

MAKE
LEARN
GROW:
SALES TAX

Elliott Advisory Group

What is Sales Tax?

Tennessee's principal source of state tax revenue

Sales tax is comprised of two parts:

- State
 - Local portion
-

Sales tax generally applies to the retail sales of any business, organization, or person engaged in making retail sales.

The seller is liable for the tax whether it is collected from the customer or not.

What is Use Tax?

Use tax is the counterpart to sales tax.

Individuals & businesses must pay use tax when sales tax was not collected on otherwise taxable products bought or shipped into Tennessee.

Use tax protects local merchants from unfair competition from out-of-state sellers who do not collect Tennessee's sales tax and provides revenue for the operation of state government.

Who has to file sales and use tax?

- Any person who sells, leases, or rents tangible personal property or provides a taxable service is required to register for sales and use tax purposes, even if the product sold is exempt from tax.
- Requirement to collect & file sales tax is based on “nexus.”
 - “Nexus” = connection (physical or economic) with a state
 - All in-state businesses automatically have nexus in Tennessee.

Is there a dollar threshold to meet?

- \$400 gross sales per month or \$4,800 in gross sales per year = required to file monthly
- Taxpayers who do not meet the filing threshold should pay sales tax to their suppliers in lieu of registering for a sales tax account
- Taxpayers who do not meet the threshold may still choose to apply for a sales tax account.
 - The main reason for this is to obtain a Certificate of Resale.

Some Services Subject to Sales Tax

- Sales tax on tangible personal property (TPP)
 - Taxable unless specified by the law.
- Certain services, amusements, and digital products.
 - A service is not taxable unless it is specified by the law, or
 - Is part of the sales price of a taxable item of tangible personal property

The background of the image is a grayscale photograph. In the foreground, a white calculator is positioned diagonally. Behind it, a document with a table of numbers is visible. The table has several rows and columns of numbers, some of which are partially obscured by the calculator. The overall scene suggests a financial or accounting context.

REGISTERING FOR A SALES TAX ACCOUNT

Payments
Make an online payment towards an existing balance or account.

> [Make a Payment](#)

Returns
File a return.

> [View Return Links](#)

Registration / Exemption
Register with the Department or complete an exemption application/renewal.

> [View Registration Links](#)

Approved Alcohol & Beer Brands
Alcohol and beer brands that are approved and listed by type and gravity.

> [View Approved Brands Lists](#)

Information and Inquiries
Look up information, request a refund, or submit a report.

> [View Options](#)

Help
Find additional services.

> [View Additional Services](#)

Registering

- Taxpayers may register for a sales and use tax account online through the Tennessee Taxpayer Access Point (TNTAP).
- From the Home Page, click “View Registration Links”

Registration / Exemption

Registration / Exemption

Register

- > Register a New Business Start a new taxpayer or motor carrier registration.
- > Register for Hall Income Tax Register for Hall income tax.
- > Merchant Card Processor Registration Register as a merchant card processor.
- > Register for a Motor Fuel Refund Account Start a new taxpayer and refund registration.
- > Apply or Renew F&E Tax Exemption Renew franchise and excise tax exemption (FAE 183).
- > Obtain a Franchise/Excise Tax Clearance Obtain a franchise and excise tax clearance.



Registering

- From the Registration/ Exemption page, click on “Register a New Business”, and follow the prompts to set up your business.

Filing Requirements & Due Dates

All sales tax returns must be submitted electronically through TNTAP.

Due dates depend on the taxpayer's filing frequency.

MOST COMMON:

Monthly returns & payments due on the 20th day of the month following the end of the reporting period

Quarterly returns & payments due on the 20th day of the month following the end of the quarter.

UNCOMMON:

Annual returns & payments are due on January 20th.

The background of the image is a grayscale photograph. In the foreground, a white calculator is positioned diagonally, with its keypad and display visible. Behind the calculator, there is a document with a table of numbers. The text 'FILING SALES TAX VIA TNTAP' is overlaid in the center in a white, serif font, enclosed in a thin white rectangular border.

