



Tennessee Department of Revenue
Excise Tax Report of Bankruptcy Discharge

Please submit to:
TN Department of Revenue
ATTN: F&E Unit
P.O. Box 190644
Nashville, TN 37219-0644

Taxpayer Name	FEIN	Account Number
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Part 1 – Calculation of Discharge of Indebtedness Income Add-back

1. Tax Year of Discharge	
2. Date of Discharge	
3. Amount of Discharge	
4. Excise tax apportionment ratio for tax year of the discharge	%
5. Discharge of Indebtedness Income Add-back Amount (Line 3 x Line 4)	
6. Tennessee loss for year of discharge entered as a positive number (From FAE170 or FAE174, Schedule K, Line 6). Enter \$0 on this line if there is a net income in the current year.	
7a. Revised Schedule K, Line 6 - Reduced loss carryover for year of discharge (Line 6 less Line 5). If Line 5 is more than Line 6, enter 0 and continue to Line 7b. If Line 6 is more than Line 5, subtract Line 5 from Line 6 and stop here.	
7b. Complete Part 2 - Remaining Discharge of Indebtedness Income Add-back (Line 5 less Line 6). If Line 6 is more than Line 5, do not complete this line or Part 2.	

Part 2 – Remaining Discharge of Indebtedness Income Add-back – Revised Schedule U

(a) Period Ended (MM/YY)	(b) Loss Carryover Available Before Discharge	(c) Remaining Discharge of Indebtedness Income Add-back Applied	(d) Adjusted Balance (Column b less column c)
Total			

I, the undersigned, declare under the penalty of perjury, that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

_____	_____	_____
Taxpayer's Signature	Date	Title
_____	_____	_____
Tax Preparer's Signature	Date	Telephone
_____	_____	_____
Tax Preparer's Address	City	State Zip Code

Power of Attorney YES
Check Yes if this taxpayer's signature certifies that this preparer has the authority to execute this form on behalf of the taxpayer and is authorized to receive and inspect confidential tax information and to perform any and all acts relating to respective tax matters.

Excise Tax Report of Bankruptcy Discharge Instructions

When to file: DO NOT INCLUDE THIS FORM WITH THE TAX RETURN. This form should be filed after the Franchise and Excise Tax return for the year of discharge and prior to any subsequent returns. Information from Form FAE170 or FAE174, Schedule K will be needed in order to properly complete this form.

Where to file: Mail this form to:
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Tenn. Code Ann. § 67-4-2006(c)(8) requires that loss carryover be reduced by the Tennessee portion of discharge of indebtedness income excluded from federal gross income under I.R.C. § 108(a) where the bankruptcy discharge occurs on or after October 1, 2013. The loss is reduced first in the current year, but any excess discharge does not create an excise tax base. Any remaining amount of discharge reduces losses from prior years, starting with the oldest available loss carryover.

Part 1 is used to calculate the current year discharge of indebtedness income add-back and determine if remaining discharge of indebtedness income add-back exists.

Line 1 – Indicate the tax year in which the discharge occurred.

Line 2 – Indicate the date the discharge occurred.

Line 3 – Enter the amount of the discharge to the extent it is not included in federal taxable income for the current year.

Line 4 – Enter the excise tax apportionment ratio from the franchise and excise tax return which includes the day the discharge occurred.

Line 5 – Multiply Line 3 by Line 4 to determine the amount of the discharge of indebtedness income that is subject to be added back.

Line 6 – Enter the current year Tennessee loss from Schedule K, Line 6 of the franchise and excise tax return which includes the date the discharge occurred. Enter the loss as a positive number. Enter \$0 on this line if there is a net income in this year.

Line 7a. – Subtract Line 5 from Line 6. If Line 6 is greater than Line 5, the difference between these amounts is the adjusted loss carryover available to be carried forward from the year of the discharge and Part 2 need not be completed. If Line 5 is greater than Line 6, the adjusted loss carryover for the current year is \$0.

Line 7b. – Subtract Line 6 from Line 5. If Line 5 is greater than Line 6, Part 2 must be completed.

Part 2 is used to reduce loss carryover from prior years by the remaining discharge of indebtedness income add-back. Columns (a) and (b) indicate available loss carryover values as they exist before applying the remaining discharge of indebtedness income add-back. In Column (c) distribute the remaining discharge of indebtedness income add-back from Line 7b starting with the oldest year. Subtract the amount in Column (c) from the amount in Column (b) to determine the adjusted loss carryover balance, Column (d). Enter totals on the last row to serve as check figures. **The adjusted values shown in Column (d) should be reflected on Schedule U of subsequent Franchise and Excise tax returns.**