

A GUIDE TO TENNESSEE INHERITANCE AND ESTATE TAXES

Tennessee has two death taxes.

INHERITANCE TAX

The Tennessee Inheritance Tax is imposed by Part 3 of Chapter 8, Title 67, Tennessee Code Annotated (See the new codification for Inheritance Tax in Volume 12). An inheritance tax is a tax upon the privilege of receiving property by transfer because of a decedent's death. The statute is construed strictly against the state and in favor of the taxpayer. The tax is administered by the Department of Revenue, through the Commissioner.

FILING AND PAYMENT INFORMATION

If the gross estate of a resident decedent is less than the maximum single exemption allowed by T.C.A. Section 67-8-316, the representative of the estate is not required to file an Inheritance Tax Return. If the gross estate of a resident decedent is greater than the exemption an inheritance tax return must be filed by the personal representative of the estate. CAUTION – When an estate is opened in Probate, Notice to Commissioner is filed by the clerk – a closing receipt will not be issued by the Department unless either a long form or short form is filed.

The return must be filed with the Tennessee Department of Revenue, Andrew Jackson State Office Building, 500 Deaderick Street, Nashville, Tennessee 37242-0600. You may call (615) 253-0600 if you have any questions.

The return is due nine (9) months after the date of the decedent's death, unless an extension of time is granted by the Department of Revenue pursuant to T.C.A. Section 67-8-409.

The tax is due nine (9) months after the date of decedent's death and must be paid within such period unless an extension of time thereof has been granted or permission for payment of tax in installments has been granted. Check or money order in payment of the tax should be made payable to "Tennessee Department of Revenue".

ESTATE TAX

The Tennessee Estate Tax is imposed by Part 2 of Chapter 8, Title 67, Tennessee Code Annotated. The purpose of the Tennessee Estate Tax is to supplement the inheritance tax to insure the State secures a total tax at least equal to the "State Death Tax Credit" allowed by the federal government on the Federal Estate Tax Return, Form 706. Thus, the Tennessee Estate Tax is equal to the amount by which the credit against the federal estate tax exceeds the inheritance tax.

EXEMPTIONS – STATE AND FEDERAL

If the total amount of the estate is less than the following exemptions, no State nor Federal tax is due.

Year of Death	Applicable Exemption
1998	\$625,000 (only in Tennessee on or after 7-1-98.
1999	\$ 650,000
2000 and 2001	\$ 675,000
2002 and 2003	\$ 700,000
2004	\$ 850,000
2005	\$ 950,000
2006 and thereafter	\$1,000,000

The Department of Revenue has provided a booklet of Instructions For Tennessee Inheritance Tax Return under the caption FORMS AND PUBLICATIONS at this website. The booklet is a comprehensive guide as to what is required for each schedule through instructions for computing the tax.

Forms are likewise available at this website, (with the exception of tax waivers), or may be obtained from any taxpayer service center located in regional offices in your area.