

Fundamentals of Tennessee Benefit Corporations

B Corps aren't Benefit Corporations (necessarily) – Certified B Corps are companies [audited by the nonprofit B Lab](#) and validated to be good corporate citizens with [triple bottom line](#) business models. They get to brand themselves with the [B Corp logo](#), similar to the way buildings can certify as LEED and chocolatiers as Fair Trade. As part of the B Corp certification process, B Lab requires companies that are legally structured as corporations to [convert to Public Benefit Corporations](#). However, LLC's and even sole proprietors can become Certified B Corps. If you are a sole proprietor or LLC, you don't necessarily have to convert to a Benefit Corporation to become a B Corp. Also, you can realize the many advantages of a Tennessee Benefit Corporation legal structure even if you never intend to certify with B Lab as a B Corp business. [Read more about how B Corps and Benefit Corporations are related here.](#)

Big Orange not Big Apple – Tennessee Benefit Corporations are governed by Tennessee law – not Delaware, not New York, not France – this is as Tennessee as Dolly and Jack. When registering and operating as a Tennessee Benefit Corporation, you need to make sure you are following the Tennessee statute and ongoing legal standards when it comes to transparency, shareholder rights, and other key operational aspects. If you are not following the rules, e.g. how and when to publish your required impact reports, then you can lose the protections of the Benefit Corporation framework, and potentially be subject to shareholder disputes. Fortunately, the [Christopher & Panasci](#) ESG team at Rockridge can help you understand best operational practices and what the Tennessee Benefit Corporation means for your investors, executives, and customers.

Peaches and Peaches to the IRS – Your Tennessee Benefit Corporation is treated like a typical corporation for tax purposes. There are no magic tax breaks here, but your accountant can guide you on what impact expenses may be deductible to a Benefit Corporation that otherwise aren't connected to the purpose of a standard corporation.

You Look Hot in those Boots – Tennessee Benefit Corporations must be transparent in periodically highlighting what they are doing to further the communities and/or public benefits they serve as expressed in their charters, bylaws, and other governing docs. You can't just talk it, you've got to actually walk it. Tennessee Benefit Corporations must clearly state the stakeholders they are benefitting beyond their general corporate purpose to make profit. The public has to know what you're all about and what you're working with.