FILING SALES TAX VIA TNTAP

092070	114922
114911	114922
114911	114922
114940	114940
115029	115029
115029	115029
183912	183912
211550	211550
180708	180708
091349	091349

Filing via TNTAP

- Log into TNTAP, locate your Sales and Use Tax account, and select “View/File Returns”

Sales and Use Tax

████████████████████


████████████████████

Action Center Items **1**

Account

Balance

\$0.00

- > Make a Payment
- > View/File Returns 
- > Additional Actions

Sales and Use Return for 31-Dec-2022 > File now

Due

20-Jan-2023

Filing via TNTAP

- Select “File Now” for the period for which you are filing

Returns

Sales and Use Tax

Balance

\$0.00

[> Make a Payment](#)

[Returns](#) [Periods](#)

Returns

Period	Return	Status	
31-Dec-2022	Sales and Use Return	Not Filed	File Now
30-Nov-2022	Sales and Use Return	Processed-Ontime	View or Amend Return
31-Oct-2022	Sales and Use Return	Processed-Ontime	View or Amend Return
30-Sep-2022	Sales and Use Return	Processed-Ontime	View or Amend Return

Filing via TNTAP

- After clicking “File Now”, you will be prompted with the following question- Will you be submitting a file provided by your software vendor? This answer is typically “No”.
- Then select the location ID for which you are filing (you will only have one, unless your business has multiple physical locations in TN).
- You will have to select “Yes” that you have sales to report in order for the sales tax return to open up.
- Full Instructions for Sales Tax Filing: https://www.tn.gov/content/dam/tn/revenue/documents/forms/sales/sls450_instruct0721.pdf
- We are going to highlight the most commonly used lines beginning with line 1- enter the amount of all sales.


Sales Detail ? ×

All amounts are rounded to the nearest whole dollar.

Sales

Do you have any sales to report for this period?

	Yes	No	
1. Gross Sales			10,000.00 i
2. Cost of Personal Property			0.00 i
3. Cost of Out-Of-State Purchases and Property			0.00 i
4. Tangible Personal Property			0.00 i
5. Total Sales			10,000.00 i



Filing via TNTAP

- Use the next section of the sales tax report to break out any exempt transactions by type.

Do you have any exempt transactions to report?		Yes	No
Report Your Schedule G Temporary Exemptions		Click Here	
1. Net Taxable Food Sales			0.00 ⓘ
2. Sales to Vendors for Resale or for Further Processing			0.00 ⓘ
3. Sales of Items Paid for with SNAP Benefits			0.00 ⓘ
4. Government and Qualified Institution Sales			300.00 ⓘ
5. Returned Merchandise			0.00 ⓘ
6. Exempt Machine or Agricultural Sales			0.00 ⓘ
7. Sales in Interstate Commerce			200.00 ⓘ
8. Repossessions			0.00 ⓘ
9. Other Deductions			0.00 ⓘ
10. Temporary Exemptions			0.00 ⓘ
11. Total Exemptions			500.00 ⓘ

- It is your responsibility as the seller to:
 - Collect a Certificate of Resale or Certificate of Exemption for tax exempt sales.
 - Keep a copy on file along with supporting invoice documentation for 7 years.



STATE OF TENNESSEE
DEPARTMENT OF REVENUE

Organization Name	Effective Date: April 5, 2017
Address	Expiration Date: June 30, 2019
City State Zip Code	Account No: 1XXXXXXXXXX-SLC
	Exemption No: XXXXXXXXXX
	Facility Address:
	XXXXXXXXXXXXXXXXXXXX
	City State Zip Code

**Exempt Organizations or Institutions
Sales and Use Tax Certificate of Exemption**

This organization or institution qualifies for the authority to make sales and use tax exempt purchases of goods and services that it will use, consume or give away.

