

CITY OF CHATTANOOGA BUSINESS LICENSE INFORMATION GUIDE



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Business Identity

Choose if your business has a Federal Employee Identification Number (FEIN), Individual Taxpayer Identification Number (ITIN), or Social Security Number (SSN).

- a. **Federal Identification Number (FEIN):** You will need a (FEIN) if you answer "Yes" to any of the following questions.

	Yes/No
Do you have Employees	
Do you file any of the following tax returns: <ul style="list-style-type: none"> ✓ Employment ✓ Excise or Alcohol, ✓ Tobacco and Firearms 	
Do you have a Keogh Plan?	
Do you operate your business as a corporation or a partnership?	
Do you withhold taxes on income, other than wages, paid to a non-resident alien?	
Are you involved with any of the following types of organizations? <ul style="list-style-type: none"> ✓ Trusts, except certain grantor-owned revocable trusts, IRAs, Exempt Organization Business Income Tax Returns ✓ Estates ✓ Real estate mortgage investment conduits ✓ Non-profit organizations ✓ Farmers' cooperatives ✓ Plan administrators 	

- b. **Individual Taxpayer Identification Number (ITIN):** IRS issues ITINs to help individuals comply with the U.S. tax laws, and to provide a means to efficiently process and account for tax returns and payments for those not eligible for Social Security numbers. They are issued regardless of immigration status, because both resident and nonresident aliens may have a U.S. filing or reporting requirement under the Internal Revenue Code. ITINs do not serve any purpose other than federal tax reporting. ITIN is a 9-digit number, beginning with the number "9", formatted like an SSN

You do not have an SSN and are not eligible to obtain one, and

You have a requirement to furnish a federal tax identification number or file a federal tax return, and

You are in one of the following categories:

- ✓ Nonresident alien who is required to file a U.S. tax return
- ✓ U.S. resident alien who is (based on days present in the United States) filing a U.S. tax return
- ✓ Dependent or spouse of a U.S. citizen/resident alien
- ✓ Dependent or spouse of a nonresident alien visa holder
- ✓ Nonresident alien claiming a tax treaty benefit
- ✓ Nonresident alien student, professor or researcher filing a U.S. tax return or claiming an exception

- c. Social Security Number (SSN): A nine-digit number issued to U.S. citizens and permanent residents. The IRS will use this number to track your earnings for the business entity if an EIN is not issued.

2 Date the business was established

The official date the company opens its doors for business.

3 Tax Year

You must figure your taxable income on the basis of a tax year. A “tax year” is an annual accounting period for keeping records and reporting income and expenses. An annual accounting period does not include a short tax year. The tax years you can use are:

- **Calendar Year** - 12 consecutive months beginning January 1 and ending December 31.
- **Fiscal Year** - 12 consecutive months ending on the last day of any month except December. A 52-53-week tax year is a fiscal tax year that varies from 52 to 53 weeks but does not have to end on the last day of a month.

NOTE: The period that your business license is valid for is determined by this period. Regardless of the fiscal year that you use for your business, business taxes for a standard business license and or renewal fees for a minimal activity license are due four months and fifteen days after the end of your fiscal year end date.

4 Types of Ownership Structure

- **Sole Proprietorship** - is one individual in business alone. This is the most common form of business structure.
 - a. The primary entity number for a proprietorship is the SSN of the sole person.
 - b. Federal name: Sole Proprietorship

- c. Ownership information needed: Name and SSN of owner
- **Marital Joint (Couple) Partnership** - A marital joint account is when two married individuals own the business together.
 - a. The primary entity number for a joint ownership is the SSN of the primary spouse. The other spouse's SSN is also needed. Upon registration, the state will assign a joint identification number in the state's TNTAP system.
 - b. Federal name: Sole Proprietorship—each spouse completes a separate Schedule C for their portion of earnings and attaches the Schedule C to their 1040
 - c. Ownership information needed: Names and SSN of both spouses

NOTE: When registering a Sole Proprietorship or Marital Joint (Couple) Partnership, for taxes, the owner's social security numbers are required on the application for registration. The major tax type liabilities for these structures are Business Tax, Personal Property Tax (Personality Tax), and Sales and Use Tax.

