



CITY OF KNOXVILLE
Business Tax Office
P.O. Box 1028
Knoxville, Tennessee 37901
Telephone (865) 215-2083



Business Tax Rates

Please refer to the chart below to determine what tax rates you are to use on lines 4B and 5B of the City of Knoxville Gross Receipts Reporting Form. In order to use this chart, you will need to know what Business Tax Classification your business is taxed under. If you don't know this, please feel free to contact our office at the telephone number above and we will be happy to provide this information to you.

It should be noted that these rates are set by the State of Tennessee in accordance with Tennessee Code Annotated 67-4-709 and are not set by the City of Knoxville.

Business Tax Classification	Retail Rate (Line 4B)	Wholesale Rate (Line 5B)
1	.001	.000375
1A	.001	.00025
1B	.001	.000375
1D	.0005	All Retail
2	.0015	.000375
3	.001875	.000375
4	.001	All Retail



CITY OF KNOXVILLE
 Business Tax Division
 P. O. Box 1028
 Knoxville, TN 37901-1028
 (865) 215-2083



BUSINESS TAX ACT
BUSINESS LICENSE AND TAX REPORT

Account #:	
Owner:	
Location:	
Sales Tax No:	
Classification:	
Tax Period:	
Delinquent Date:	

1. Total Gross Sales of Goods, Services and Contracts
2. Less: Deduction for Business Tax Purposes (Line 12 Schedule A)
(Must be itemized under schedule A, back side of this form)
3. Taxable Gross Sales for Tax Period (Line 1 Less Line 2)
4. a. Retail Sales of Taxable Gross _____% (% listed X Line 3)
- b. Retail Rate
- c. Retail Tax Due (Line 4a X Line 4b)
5. a. Wholesale Sales of Taxable Gross _____% (% listed X Line 3)
- b. Wholesale Rate
- c. Wholesale Tax Due (Line 5a X Line 5b)
6. a. Preliminary Gross Tax Due (Line 4c plus Line 5c)
- b. Less: Minimum Tax Previously Paid
- c. Tax Base (Line 6a – 6b; Cannot be less than zero)

()
(15.00)

Business Closing:
 A final report must be filed within 15 days of our last day of business in order to avoid penalty & interest.

7. a. State (33.33% X Line 6c)
- b. Local (Line 6c less Line 7a)
8. Less: Personal Property Tax Paid During Tax Period
Seq# _____ (Limited to Local Tax Amounts – Line 7b)

LOCAL	STATE
()	

9. a. Adj Tax - Local (Line 7b less Lines 8 -May not be less than \$0)
- b. Tax - State (Enter Amount from Line 7a)
10. Penalty (Rate = 5% for each 30 day period or portion thereof for which tax is delinquent, not to exceed 25%)
- a. Local 5% per month (Minimum \$15.00) X Line 9a
- b. State 5% per month X Sum of Line 9a & 9b, then subtract Line 10a

11. Interest (Effective rate per annum _____% - Compute daily from date delinquent until paid)
- a. Local (X _____ # days delinq. X Line 9a)
- b. State (X _____ # days delinq. X Line 9b)

12. TOTAL
- a. Local (Add Lines 9a, 10a & 11a)
- b. State (Add Lines 9b, 10b & 11b)

13. Combined Total Tax (Line 12a plus Line 12b)
14. Collecting and Recording Fees
15. Minimum Tax for Next Period _____ TO _____ **
16. Penalty (Rate = 5% for each 30 day period or portion thereof for which tax is delinquent, not to exceed 25%) (Rate X Line 15)
17. Interest (Effective rate per annum _____% - Compute daily from date delinquent until paid) (Line 15 X _____ X days)
18. TOTAL MINIMUM TAX AND BUSINESS TAX (Sum of Lines 13, 14, 15, 16 & 17)

5.00
15.00**

**If final return, do not pay minimum tax, Enter closing date _____.

← **PAY THIS AMOUNT TO:**
 City of Knoxville

Schedule A Deductions for Business Tax Purposes

(Sales for resale are not an allowable deduction on a retail report or any other report)