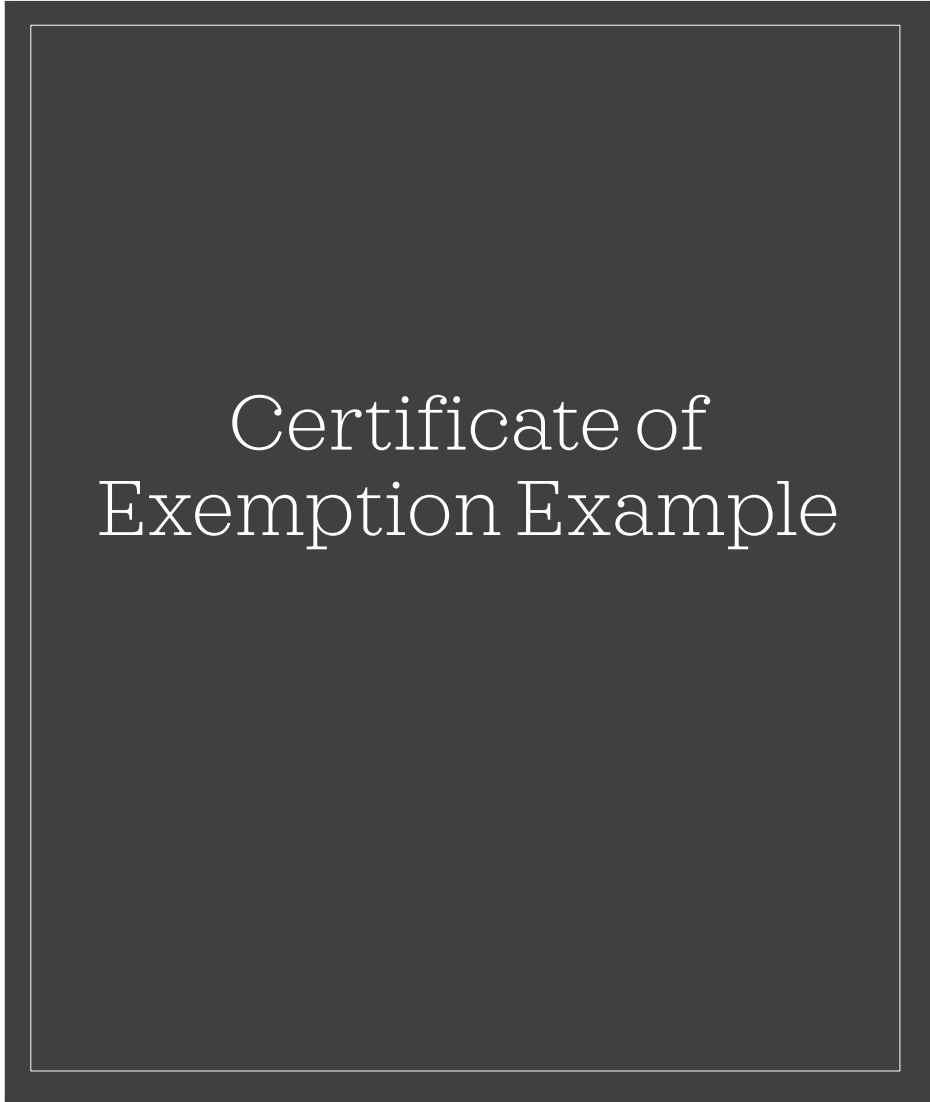
This authorization for exemption is limited to sales made directly to the referenced organization. This exemption certificate may not be used for sales made to individuals paying with personal checks or personal debit or credit cards, even if the individual is a representative or employee of the organization, and he or she will be reimbursed for the purchase. **Sellers must refuse to accept the certificate when the sale is made to someone other than the organization.**

This exemption certificate may not be used to make purchases without the payment of sales and use tax for other locations and may not be transferred to or used by any other person.

Seller's Name _____ Seller's Address (City & State) _____

I, _____, as an authorized representative of the taxpayer named above, affirm that the purchases qualify for the exemption and will be used at the location of the facility address referenced above. Under penalty of perjury, I affirm this to be a true and correct statement.

Print Name of Authorized Representative Signature of Authorized Representative Date



Certificate of
Exemption Example

Filing via TNTAP

- The next section, Schedule B, will compute your sales and use tax based on the information entered in prior sections.

