Property Taxes

In Tennessee, real and personal property taxes are levied by cities and counties.

To pay City of Milan Property Taxes online, click the following link: http://cityofmilan.tennesseetrustee.org/

Tax Rates

- Milan: $1.45
- Gibson County: $0.94
- School Tax: $1.84

Vehicle Tax

- County Wheel Tax: $35.75
- Milan City Sticker: $10.00

Assessments ratios required by law, and the median ratios actually used by assessors, are listed below:

	Assessment Ratio (%) Legal
Industrial & Commercial Real Property	40
Industrial & Commercial Personal Property (including production equipment & raw materials inventory)	30
Residential & Farm Property	25

Principal Exemptions:
- Manufacturers: Finished Goods Inventories
- Other Businesses: All Inventories of Merchandise for Sale

Income Tax

Tennessee does not tax earned income. A tax (6%) is levied on dividends and bond interest received by individuals or other entities, including partnership and corporations. In addition, corporations declaring dividends must report the recipients of such payments.

Sales Tax

The sales tax or services tax applies to any person or company who manufactures, distributes, or retails tangible personal property within the state. The sales tax law places the legal incidence of tax upon the seller. The **Tennessee state sales tax is 7%** (5.5% for food & food ingredients for human consumption) and
the local sales tax is 2.75%.

The basis for the sales and use tax is the sale price of each item or article of tangible personal property sold at retail; cost price of each article used, consumed or stored for use in Tennessee; lease price of tangible personal property including accounting equipment, cars and trucks, and manufacturing equipment; hotel and motel room charges; parking lot storage of motor vehicles; alcoholic beverages and tobacco products; telephone, telegraph, and electricity; repair and installation of personal property; and amusement and sporting events.

Sales Tax Exemptions

- Industrial machinery and equipment
- Repairs to industrial machinery
- Air and water pollution equipment
- Raw materials for processing
- Sales to religious, charitable, and educational institutions
- Prescription drugs
- Containers for property sold to consumers
- Sales for resale
- Gasoline

Local Business Tax

The business tax is administered by the state Department of Revenue but collected and

imposed by local governments. The owners and operators of all for-profit business, except manufacturers subject to personal property taxation and professionals, must pay the local business tax for each place of business located in either the county or the city which imposes the business tax.

Businesses are grouped into four classifications with rates varying in Milan from 1/8 of 1% for retail sales to 1/60 of 1% for wholesale sales. Personal property taxes are deductible from gross receipts tax figures. The tax is levied as a substitute for a property tax on inventories. Business exempted include: manufacturers, employers of business, certain blind persons, disabled veterans, and the services of certain professionals.

Unemployment Compensation Tax

The Tennessee Department of Revenue collects the tax and distributes benefits to unemployed workers. The initial rate is 2.7% for the first 36 consecutive months ending December 31. Employers in high negative reserve industry groups (i.e. construction & mining) will be assigned the average rate.

Deficit Employers: 10.0% maximum
Minimum Tax Rate: 0.15%
Estimate Average Tax Rate: 1.7% of total wages
Tax Base: First $9,000 of wages of each employee

Worker's Compensation

Though not a “tax”, workers’ compensation is an important business cost. Tennessee’s Worker’s Compensation Law is administered by the Tennessee Department of Labor, Division of Worker’s Compensation. For additional information, contact the Division of Worker’s Compensation at 615-741-2395.

Corporate Organization Fees

In addition to the initial corporate organization fee, corporations, profit and not-profit, are required to file an annual report and pay a fee of $20 with the Tennessee Secretary of State’s

Office. For more information, contact the Tennessee Secretary of State at 615-741-0529.