- 1 Sales of services substantially performed in other states 1 _____
- 2 Proceeds of sale of good, wares or merchandise returned by the customer when the sale price is refunded either in cash or by credit. (Line E, Schedule A, State Sales Tax Return) 2 _____
- 3 Bona Fide Sales in Interstate Commerce where the purchaser takes possession outside of Tennessee for use or consumption outside of Tennessee and item actually delivered by the seller or common carrier 3 _____
- 4 Cash discounts allowed and taken on sales. (Line J, Schedule A, State Sales Tax Return) 4 _____
- 5 Repossessions. Enter the portion of the unpaid principal balances in excess of \$500 due on tangible personal properties repossessed from customers. (Line H, Schedule A, State Tax Return) 5 _____
- 6 The amount allowed as trade-in value for any articles sold 6 _____
- 7 Amounts subcontracted to others for additions or improvements to real property. Attach list of subcontractors, their addresses, the amount each subcontractor was paid and the work performed 7 _____
- 8 Gasoline and Motor Fuel Tax

	Gallons	Tax	Deduction
Federal Gasoline	_____ x	0.184	= _____
State Gasoline	_____ x	0.200	= _____
Federal Motor Fuel Use	_____ x	0.244	= _____
State Motor Fuel Use	_____ x	0.170	= _____
State Special Fuel	_____ x	0.014	= _____
Liquid Gas for Motor Vehicle	_____ x	0.280	= _____

Gasoline and Motor Fuel Tax Total 8 _____

9 Tobacco Tax

	Packages	Tax	Deduction
Federal Cigarettes	_____ x	0.390	= _____
State Cigarettes	_____ x	0.620	= _____
Federal Other Tobacco Products	_____ x	_____	= _____
State Other Tobacco Products	_____ x	_____	= _____

Tobacco Tax Total 9 _____

10 Beer Tax

	Gallons	Tax	Deduction
Federal Beer	_____ x	0.580	= _____
State Beer	_____ x	0.139	= _____
Wholesale Tax	_____ x	_____	= _____

Beer Tax Total 10 _____

11 Other (Specify)

_____ 11 _____

12 Total Deductions. This amount goes on Page 1, Line 2

12 _____

I certify that this return, including any accompanying schedule or statements, has been examined by me and is, to the best of my knowledge and belief, a true and complete return, made in good faith, for the tax period stated pursuant to the provisions of Chapter 58 of Title 67, Tennessee Code Annotated, known as the "Business Tax Act". If prepared by anyone other than the taxpayer, this return is based upon all information of which I have knowledge, under penalties provided by the "Return Preparer Act of 1969".

This return is for the tax period _____ to _____

Signature
Official of Corporation or Member of Firm

Date

Signature

Date

Signature and Title of Preparer

CITY OF KNOXVILLE BUSINESS TAX RETURN – INSTRUCTIONS

Line 1: Enter the gross sales total for the reporting period. Do not report amounts of sales tax collected. You must include commissions received for sales of lottery tickets during the period. Include self-assessed business tax being reported in this line also.

Line 2: Enter the total amount for all deductions allowed for business tax purposes from Line 12, Schedule A on back of return form.

Line 3: Calculate the taxable gross sales for the tax period by subtracting Line 2 from Line 1.

Line 4a: Enter the portion of taxable gross sales that resulted from retail sales. Divide the amount in Line 4a by the amount in Line 3 to determine the percentage of retail business activity. Write this amount in the space provided to the left of box 4a.

Line 5a: Enter the portion of taxable gross sales that resulted from wholesale sales. Divide the amount in Line 5a by the amount in Line 3 to determine the percentage of wholesale business activity. Write this amount in the space provided to the left of box 5a.

Line 4c: Calculate the total business tax due from retail sales. Multiply the amount in Line 4a by the amount in line 4b. If applicable, must be 20% or more of the gross total to apply.

Line 5c: Calculate the total business tax due from wholesale sales. Multiply the amount in Line 5a by the amount in line 5b. If applicable, must be 20% or more of the gross total to apply.

Line 6a: Calculate the preliminary gross business tax due. Add lines 4c and 5c.

Line 6b: Enter the amount of the minimum license fee that was previously paid.

Line 6c: Calculate the business tax base. Subtract Line 6b from Line 6a. Do not enter an amount less than zero.

Line 7a: Calculate the preliminary gross business tax that is allocated to the state government under Tenn. Code Ann. Section 67-4-724. Multiply the amount on Line 6c times 33.33%.

Line 7b: Calculate the preliminary gross business tax that is allocated to the local government under Tenn. Code Ann. Section 67-4-724. Subtract Line 7a from Line 6c.

Line 8: Enter the amount of personal property tax that was previously paid during the tax period to the City of Knoxville.