Schedule B - Computation of Local Sales and Use Tax

1. State Net Taxable Total	9,500.00	i
2. Adjustments	0.00	i
3. Total With Adjustments	9,500.00	i
4. Excess Amount of Single Article Tax Base - \$1,600.00	0.00	i
5. Energy Fuel Sales	0.00	i
6. Other Deductions	0.00	i
7. Local Net Taxable Total	9,500.00	i
8. Local Sales and Use Tax - 2.25%	214.00	i

- Possible Adjustments

Filing via TNTAP

- Schedule C is frequently “No” for many filers

Schedule C - State Single Article Tax and Special Rate on Energy, Water, & Specified Digital Products

Do you have any single article sales, aviation fuel sales, or special rates on energy, water, vending, or specified digital products to report?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

1. Taxable Single Article Sales from \$1,600 to \$3,200	0.00
2. State Single Article Sales Tax - 2.75%	0.00 ⓘ
3. Water Sales	0.00 ⓘ
4. Industrial Water Tax - 1.0%	0.00 ⓘ
5. Energy Fuels	0.00 ⓘ
6. State Energy Fuels Tax - 1.5%	0.00 ⓘ
7. Aviation Fuel Tax - 4.25%	0.00 ⓘ
Taxable Sales	0.00 ⓘ
Gallons	0 ⓘ
Out-of-State Purchases	0.00 ⓘ
Gallons	0 ⓘ

8. Water Carrier Energy Fuel Tax - 7.0%	0.00 ⓘ
Taxable Sales	0.00 ⓘ
Gallons	0 ⓘ
Out-of-State Purchases	0.00 ⓘ
Gallons	0 ⓘ
9. Single Article & Reduced Rates Tax	0.00 ⓘ
10. Local Industrial Water Tax - 0.5%	0.00 ⓘ
11. Specified Digital Products	0.00 ⓘ
12. Specified Digital Product Tax - 2.5%	0.00 ⓘ
13. Merchandise Sold Through Vending Machines	0.00 ⓘ
14. Tax on Merchandise Sold Through Vending Machines - 2.25%	0.00 ⓘ
15. Total Local Special Rates Tax	0.00 ⓘ

- Single Article Tax
- Industrial Water
- Industrial Energy Fuel
- Aviation Fuel Tax
- Water Carrier Energy Fuel Tax
- <https://revenue.support.tn.gov/hc/en-us>

Filing via TNTAP

- The last section, Location Information, lists the total tax for the location in which you are filing.

Schedule C - State Single Article Tax and Special Rate on Energy, Water, & Specified Digital Products

Do you have any single article sales, aviation fuel sales, or special rates on energy, water, vending, or specified digital products to report? Yes No

Location Information

1. State Sales Tax - 7.00%	665.00	ⓘ
2. State Food Tax - 4.00%	0.00	ⓘ
3. Local Sales Tax - 2.25%	214.00	ⓘ
4. Tax Collected in Excess of State and Local Levies	0.00	ⓘ
5. Single Article and Reduced Rates State Tax	0.00	ⓘ
6. Local Tax on Transactions Subject to the Special Rate Tax	0.00	ⓘ
7. Central Business Improvement District Fee	0.00	ⓘ
8. Prepaid Wireless 911 Surcharge	0.00	ⓘ
9. Total Tax for this Location	879.00	ⓘ

- Select “OK” at the bottom right of the sales tax report window to proceed.
- Select “Next” at the bottom right of the Locations Page to advance to the summary page. If you only have 1 location, the summary page should equal the total tax as above (\$879).

Filing via TNTAP

- Click “Next” from the Summary Page to advance to the attachments page.
- No attachments are required, but you should maintain any backup in your personal records for 7 years.

The screenshot shows the 'Sales and Use Tax Return' progress bar with four steps: 'File Upload', 'Locations', 'Summary', and 'Attachments'. The 'Attachments' step is highlighted with a yellow box and contains a right-pointing arrow. Below the progress bar is a text box with the instruction 'Attach supporting documents if applicable.' Underneath is an 'Attachments' table with columns for 'Type', 'Name', 'Description', and 'Size'. The table is currently empty, with the text 'There are no attachments.' displayed below it. At the bottom of the form are buttons for 'Cancel', 'Save Draft', 'Previous', and 'Next'.

Sales and Use Tax Return

File Upload Locations Summary Attachments

Attach supporting documents if applicable.

Attachments Add

Type	Name	Description	Size
There are no attachments.			

Cancel Save Draft < Previous **Next** >

- Click “Next” again to advance to the Payment Details section, enter your payment preferences and select “Submit” at the bottom right corner to finalize and submit your return.

