamilton County Trustee's Office. Personal Property Tax bills are mailed out in October of each year, and are due by the last day of February. Starting on March 1st, a 1.5% late penalty will be added to the taxable amount. Personal Property Taxes unpaid as of one year from the due date will be filed in Hamilton County Chancery Court. For questions on tax delinquency, contact the Hamilton County Clerk & Master (423) 209-6606.

IMPORTANT PERSONAL PROPERTY TAX DATES TO REMEMBER:

February 1st Schedules mailed out by the Hamilton County Assessor of Property

March 20st Assessment change notices mailed

September 1st Last day to file an amended Personal Property Schedule

October 1st Current year's taxes become due and payable on this date

February 28st Last day to pay Personal Property Taxes interest free

SALES & USE TAX

A seller of tangible personal property whose gross sales will exceed \$4,800 in a year is required to register with the department to obtain a sales and use tax account. Also, a service provider whose taxable services exceed \$1,200 in a year is required to register.

Out-of-state dealers who have no permanent location in Tennessee need to register for Sales & Use tax if they perform any of the following activities: making taxable sales using of in-state solicitors, whether employees or independent contractors, agents, or independent contractor; in-state promotional activity by company personnel or participation in trade shows; using company owned vehicles to make deliveries to Tennessee customers; leasing or renting tangible personal property in Tennessee; and providing any taxable service in Tennessee Out-of-state dealers who have no permanent location in Tennessee need to register for Sales & Use tax if they repair, install, or assemble tangible personal property in Tennessee or use of an agent or independent contractor to perform those services in Tennessee; provide telecommunication services to subscribers located in Tennessee or collect TN Sales Tax in any manner, even if you do not meet the above criteria. For more information please call (615) 253-0600 Ext. 3

[REGISTER FOR SALES & USE TAX](#)

[TNTAP HOW-TO VIDEOS](#)

HOW ARE PARTNERSHIPS, LIMITED LIABILITY COMPANY'S, AND OR CORPORATIONS FORMED IN TENNESSEE?

Partnerships: To create a Limited Partnership (LP) or Limited Liability Partnership (LLP) in Tennessee, you are legally required to file an application for registration with the Tennessee Secretary of State. Although technically not legally required, all partnerships should have a written partnership agreement. The partnership agreement can be very helpful if there is ever a dispute among the partners. General Partnerships are required to file an application for registration with the Tennessee Secretary of State; however the Secretary of State does allow Partnerships to file registration documents in order to be entered into the public record.

Limited Liability Company (LLC): To create any type of LLC in Tennessee whether that is a Multi-Member Limited Liability Company (MMLLC), Professional Limited Liability Company (PLLC), or a Single Member Limited Liability Company (SMLLC), you must file Articles of Organization with the Tennessee Secretary of State. You will also need to appoint a registered agent in Tennessee for service of process. In addition, while not required by law, you also should prepare an operating agreement to establish the basic rules about how your organization will operate. An operating agreement if established is a legal document; however it is not filed with the state but can be very helpful if there is ever a dispute among the members.

Corporations: To create a corporation in Tennessee, you must file Articles of Incorporation with the Tennessee Secretary of State. You will also need to appoint a registered agent in Tennessee for service of process. Although not legally required, you also should prepare bylaws to establish your corporation's internal operating rules. Bylaws are not filed with the state. S Corporations must also file IRS Form 2553, Election by a Small Business Corporation, with the Internal Revenue Service.

PLEASE BE ADVISED THAT THE CITY OF CHATTANOOGA TREASURY STAFF CANNOT PROVIDE LEGAL ADVICE. THEREFORE IF YOU ARE UNSURE OF HOW BEST TO START YOUR BUSINESS, IT IS ALWAYS BEST TO CONSULT WITH A BUSINESS ADVISOR, CPA, OR LEGAL COUNSEL.

For further information please contact the Tennessee Secretary of State Business Filings & Info Division at (615) 741-2286, email them at TNSOS.CORPINFO@TN.GOV, or visit the Tennessee State Code link below to read the legislation regarding the formation of business entities.

