

**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

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