- **Corporation** - Corporations are a more complex business structure. As a chartered legal entity, a corporation has its own rights, privileges, and liabilities. Doing business as a corporation may yield tax or financial benefits, but these can be offset by other considerations, such as increased licensing fees or decreased personal control. Corporations may be formed for profit or nonprofit purposes.
 - a. The primary entity number for a corporation is the entity's FEIN.
 - b. Federal name: Corporation, C Corporation
 - c. Ownership information: Name and social security number or FEIN (if available) of the person(s) or entity(s) owning the corporation

NOTE: Corporations chartered in Tennessee are Tennessee domestic corporations. Corporations chartered in other states are foreign corporations.

- **General Partnership** - A General Partnership is composed of two or more persons who agree to contribute money, labor, and/or skill to a business. Each partner shares the profits, losses, and management of the business and each partner is personally and equally liable for debts of the partnership.
 - a. The primary entity number for a partnership is the entity's FEIN.
 - b. Federal name: General Partnership
 - c. Ownership information: Name and social security number (if available) of each owner
- **Multi-Member Limited Liability Company** - A multi-member LLC is formed by one or more individuals or entities through a special written agreement.
 - a. The primary entity number for a multi-member LLC is either a person's SSN or the owning entity's FEIN.
 - b. Federal name: Limited Liability Company
 - c. Ownership information: Name and social security number or FEIN (if available) of the person or entity owning the LLC

- **Limited Partnership (LP)** - This business type is composed of one or more general partners and one or more limited partners. The general partners have full management and control of the business and have full personal responsibility for all debts and liabilities of the business. The limited partners have no personal responsibilities for debts and liabilities beyond the amount of their investment interest and cannot participate in the management of daily operations.
 - a. The primary entity number for a partnership is the entity's FEIN.
 - b. Federal name: Limited Partnership
 - c. Ownership information: Name and social security number (if available) of each owner

- **General Partnership** - is composed of two or more persons who agree to contribute money, labor, and/or skill to a business. Each partner shares the profits, losses, and management of the business and each partner is personally and equally liable for debts of the partnership.
 - a. The primary entity number for a partnership is the entity's FEIN.
 - b. Federal name: General Partnership
 - c. Ownership information: Name and social security number (if available) of each owner

- **Multi-Member Limited Liability Company** - A multi-member LLC is formed by one or more individuals or entities through a special written agreement.
 - a. The primary entity number for a multi-member LLC is either a person's SSN or the owning entity's FEIN.
 - b. Federal name: Limited Liability Company
 - c. Ownership information: Name and social security number or FEIN (if available) of the person or entity owning the LLC

- **Limited Partnership (LP)** - This business type is composed of one or more general partners and one or more limited partners. The general partners have full management and control of the business and have full personal responsibility for all debts and liabilities of the business. The limited partners have no personal responsibilities for debts and liabilities beyond the amount of their investment interest and cannot participate in the management of daily operations.
 - a. The primary entity number for a partnership is the entity's FEIN.
 - b. Federal name: Limited Partnership
 - c. Ownership information: Name and social security number (if available) of each owner

- **Limited Liability Partnership (LLP)** A limited liability partnership is composed of two or more persons who agree to contribute money, labor, and/or skill to a business. Each partner shares the profits, losses, and management of the business and each partner is personally and equally liable for debts of the partnership. A limited liability partnership (LLP) is basically a general partnership, but with the addition of giving the partners at least some limited personal liability. There is only one class of partner (general partner).
 - a. The primary entity number for a partnership is the entity's FEIN.
 - b. Federal name: Limited Liability Partnership
 - c. Ownership information: Name and social security number (if available) of each owner

- **Professional Limited Liability Company (PLLC)** - A professional limited liability company is formed under a state professional limited liability company law and is a company engaged in the rendering of professional services.
 - a. The primary entity number for a PLLC is the entity's FEIN.

