



FRANCHISE & EXCISE TAX EXEMPTIONS

LLCs or LPs that Provide Affordable Housing
& Receive Low-Income Housing Credits

Qualifications

- ❑ Tenn. Code Ann. § 67-4-2008(a)(8)
- ❑ Entity was formed exclusively to provide affordable housing
- ❑ Entity has received an allocation of low-income housing tax credits pursuant to IRC § 42
- ❑ Each residential building has an extended low-income housing commitment as defined in IRC § 42(h)(6)(B)
 - ❑ Must be in effect with respect to each residential building owned by the entity for the period covered by the return

Registration

- ❑ Must file an application for exemption on form FAE 183, Application for Exemption/Annual Exemption Renewal, in order to receive the exemption
- ❑ Include a separate Affordable Housing Certification Form
- ❑ If the entity does not meet the exemption requirements in any given year, it is taxable on all activities for that year
 - ❑ A completed franchise and excise tax return (FAE170) must be filed electronically with payment of any taxes due by the 15th day of the fourth month following the close of the taxable year

Renewal

- ❑ Must annually certify that they continue to be eligible for the exemption
- ❑ Both the initial application and the annual renewal are filed on form FAE 183
 - ❑ This form with the appropriate sections completed must be submitted by the 15th day of the fourth month following the close of the entity's taxable year
- ❑ Entities requesting an extension for federal income tax are automatically granted an extension

Resources

- ❑ Application for Exemption/Annual Exemption Renewal
- ❑ Affordable Housing Certificate of Contribution for Tax Credit
- ❑ Franchise and Excise Tax Return, Form 170
- ❑ Tennessee Housing Development Agency
- ❑ Tenn. Code Ann. § 67-4-2008(8)





THANK YOU