

Income/Franchise:

Tennessee: Tax Manual to Reflect Treatment of TCJA Changes on Foreign Derived Intangible Income

Overview of Upcoming Tax Manual Updates, Tenn. Dept. of Rev. (1/26/23). The Tennessee Department of Revenue (Department) announced that forthcoming updates to its franchise and excise tax manual will address the state tax implications of certain changes to the 2017 federal tax overhaul legislation known as the Tax Cuts and Jobs Act (*i.e.*, P.L. 115-97 or “TCJA”), specifically that in computing “net earnings” under Tenn. Code Ann. section 67-4-2006, Tennessee taxpayers are entitled to the full amount of the Internal Revenue Code (IRC) section 250(a) deduction to which they are entitled under federal law as it relates to foreign derived intangible income (FDII). In doing so, the Department explains that while Tennessee has decoupled from IRC section 250 for purposes of global intangible low-taxed income (GILTI), it has *not* decoupled for purposes of the FDII deduction. Please contact us with any questions.

URL: <https://www.tn.gov/revenue/tax-resources/legal-resources/tax-manuals.html>

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