- b. Federal name: Professional Limited Liability Company
 - c. Ownership information: Name and social security number or FEIN (if available) of the person or entity owning the PLLC
- **S Corporation** - A corporation which has elected S status reports its federal income tax mainly through certain capital gains and passive income. Its shareholders include on their tax returns their share of the corporation's separately stated items of income, deduction, loss, and credit. These amounts are referred to as a “pass through item”. As a chartered legal entity, a S Corporations has its own rights, privileges, and liabilities. Doing business as a corporation may yield tax or financial benefits, but these can be offset by other considerations, such as increased licensing fees or decreased personal control.
 - a. The primary entity number for an S Corp is the entity’s FEIN.
 - b. Federal name: S Corporation
 - c. Ownership information: Name and social security number or FEIN (if available) of the person or entity owning the S corporation
- **Single-Member Limited Liability Company (SMLLC)** - A Single-Member Limited Liability Company (SMLLC) is formed by one individual or entity through a special written agreement. A single member LLC only has one member.
 - a. The primary entity number for an LLC is the owner’s SSN or an entity’s FEIN.
 - b. Federal name: Limited Liability Company
 - c. Ownership information: Name and social security number or FEIN (if available) of the person or entity owning the SMLLC

NOTE: When registering any of the following entities; **a Corporation, a General Partnership, a Multi-Member Limited Liability Company (LLC), a Limited Partnership (LP), a Limited Liability Partnership (LLP), a Professional Limited Liability Company (PLLC), S Corporation, or Single-Member Limited Liability Company (SMLLC)** for taxes, the business’s federal employee identification number (FEIN) is required on the application for registration. The major tax type liabilities for these structures are **Business Tax, Franchise & Excise Tax, Personal Property Tax (Personality Tax),** and **Sales and Use Tax.**

5 Legal Business Name

The exact “legal name” as it appears in the official business formation documentation

Note: For Sole Proprietors, this is the full name of the business owner as it appears on their valid government-issued photo ID. For General Partnerships, this is the full name of each business owner as it appears on their valid government-issued photo ID. All other business entity types must use the legal name as it appears in the official registration documentation

6

Primary Address

Physical location of where the business entity is headquartered (PO Boxes are not allowed)

7

Owner(s)

Please list the full legal name (no aliases or nicknames) of the primary individual responsible for the management and oversight of the business as indicated:

- For a corporation, limited liability company, cooperative, or other entity: the president CEO, or manager (or functional equivalent with title);
- For a limited or general partnership: the managing partner (or functional equivalent with title);
- For a sole proprietorship: the owner;
- For any other type of business: the general manager (or functional equivalent with title)

8

Doing Business As

If different from the name that appears on the official business formation documentation. Provide a business name you wish to have appear on your business license.

9

Business Classification

- **Classification 1A:** Businesses in the 1A classification are selling the following products or provide the following services:
 - a. Food and beer for home consumption, except for retail sales of delicatessens and candy
 - b. Services performed by food brokers
- **Classification 1B:** Businesses in the 1B classification are selling the following products: building materials, hardware, electrical, farm equipment, glass, heating & air, service states sales of tangible personal property except gasoline, diesel fuel or motor oil
- **Classification 1C:** Businesses in the 1C classification are selling farm, nursery and related products including: Farm, Lawn and Garden supplies such as bulbs, feed, fertilizer, grain, hay, nursery stock, seed
- **Classification 1D:** Businesses in the 1D classification provide retail sales of gasoline, diesel fuel and motor oils.
- **Classification 1E:** Businesses in the 1E classification provide wholesale sales of gasoline and diesel fuel.

- **Classification 2:** This classification involves sales of tangible personal property. Any business selling tangible personal property that is not specifically named or described in this or any other classification uses this classification.
- **Classification 3:** Classification 3 is for service businesses. Some businesses that provide services are listed in this section as exempt and are not required to have a business license. Additionally, some businesses selling tangible personal property are also included in this classification.
- **Classification 4:** Classification 4 is for contractors and for the sale of certain farm products. Persons receiving compensation from rendering the following services or selling the farm items listed below are considered to be under Classification 4:
- **Classification 5A:** Industrial loan and thrift companies required to obtain a certificate and a license under Tenn. Code Ann. Title 45, Chapter 5 are subject to business taxation under Classification 5A.
- **Classification 5B:** Natural gas marketers

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License Type

- **Standard Business License:** If the business will have total sales of goods and services of greater than \$9,999.99, you are required by law to obtain a Standard License.
- **Minimal Activity License:** If the business will have total sales of goods and services of less than or equal to \$9,999.99 you will be eligible to apply for a minimal activity license.