[TENNESSEE STATE CODE](#)

[FORM OR REGISTER AN ENTITY WITH THE SECRETARY OF STATE](#)

WHAT IS NECESSARY FOR A FOREIGN OR OUT OF STATE BUSINESS ENTITY TO DO BUSINESS IN TENNESSEE?

A foreign or out of state registered entity may apply for a certificate of authority to transact business in Tennessee by filing an application with the Division of Business Services. The application requires:

- The name of the entity and, if different, the name under which the certificate of authority is to be obtained;
- The state or country of recognition;
- The date of formation (month, day, year);
- The period of duration if other than perpetual;
- The street address, including zip code, of its principal office;
- The street address, including zip code, of its registered office in Tennessee, the county in which the office is located, and the name of its registered agent at that office;
- The names and business addresses, including zip codes, of the current officers of the business;
- The names and business addresses, including zip codes, of the current members of the board of directors;
- A statement that the corporation is for-profit;
- The delayed effective date/time, if the document is not to be effective upon filing with the Division of Business Services; and
- The signature of the applicant, the signer's name typed or printed, and the capacity of the signer.

The application must be accompanied by an original Certificate of Existence (often referred to as a Certificate of Good Standing) duly authenticated by the Secretary of State or other official having custody of corporate records in the state or country of incorporation. **This certificate may not be more than two months old when received by the Division of Business Services.**

[TENNESSEE SECRETARY OF STATE BUSINESS REGISTRY](#)

For further information please contact the Tennessee Secretary of State Business Filings & Info Division at (615) 741-2286 or email them at TNSOS.CORPINFO@TN.GOV

FRANCHISE & EXCISE TAX

The excise tax is a tax imposed on the privilege of doing business in Tennessee. General partnerships and sole proprietorships are not subject to the tax. The tax is based on net earnings or income for the tax year.

The franchise tax is also levied upon the privilege of doing business in Tennessee, and is based on the greater of net worth or the book value of real or tangible personal property owned or used in Tennessee. For this purpose, net worth or property values at the end of the taxable period are used.

Any person having substantial nexus with, and doing business in, Tennessee is liable for the franchise and excise tax. In this regard, “person” or “taxpayer” means every corporation, subchapter S corporation, Limited Liability Company, professional limited liability company, registered limited liability partnership, professional registered limited liability partnership, limited partnership, cooperative, joint-stock association, business trust, regulated investment company, real estate investment trust, state-chartered or national bank, or state chartered or federally chartered savings and loan association. For tax years beginning on or after January 1, 2016, all nonexempt entities are subject to the tax if they are “doing business in the state and having substantial nexus in the state.” “Substantial nexus in the state” means any direct or indirect connection of the taxpayer to this state such that the taxpayer can be required under the Constitution of the United States to remit the tax. Such connection includes, but is not limited to, any of the following:

- The taxpayer is organized or commercially domiciled in Tennessee;
- The taxpayer owns or uses its capital in Tennessee;
- The taxpayer has a systematic and continuous business activity in this state that has produced gross receipts attributable to customers in Tennessee; or

The taxpayer has a bright-line presence in the state. A person has a bright-line presence in this state for a tax period if any of the following applies:

- ✓ Receipts: > \$ 500,000 or 25% of total receipts from sales in TN
- ✓ Property: > \$ 50,000 or 25% of total property by value in TN
- ✓ Payroll: > \$ 50,000 or 25% of compensation paid in TN

Both taxes are state taxes for state purposes only. For questions on this complex tax please contact the TN Dept. of Revenue (615) 253-0600 Ext. 5

[REGISTER FOR FRANCHISE & EXCISE TAX](#)

[TNTAP HOW-TO VIDEOS](#)

Business Permit Information

A business license does not permit operation unless properly zoned and/ or in compliance with all other applicable state, county, or city laws, rules and regulations. It is the responsibility of the owners, officers, partners, or members of a business to be aware of legislation governing business activity and to keep up with the latest legislative changes and updates as they come into effect. The City of Chattanooga land development office at (423) 643-5902 can assist you with zoning and special exception permit requirements. Please contact the Tennessee Department of Revenue at (615) 253-0600 for information regarding Tennessee State Tax Law. Listed below is a partial list of departments you may need to contact regarding specialty permits. There may be additional unlisted departments that you need to contact, and it is the responsibility of the owners, officers, partners, or members of the business to determine that information. Please be advised that the City of Chattanooga Treasury Staff cannot provide legal advice. Therefore if you are unsure of how best to start your business, it is always best to consult with a business advisor, CPA, or legal counsel.