Line 9a: Calculate the local business tax amount due. To calculate the local business tax due, subtract Line 8 from Line 7b. Do not enter an amount less than zero.

Line 9b: Calculate the state business tax due by entering the amount reflected on line 7a.

Line 10a: Calculate the penalty on the local tax due. The rate of penalty is 5% for each 30 day period, or portion thereof, for which the tax is delinquent. The maximum penalty due cannot exceed 25%.

Multiply the penalty percentage by line 9a. The minimum penalty due is \$15.00.

Line 10b: Calculate the penalty due on the state tax due. The rate of penalty is 5% for each 30 day period, or portion thereof, for which the tax is delinquent. The maximum penalty due cannot exceed 25%.

Multiply the penalty percentage by the sum of lines 9a and 9b, and then subtract 10a.

Line 11a: Calculate the interest on the local tax due. Multiply the current effective interest rate by the number of day's delinquent by the amount on line 9a. (Interest rate x number of days delinquent x the amount on line 9a).

Line 11b: Calculate the interest on the state tax due. Multiply the current effective interest rate by the number of day's delinquent by the amount on line 9b. (Interest rate x number of days delinquent x the amount on line 9b).

Line 12a: Calculate the total business tax, penalty and interest for the local tax due. Add lines 9a, 10a and 11a.

Line 12b: Calculate the total business tax, penalty and interest for the state tax due. Add lines 9b, 10b and 11b.

Line 13: Calculate the combined local and state tax due. Add lines 12a and 12b.

Line 14: Enter the appropriate collecting and recording fees.

Line 15: Report the minimum license fee paid for the next period. [Note: The minimum tax is due regardless of amount of credits claimed on Line 8.]

Line 16: Calculate any penalty due for late payment of minimum license fee by adding 5% of Line 15 for each 30-day period the minimum payment is delinquent. The penalty due may not exceed 25% of the amount reflected in Line 15.

Line 17: Calculate any interest due for late payment of minimum license fee. Multiply the current effective interest rate by the number of day's delinquent; and multiply by the amounts reflected in Line 15. Compute interest due from the return due date to the date of payment.

Line 18: Calculate the total minimum license and business tax remittance due by adding Lines 13, 14, 15, 16, and 17. Enclose a check for the amount shown on Line 18 with the return.

SCHEDULE A: Deductions for Business Tax Purposes

Line 1: Enter the gross sales of services that were substantially performed in states other than Tennessee.

Line 2: Enter the proceeds of the sales of goods, wares, or merchandise returned by the customer when the sales price is refunded either in cash or by credit. This should equal the amount on Line E, Schedule A, of the state Sales and Use Tax Return.

Line 3: Enter the gross sales amount for bona fide sales in interstate commerce where the purchaser takes possession outside Tennessee for use or consumption outside Tennessee and the item is actually delivered by the seller or a common carrier.

Line 4: Enter the total of cash discounts allowed and taken on sales. This should equal the amount on Line J, Schedule A, of the state Sales and Use Tax Return.

Line 5: Enter that portion of the unpaid principal balance in excess of \$500 due on all items of tangible personal property repossessed from customers. This should equal the amount on Line H, Schedule A, of the state Sales and Use Tax Return.

Line 6: Enter the total amount allowed as trade-in value for any articles sold.

Line 7: Enter the total amount subcontracted to others for additions or improvements to real property. Attach a list of subcontractors, their addresses, the items subcontracted, and the amount for each item.

Line 8: Enter the federal excise taxes and state privilege and excise taxes paid for gasoline tax, motor fuel use tax, state special tax on petroleum products, and liquified gas for motor vehicles in the spaces provided. Enter the amounts sold and deductions.

Line 9: Enter the federal excise taxes and state privilege and excise taxes paid for cigarettes and other tobacco products in the spaces provided. Enter the amounts sold and deductions.

Line 10: Enter the federal excise taxes and state privilege and excise taxes paid for beer and the 17% wholesale tax on beer in the spaces provided. Enter the amounts sold and deductions.

Line 11: Enter any other federal excise taxes and state privilege and excise taxes paid and specify the commodity on which they were paid. Enter the amounts sold and deductions.

Line 12: Calculate the total deductions by adding the totals for Line 1 through Line 11. Enter the total here and on Line B2, Page 1.

CERTIFICATION: Complete the certification block by entering the beginning and ending dates of the tax period covered, signing and dating the return, and including the title, name, signature, and date of person completing the return if not completed by an employee of the taxpayer.