11

Business Physical (Site Address)

Provide the physical location address where the business transactions and/or activities occur. If applicable, provide the extended address

12

Business Activity

A description of all business activities (products and or services) conducted on, and off, the business location

13

Business Mailing Address

The address that is used for official business correspondence is different from No. 11. The address could be a physical street address or a PO box address.

First and last name, email address, and phone number of the person submitting the application.

QUESTION 1: How can I apply for a business license?

ANSWER 1: All businesses required to have a City of Chattanooga Business must also have a Hamilton County Business License. For information on obtaining a Hamilton County Business license please call (423) 209-6500.

QUESTION 2: What is the cost of a business license?

ANSWER 2: There is an initial registration fee of \$15 for obtaining a business license. This covers the initial business tax registration only. After registration businesses must comply with Tenn. Code Ann. §§ 67-4-708(1) – (5) and Tenn. Code Ann. §§ 67-4-708(1) – (4).

QUESTION 3: What payment types are accepted?

ANSWER 3: Payments for New Business Licenses and Permits can be made by cash, personal check, money order or credit card.

QUESTION 4: WHAT ARE MY RESPONSIBILITIES AFTER REGISTRATION?

ANSWER 4: After registration, the business is required to file all returns by the tax due dates, keep copies of those returns, and maintain records. It is the responsibility of the owners, officers, partners, or members of a business to keep up with the latest changes and updates both State Tax law and the City of Chattanooga Code of Ordinances.

If any changes in business information occur, which include but are not limited to the following; updating the business name, updating the business address, updating the business mailing address, updating the business contact information, you are required to promptly notify the Tennessee Department of Revenue. All this information can be entered directly into a taxpayer's TENNESSEE TAXPAYER ACCESS POINT (TNTAP) business tax profile. It is the responsibility of the owners, officers, partners, or members of a business to keep up with the latest changes and updates to state, county, and or city, rules and regulations.

Physical address, mailing address, and contact changes will no longer be submitted through the City Treasurer's Office and must be submitted through the TNTAP system. At any time a business has ceased operation, the business owner is required to notify the Department of Revenue within 15 days of closing by filing final tax returns. You can stay informed on changes to the City of Chattanooga Code of Ordinances by visiting the City of Chattanooga Council webpage. You can stay updated on tax law changes by visiting the Tennessee Dept. of Revenue's important notice page.

QUESTION 5: Where do you obtain a sales tax number?

ANSWER 5: Applications to obtain various TN Tax ID Numbers are available either electronically through the TNTAP system, in hard copy form linked from the TNTAP system, or in person at any of the various Tennessee Department of Revenue locations that allow walk-in visits. Please find that information linked below

QUESTION 6: How do I renew a business license?

ANSWER 6 : See Appendix 2 for detailed information on renewing your license

QUESTION 7: HOW WILL I RECEIVE MY RENEWED COPY AFTER I HAVE FILED AND PAID MY BUSINESS TAX?

ANSWER 7: As of May 29th 2018, business Licenses will no longer be mailed out when they are renewed. Renewed business license copies will now be electronically sent to a taxpayer's TNTAP account via the message portal 48 hours after the City of Chattanooga receives a record of tax clearance from the Tennessee Department of Revenue. For questions on using your TNTAP account call (615) 253-0600.

Business licenses are available to be emailed or mailed to the authorized representatives of the business by request only. To make a request to receive either an electronic PDF copy of your business license emailed, or a hard copy mailed to the address on file please email busl@chattanooga.gov or fax (423) 643-7278 with the following information. Please use the subject line BUSINESS LICENSE COPY REQUEST. Please list the name of the business, physical address where it is located, and a phone number where you can be reached. The City of Chattanooga will call and ask for either the FEIN (Federal Employer Identification number) for all Corporations, LLC, Partnerships, Estates Trusts. We will ask for the SSN (Social Security Number) or ITIN (Individual Taxpayer Identification Number) for all Sole Proprietors and or Marital Joint ownerships.

If any further changes in business information occur, such as primary address, mailing address, and or personnel changes; the business is legally required to promptly notify the Tennessee Department of Revenue. All this as well as business tax returns are required to be filed directly via the Tennessee taxpayer access point (TNTAP) system.

