



Franchise and Excise Tax Notice

Notice #21-03

April 2021

Excise Tax Deduction for COVID-19 Relief Payments

Eligible Relief Payments Received in 2020 and 2021 are Deductible for Excise Tax Purposes

Taxpayers who receive payments between March 1, 2020, and December 31, 2021, through the following Tennessee economic relief programs that are funded by federal CARES Act funds or by appropriations under Title VI of the Social Security Act, may deduct such payments to the extent the payments are included in the taxpayer's federal taxable income:

- Tennessee Business Relief Program
- Tennessee Supplemental Employer Recovery Grant Program
- Coronavirus Agricultural and Forestry Business Fund
- Hospital Staffing Assistance Program
- Emergency Medical Services Ambulance Assistance Program
- Tennessee Small and Rural Hospital Readiness Grants Program

In addition, taxpayers who receive payments between March 1, 2020, and December 31, 2021, out of the funds allocated to Tennessee for the Child Care and Development Block Grant under the CARES Act and the Further Consolidated Appropriations Act, 2020, may deduct such payments to the extent the payments are included in the taxpayer's federal taxable income.

Deduction for Eligible Relief Payments

Relief payments that are eligible to be deducted for excise tax purposes should be deducted on FAE 170, Schedule J, Line 25. Taxpayers should deduct eligible payments on the return that covers the payment period. For example, calendar year taxpayers who received eligible payments in 2020 should deduct the payment on the 2020 franchise and excise tax return and payments received in 2021 on the 2021 return.

Taxpayers May Amend Return to Claim Deduction

Taxpayers who filed a franchise and excise tax return but did not take the excise tax deduction for eligible relief payments received during the applicable tax year should file an amended return to deduct such payments in the manner indicated above.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers or to submit a question.

References

Tenn. Code Ann. § 67-4-2006(b)(2); 15 U.S.C. §§ 9001 *et seq.*; 42 U.S.C. §§ 301 *et seq.*; P.L. No 116-94.

Disclaimer: The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.