

MEMO# 3761

May 8, 1992

TENNESSEE ENACTS PRIVILEGE TAX ON CERTAIN STATE-LICENSED PROFESSIONALS

May 8, 1992 TO: TAX MEMBERS NO. 31-92 STATE LIAISON COMMITTEE NO. 18-92
BROKER/DEALER ADVISORY COMMITTEE NO. 14-92 INVESTMENT ADVISER MEMBERS NO.
20-92 BROKER/DEALER ASSOCIATE MEMBERS NO. 6-92 INVESTMENT ADVISER ASSOCIATE
MEMBERS NO. 15-92 RE: TENNESSEE ENACTS PRIVILEGE TAX ON CERTAIN STATE-LICENSED
PROFESSIONALS _____ As part of its
budget considerations this year Tennessee has enacted legislation (attached) which
imposes a \$200 annual tax on the privilege of engaging in certain enumerated occupations
or professions in the State. Among the occupations which are taxed are broker-dealers,
"securities agents" and investment advisors. These taxes are in addition to any fees
charged by the State to obtain or maintain any necessary license or registration. The
privilege tax was enacted as a compromise in place of the services tax on these professions
or occupations. The State's professional organizations, which had earlier opposed the
services tax, did not oppose the privileges tax. Also attached is a copy of the notice which
has been sent out by the State to the affected individuals. Any person who engages in one
of the occupations subject to tax should receive this notice. The tax is due for the first year
by June 1, 1992, and each June 1 thereafter. Any payments not received by June 1 will be
considered late and will be subject to penalties and interest charges. Certain persons on
inactive status may qualify for a waiver of the fee. We will keep you informed of further
developments. David J. Mangefrida Jr. Assistant Counsel - Tax Attachments