Going out of Business Permit- (423) 643-7262
Hotel Permit- (423) 643-7262
Mobile Food Truck- (423) 643-7262
Sidewalk Vendor (Push Cart) Permit- (423) 643-7262
Transient Vendor Permit- (423) 643-7262
Adult Entertainment- Individual- (423) 643-7262
Adult Entertainment- Business- (423) 643-7262
Short Term Vacation Rental- (423) 643-5800
Liquor by the Drink- (423) 634-6434
Special Gathering Permit- (423) 643-5155
Beer Permit- (423) 643-5155
Taxi Permit- (423) 643-5155
Wrecker Permit- (423) 643-5155
Manufacturer of Intoxicants- (423) 643-5155
Liquor Store- (423) 643-8250
Wine in Grocery Store- (423) 643-8250
Building Permit (423) 643-5800

[**CITY OF CHATTANOOGA CODE OF ORDINANCES**](#)

[**TENNESSEE STATE BUSINESS LICENSING & PERMITTING**](#)

[**BUSINESS LICENSE AND PERMIT FORMS PAGE**](#)

ADDITIONAL TAXES IN THE STATE OF TENNESSEE

The Tennessee Department of Revenue is responsible for the administration of state tax laws established by the legislature and the collection of taxes and fees associated with those laws. Within each tax type, you will find the definition of the tax, tax rates and due dates for returns. The department also assists with the collection of certain local taxes. Information about those taxes is available as well as forms needed listed below.

- [Alcoholic Beverages Taxes](#)
- [Automobile Rental Surcharge Tax](#)
- [Bail Bond Tax](#)
- [Beer Taxes](#)
- [Business Tax](#)
- [Coin-operated Amusement Tax](#)
- [Consumer Use Tax](#)
- [Fantasy Sports Tax](#)
- [Franchise & Excise Tax](#)
- [Gift Tax](#)
- [Gross Receipts Taxes](#)
- [Hall Income Tax](#)
- [Inheritance Tax](#)
- [Liquor-by-the-drink Tax](#)
- [Local Taxes](#)
- [Motor Fuels Taxes](#)
- [Oil and Tire Fees](#)
- [Professional Privilege Tax](#)
- [Sales and Use Tax](#)
- [Severance Taxes](#)
- [Tobacco Taxes](#)
- [Unauthorized Substances Tax](#)

CLOSING YOUR BUSINESS

At any time a business has ceased operations, the owner is required to notify the Department of Revenue within 15 days of closing by filing a final tax return. If you hold a standard business license received from a city recorder or county clerk, you are obligated by law to pay business tax to the Tennessee Department of Revenue in accordance with **T.C.A. 67-4-708 (1)-(5)**. This is regardless of the amount of revenue earned during the tax year. Even if there was no revenue earned, a minimum tax return and payment must be filed in accordance with **T.C.A 67-4-711 & T.C.A 67-4-713**. This includes if you obtained a city business license, but never ended up actually opening your business. For questions call **(615) 253-0600 Ext. 4**

The steps for closing your business are as follows:

File and pay all applicable state taxes to the Tennessee Department of Revenue. All tax returns must be designated to indicate the close of business. For confirmation that both the filing and payment steps have been done correctly, please contact the Tennessee Department of Revenue Taxpayer. **(615) 253-0600 Ext. 4.**

Contact the Hamilton County Trustee at **(423) 209-7270** to ensure that all outstanding County Personality Taxes have been paid.

Contact the City of Chattanooga Treasurer's Office at **(423) 643-7262** to ensure that all outstanding City Personality Taxes have been paid.

Contact the Assessor of Property at **(423) 209-7300** to inform them of your business closing.

****FAILURE TO TAKE THE REQUIRED ACTIONS WILL RESULT IN THE CONTINUATION OF TAX RESPONSIBILITY.***