A white calculator is positioned on a document, likely a financial statement or ledger. The calculator's display is blank. The document contains various numbers and text, including a list of numbers on the right side: 114811, 114811, 114922, 114922, 114940, 114940, 115029, 115029, 183912, 211550, 180708, and 091149. The text 'FILING COMPLETE' is overlaid in a large, black, serif font across the center of the image.

FILING COMPLETE

Sale for Resale

- Sales of property and services that are sold to another seller who intends to resell such property or services, rather than use such property or services, are considered “sales for resale” and are not subject to sales tax.
- “Resale” means a subsequent, bona fide sale of the property, services, or taxable item by the purchaser
- When you register for a Tennessee sales and use tax account, if you are a retailer, you will automatically be issued a Tennessee Sales and Use Tax Certificate of Resale

A white calculator is positioned in the foreground, resting on a document with a grid and numerical data. The calculator's keypad is clearly visible, featuring standard arithmetic and function keys. The background document contains a grid of numbers, with some values like 114811, 114922, 114940, 115029, 11529, 183912, 211550, and 180708 visible. The overall scene is presented in a light, semi-transparent style.

ONLINE SELLERS, MARKETPLACE SELLERS, & MARKETPLACE FACILITATORS

Online Sellers

When a Tennessee dealer accepts an order through the internet and delivers a product to a Tennessee customer, the charge is subject to sales or use tax.

The Tennessee dealer charges local sales tax at the rate applicable to its business location.

If the Tennessee dealer delivers a product to a consumer located in another state, the sale is not subject to Tennessee sales or use tax- but may be subject to sales tax in that state.

Marketplace Sellers & Facilitators

A marketplace seller is a person who makes sales through any marketplace operated, owned, or controlled by a marketplace facilitator.

Marketplace facilitators are businesses that own or operate a website or other platform where sales are made on behalf of marketplace sellers. Examples include: eBay, Etsy, & Amazon.

The marketplace seller should not include sales through a marketplace facilitator in the gross sales reported on its sales and use tax return.

Marketplace facilitators will report the sales made through the marketplace on their own sales and use tax returns.

A white calculator is positioned on a document, likely a tax form or financial statement. The calculator's keypad is visible, showing various mathematical symbols and numbers. The document beneath it contains some text and numbers, though they are mostly out of focus. The text 'BUSINESS TAX' is overlaid in the center of the image in a large, black, serif font.

BUSINESS TAX

Business Tax

- Business tax - aka gross receipts tax
- With a few exceptions, all businesses that sell goods or services must pay the state business tax.
- Filing your business tax annually renews your business license with the state of Tennessee.
- Marketplace sellers are required to report total sales, even sales through a marketplace facilitator on annual Business Tax Filing
- Businesses with less than \$10,000.00 in taxable sales are exempt from the state business tax.
 - However, there are cases where being licensed is less expensive than not.

A white calculator is positioned on a document, likely a financial statement or ledger. The calculator's display is blank. The document contains various numbers and text, including a list of numbers on the right side: 114811, 114811, 114922, 114922, 114940, 114940, 115029, 115029, 183912, 211550, 180708, and 091149. The text 'OUT OF STATE SALES' is overlaid in the center of the image in a black, serif font.

OUT OF STATE SALES

Out of State Sales

Economic nexus generally requires out-of-state sellers to register and collect and remit sales tax once they meet a set level of sales or number of transactions within a state.

State	Threshold	Measurement Date	Link to register
KY	\$100,000 or 200 or more separate transactions	Previous or Current Calendar Year	https://onestop.ky.gov/start/Pages/state-tax.aspx
VA	\$100,000 or 200 or more separate transactions	Previous or Current Calendar Year	https://www.tax.virginia.gov/forms/search?search=r-1+&year=All&category=8&type=All
NC	\$100,000 or 200 or more separate transactions	Previous or Current Calendar Year	https://eservices.dor.nc.gov/ncbusreg/
GA	\$100,000 or 200 or more separate transactions	Previous or Current Calendar Year	https://gtc.dor.ga.gov/#1

Q & A

<https://revenue.support.tn.gov/hc/en-us>

