

Taxes and Incentives

State of Tennessee Incentives

Corporate Excise Tax

- Tax Rate: 6.5% of a company's Tennessee based net income.
- Corporations are eligible to receive excise tax credits equal to 1% of the following:
 - Purchase, installation and/or repair of qualified industrial machinery.
 - Purchase of qualified equipment associated with the required \$500,000 capital investment by a distribution or warehouse facility.
 - The purchase of computers, computer networks, software, computer systems, telephone systems and any peripheral devices purchased to reach the required capital investment to qualify for the jobs tax credit.

Franchise Tax

- Tax Rate: \$0.25 per \$100 of a company's Tennessee-based net worth

Personal Income Tax

- No tax on personal earned income in Tennessee

Sales and Use Tax

- State - 7%; local levies vary from 0 - 2.75%

Incentives

- Job Tax Credit \$2,000 - \$5,000 per job

No State Property Tax

Industrial Infrastructure Program

Funds allocated by State Legislature for infrastructure improvements by local governments where there is a commitment by private sector businesses to locate / expand in the state and to create or retain jobs. Communities can use funds to help a new company offset some of its startup costs.

The maximum total TIIP/ITS grant for any project, including a combination of training, site preparation and all infrastructures cannot exceed \$750,000.





Unemployment Compensation Tax

2.7% for most new employers to Tennessee (exceptions: Mining - 10%; Construction - 7%; Manufacturing - 6.5%).

Industrial Training Program (ITS)

The Tennessee Department of Economic & Community Development's Industrial Training Service (ITS) offers a wide variety of workforce training, development and support services to both new and established companies throughout the state.

TVA Incentives

- **Enhanced Growth Credit Program**
A credit of up to \$6 per kW for power users who increase their power load by 100kW.
The credit is available for up to 3 years.
- **The Economic Development Loan Fund**
Low-interest loan program which provides gap financing to companies locating in the Tennessee Valley.