



County Technical Assistance Service  
INSTITUTE *for* PUBLIC SERVICE

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# Hall Income Tax

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Dear Reader:

The following document was created from the CTAS website ([ctas.tennessee.edu](http://ctas.tennessee.edu)). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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# Hall Income Tax

Reference Number: CTAS-1638

*Authority.* T.C.A. §§ 67-2-101 through 67-2-125.

*Description.* This is a tax on income derived from stocks and bonds, as defined in T.C.A. §§ 67-2-101 and 67-2-102. There are numerous exemptions, including a \$1,250 personal exemption on individual returns and \$2,500 on joint returns. T.C.A. § 67-2-104. The tax is collected by the Department of Revenue. The rate was previously five percent (5%) but is being phased out as follows:

- (1) For any tax year that begins on or after January 1, 2017, and prior to January 1, 2018, four percent (4%);
- (2) For any tax year that begins on or after January 1, 2018, and prior to January 1, 2019, three percent (3%);
- (3) For any tax year that begins on or after January 1, 2019, and prior to January 1, 2020, two percent (2%);
- (4) For any tax year that begins on or after January 1, 2020, and prior to January 1, 2021, one percent (1%); and
- (5) For any tax year that begins on or after January 1, 2021, and for subsequent tax years, zero percent (0%);

*Distribution.* The tax is distributed as follows:

1. Up to 10 percent of the first \$200,000 of taxes collected and 5 percent of amounts over \$200,000 go to the Department of Revenue for administration of the tax. T.C.A. § 67-2-117.
2. The taxes collected on income from stocks and bonds after deducting administration expenses are distributed as follows:
  - a. Five-eighths ( $5/8$ ) to the state general fund;
  - b. Three-eighths ( $3/8$ ) to the counties and municipalities of the state. If the taxpayer resides inside the corporate limits of a municipality, then to that municipality; but if the taxpayer resides outside any municipal limits, then to the county of the taxpayer's residence. T.C.A. § 67-2-119.

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**Source URL:** <https://www.ctas.tennessee.edu/eli/hall-income-tax>