1. If you have a Minimal Activity License

***RENEWAL NOTICES MAY NOT GO OUT. AS THE BUSINESS OWNER YOU ARE RESPONSIBLE FOR RENEWING YOUR BUSINESS LICENSE EACH YEAR.**

The taxpayer is responsible at all times for maintaining financial records for the business. If you have not kept financial records, please contact a tax professional for help determining your gross receipts/sales.

All businesses that currently have a Minimal Activity License, and have grossed less than or equal to \$9,999.99 in revenue will renew their business licenses directly through both the City of Chattanooga Treasurer's Office and the Hamilton County Clerk's Office. Minimal Activity Licenses expire five months and fifteen days after the end of your fiscal year end date. For questions please call the respective Offices.

City of Chattanooga Minimal Activity License will be renewed on-line effective July 1, 2021, please call the Treasurer's office at 423-643-7262 or email us at busl@chattanooga.gov for further instructions.

To renew your Hamilton County Minimal Activity License please either complete their online renewal, or go in person to the following address:

HAMILTON COUNTY MINIMAL ACTIVITY LICENSE RENEWAL

Hamilton County Clerk's Office
625 Georgia Ave, Room 201
Chattanooga, TN 37402

2. If you have a Standard Business License

***RENEWAL NOTICES ARE NOT SENT OUT. AS THE BUSINESS OWNER YOU ARE RESPONSIBLE FOR RENEWING YOUR BUSINESS LICENSE EACH YEAR.**

All businesses that currently have a standard business license or businesses that have grossed more than \$9,999.99 from the sales of goods and services are required by law to have Standard Business License. Those who have a Standard Business License will need to file a business tax return with the Tennessee Department of Revenue. Business tax returns are required to be filed and the payment remitted electronically through the Tennessee Department of Revenue to the Tennessee Taxpayer Access Point (TNTAP) system, unless a business has been granted an electronic filing waiver. Please contact the Tennessee Department of Revenue directly to see if you qualify for an electronic filing waiver at (615) 253-0600 Ext 4. Business tax returns are due four months and fifteen days after the end of your fiscal year end date. Business licenses expire five months and fifteen days after the end of your fiscal year end date. The minimum tax for taxpayers in Classifications 1 through 4 is \$22 per

Business License. A penalty is imposed for the late filing of a tax return and for late payment of taxes owed to the state. The penalty is computed at a rate of 5% per month, or any portion of a month, from the due date until the date the taxes are paid. The maximum penalty is 25% of the tax amount due; with a minimum penalty of \$15. In addition, interest is imposed on any taxes not paid by the tax due date. The interest rate applicable to any delinquent tax payment is set on July 1st, each year. For general questions regarding business tax call (615) 253-0600 Ext. 4. For questions regarding the TNTAP system, call (615) 253-0600..

At any time a business has ceased operations, the owner is required to notify the Department of Revenue within 15 days of closing by filing a final tax return. If you hold a standard business license received from a city recorder or county clerk, you are obligated by law to pay business tax to the Tennessee Department of Revenue in accordance with T.C.A. 67-4-708 (1)-(5). This is regardless of the amount of revenue earned during the tax year. Even if there was no revenue earned, a minimum tax return and payment must be filed in accordance with T.C.A 67-4-711 & T.C.A 67-4-713. This includes if you obtained a city business license, but never ended up actually opening your business. For questions call (615) 253-0600 Ext. 4

The steps for closing your business are as follows:

1. File and pay all applicable state taxes to the Tennessee Department of Revenue. All tax returns must be designated to indicate the close of business. For confirmation that both the filing and payment steps have been done correctly, please contact the Tennessee Department of Revenue Taxpayer. (615) 253- 0600 Ext. 4.
2. Contact the Hamilton County Trustee at (423) 209-7270 to ensure that all outstanding County Personality Taxes have been paid.
3. Contact the City of Chattanooga Treasurer's Office at (423) 643-7262 to ensure that all outstanding City Personality Taxes have been paid.
4. Contact the Assessor of Property at (423) 209-7300 to inform them of your business closing.

***FAILURE TO TAKE THE REQUIRED ACTIONS WILL RESULT IN THE CONTINUATION OF TAX RESPONSIBILITY.**