

TY19 INTAKE/INTERVIEW SHEET FOR TENNESSEE TAXPAYERS

Taxpayer(s) Name(s): _____

Address: _____

City Name if Incorporated, answer "None" if not Incorporated: _____

County of Residence: _____

The Tennessee Income Tax, known as the "Hall Tax" taxes investment income. Only a very small percentage of TN taxpayers are subject to this tax. In TY15 the tax rate was 6%, since then it is being reduced 1% each year. For TY19 the rate is 2% and the collection of this tax will end after TY20. Capital Gain Distributions from Mutual funds is typically the largest source of Hall Tax revenue. Capital Gains from the sale of property or securities is not subject to the Hall Tax.

Note: Tennessee Tax Law is not always consistent with Federal Tax Law.

Determine if Taxpayer(s) needs to file TN Return(s):

Review "When to File TN Hall Tax Return" flowchart. If taxpayer must file a TN return, you will need to complete this Intake/Interview Sheet. TaxSlayer only provides the Taxpayer(s) Basic Information to the TN Return, no federal tax information is carried to the TN Tax form. There is an annual exemption of taxable income of \$1250 for S/MFS and \$2500 Joint returns, that is not prorated for part year residents. And only income actually received while a TN resident is taxed.

If a taxpayer or spouse is blind, quadriplegic, or age 65 or older with limited income, they too are exempt from the TN Hall Tax. To claim the 65 or older exemption in TY19, total income from all sources, as defined by TN Law, must not exceed \$37,000 for single and MFS taxpayers and \$68,000 for Joint filers. If claiming any of these exemptions for the first time, Taxpayer(s) must file a return asserting the exemption. If the exemption claimed is blindness or quadriplegic then they must provide TNDOR with appropriate medical documentation of the disability. More information on claiming blindness or quadriplegic is in the attached 2019 Hall Tax Guide. Since TY18 Tennessee added an exception for both Taxpayer and Spouse if either is 100+.

Many times it's easy for Single, MFS and MFJ returns to determine the 65+ exemption eligibility. Just review the Federal 1040. Start with the AGI, add Tax Exempt Income, untaxed Social Security and Roth IRA distributions, then subtract any Capital Losses . This will quickly eliminate taxpayers that clearly exceed the limits. There is a more detailed Determination form that is included in the STAP material to use if needed.

The TaxSlayer software will determine the 65+ eligibility when the Filing Status is the same for both the Federal and the State return. Tennessee law also permits a couple filing a Federal Joint return to file TN MFS returns if either spouse's income does not exceed the \$37,000 Gross Income limit. Use the Over 65 Exemption Income Determination Form to determine the MFS eligibility for Joint Federal return filers. Again, you can usually get a pretty good idea of eligibility by reviewing the Federal 1040 and a few other income documents for each spouse before filling out the more detailed Determination form. If only reviewing the larger income categories of income for each spouse, and they already exceed the exemption limits, then there is no need to fill out the more detailed Determination form. There is a Determination form for use with Excel and another .pdf form to complete manually.

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If a Tennessee Return is Required.

Complete the Dividend and Interest worksheets before you start preparing the TN return. Doing so will make it easier to ensure you include all interest and dividend income. TaxSlayer does not provide any income information from the Federal return, it all needs to be entered for use on a Tennessee Return. You need to report all investment income reported on the Federal tax forms as either TN Taxable or TN Non-Taxable.

How to Complete and File a Tennessee Return

1. TaxSlayer will allow you to complete and e-file a Tennessee tax return. When a payment is due, Direct Debit must be used to electronically file the return. For Taxpayer(s) to mail a check, the check needs to be sent with a paper return. TSO will also permit a Federal Joint return filer to complete a TN MFS return. If you need a MFS return for both the Federal Taxpayer and Spouse, the returns needs to be completed one at a time. Print the first MFS returns and then complete and print the second one. Then both can be mailed as paper returns. It is recommend that returns be completed and submitted for both when claiming the 65+ exemption for either spouse.

2. Paper returns can also be completed in the Practice Lab without completing a Federal return. Just completed the Basic Information section, then put Federal income above or below the over 65+ exemption amount into Social Security. For example use \$40,000 of income for the Spouse that will owe TN Tax and \$20,000 income for spouse that will claim the 65+ exemption. This will make TSO check the 65+ exemption box for a taxpayer to claim this exemption. Proceed to complete and print the TN return(s). Be sure to remove or at least alter the returns after it is printed to avoid disclosing the Taxpayer's identity.

3. Tennessee returns can also be submitted directly to the TNDOR on their website, select "E-file and Pay" at <https://www.tn.gov/Revenue>. The website will e-file the return and Direct Debit for payment.

During Quality Review:

1. Double check that all income that is taxable under the TN Hall Tax requirements is reflected on the return. Note that if the income is batched in such a way that the quality reviewer cannot identify the various sources, the TNDOR will have the same problem and the taxpayer will eventually receive a letter suggesting they have omitted income from their return.

2. Double check that the 65 + exemption has been properly taken. For returns with the same filing status as the Federal return, TaxSlayer will place a check in the Box labeled "65+ Limited Income," in the middle of page one of the TN INC 250 Tax Form.

List all income on investment income documents as either Taxable or Nontaxable. Taxable dividends – need to include "Capital Gain Distributions" and "non-dividend distributions" from the 1099DIV-- (reference the "When to File" flowchart and/or the 2019 Hall Tax Return Guide). List income from each source separately-- TS only allows 12 line entries so some may need to be combined.

If e-filing or mailing a paper return to claim the Over 65 exemption, TaxSlayer will automatically check the 65+ Limited Income box, and show all zeros on page one of the return. Do not send Page two showing any Taxable income.

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TY19 Dividends and Distributions: List the total Tennessee Taxable and Nontaxable income shown on the Form 1099-DIV for each payer. Use the included 2019 Hall Tax Guide from the TNDOR to identify if less common types of income listed on the 1099-DIV are Taxable or Nontaxable. Then add together both the Taxable and Nontaxable types of income for each Payer to complete the following form.

Payer Name	Ownership (T-S-J)	TN Taxable DIV \$	TN Nontaxable DIV \$
		Most Common Types of Income	
		DIV, CGD, Non DIV Dist, TE Not from Fed or TN	TN or Fed Tax Exmpt, REIT Income

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TY19 Interest Income: List the total Tennessee Taxable and Nontaxable income shown on the Form 1099-INT for each payer. Use the included 2019 Hall Tax Guide from the TNDOR to identify if less common types of income listed on the 1099-INT are Taxable or Nontaxable. Then add together both the Taxable and Nontaxable types of income for each Payer to complete the following form.

Payer Name	Ownership (T-S-J)	TN Taxable INT \$	TN Nontaxable INT \$
		Most Common Types of Income	
		Mortgage INT, Non Fed or TN Tax Exmpt	Bank & CU INT, Fed Sav Bonds, TN or Fed Tax Exmpt