

PUBLICATION

Spotlight on Tennessee: Department of Revenue's Upcoming April 26 Rulemaking Hearing

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On April 26, 2016, at 1:00 p.m. CST, a hearing will be conducted regarding proposed regulations filed by the Tennessee Department of Revenue (Department) with the Secretary of State on February 25, 2016. This rulemaking hearing, which is scheduled to be held in Hearing Room 201, Andrew Jackson State Office Building, Nashville, Tennessee, is part of the promulgation process to finalize these proposed regulations which pertain to the administration and enforcement of various tax statutes.

Although the proposed regulations cover a wide variety of topics, there are five general categories addressed by these proposed regulations: (1) taxpayer remedies for disputed taxes; (2) business (or gross receipts) taxes; (3) sales and use taxes; (4) franchise and excise taxes (other than market-based sourcing for the receipts factor of the apportionment formula); and (5) franchise and excise taxes (market-based sourcing for such receipts factor).

As initially circulated in early Fall 2015, and as noted in our [Tax Alert](#) at that time, the proposed regulations are intended to clarify and enhance tax laws that were enacted during the 2015 Legislative Session, update other regulations and make numerous housekeeping changes to coordinate with existing statutory laws. The proposed regulations are also intended to repeal those regulations which merely repeat current statutory law or are obsolete because of such law.

Based upon the comments received by the Department since early Fall 2015, many revisions have been made to the proposed regulations. The proposed regulations filed with the Secretary of State, which are the subject of the April 26 hearing, contain those revisions. These proposed regulations, as filed with the Secretary of State, can be found [here](#) under "Revenue."

The Department has stated that additional oral and written comments are invited at the hearing. Written comments from the public may be submitted prior to the hearing to Lauren Fields, Associate General Counsel and Assistant Director – Legal, 500 Deaderick Street, 11th Floor, Nashville, Tennessee 37242. Should you wish to submit comments, but not directly to the Department or during the hearing, please do not hesitate to contact one of the attorneys listed below, if we can assist with communicating those comments to the Department.

Many of these proposed regulations are associated with substantive changes to Tennessee's tax laws. Examples of such substantive changes include, but are not limited to, the: (a) proposed sales and use tax regulations dealing with the new research and development exemption effective July 1, 2015; and (b) proposed franchise and excise tax regulations for the new market-based sourcing within the receipts factor of the apportionment formula for sales other than sales of tangible personal property, effective July 1, 2016. These and other proposed regulations may be of significant interest to you.

If we can be of any assistance to you with respect to these proposed tax regulations, please do not hesitate to contact Carl Hartley, William Fones, or Steve K. Wood in Tennessee; or for other state or local tax issues, please contact any of our attorneys throughout the Firm's Tax Group.

