

PUBLICATION

Spotlight on Tennessee: Governor Announces Relief Payments to Small Business

Authors: Carl E. Hartley

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On June 1, 2020, Tennessee Governor Lee announced the Tennessee Business Relief Program for small businesses affected by the pandemic. That Program will be funded with \$200 million from the federal Coronavirus Relief Funds provided to the state, and payments under the Program to small businesses will be administered through the Tennessee Department of Revenue.

According to the announcement, there are more than 28,000 small businesses in the state that would qualify. Of that number, more than 94 percent reportedly consist of companies with fewer than 50 employees.

According to Governor Lee, "Tennessee small businesses are more than an economic driver. They are pillars of the community, and they feed more than our families – they feed us all a sense of purpose." According to Commissioner of Revenue David Gerregano, an application process will not be used under this Program, but rather information already in the Department of Revenue's system will be used to proactively provide payments to small businesses. The Commissioner stated that businesses will be identified using NAICS codes that have been self-reported by the business owners, and that third-party data will be used to verify information in the system.

The Department of Revenue has already posted some Program information on its [website](#).

That posted information, which will be updated and supplemented over the coming days, lists businesses that are eligible for payments under the Program based upon activity types (such as barber and beauty shops, gyms and fitness centers, hotels, theaters and bowling centers, among others); as well as other small businesses that may be eligible if their sales were reduced by at least 25 percent as shown on the April 2020 sales tax return, which would have been filed in May (such as furniture and home furnishing stores, clothing stores, department stores and office supply stores, among others).

The posted information references that the amount of the business relief payment under the Program will be based on the annual gross sales of the business, and that the Department will provide additional details at a later time. In describing the Department's administration of the Program, the Commissioner reportedly stated that these business relief payments should range between \$2,500 and \$30,000.

Business eligibility will depend on whether the small business incurred costs as a result of a mandatory business closure because of the Governor's Executive Order. Businesses that voluntarily close will not be eligible for the business relief payment according to the posted information, nor would businesses not registered with the Department of Revenue for either sales tax or business tax return purposes.

The Department is encouraging small businesses to contact its Taxpayer Services Division (from 8:00 a.m. to 4:30 p.m. Central time at 615.253.0600, or email at revenue.support@tn.gov) for further information regarding this Program.

Baker Donelson stands ready to assist businesses of all sizes in understanding this new Tennessee initiative and addressing issues and questions that may arise. If you have questions or otherwise wish to discuss this initiative, please contact [Carl Hartley](#) or any member of the [Firm's Tax Group](#).