PHIL BREDESEN
Governor

STATE OF TENNESSEE
DEPARTMENT OF REVENUE
ANDREW JACKSON STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37242

REAGAN FARR
Commissioner

September 17, 2009

Mr. Scott Peterson
Executive Director
Streamlined Sales Tax Governing Board, Inc.
4205 Hillsboro Pike, Suite 305
Nashville, Tennessee 37215

Dear Mr. Peterson:

Pursuant to the associate membership requirements of Section 801(C) Tennessee is submitting the 2009 certificate of compliance and taxability matrix in accordance with Section 803 of the SSUTA. This letter is submitted to highlight the changes in Tennessee Sales and Use Tax statutes involving areas of compliance and noncompliance with the SSUTA.

In 2007 and 2008 the General Assembly approved numerous Streamlined changes to Tennessee's sales and use tax statutes that became effective January 1, 2008 and July 1, 2008. In 2009, the General Assembly made no changes to Tennessee's Streamlined conforming legislation that became effective in 2008. Such Streamlined conforming legislation includes:

- adoption of uniform definitions except the definition of bundled transaction;
- registration of 93,000 farmers for exemption to facilitate repeal of a multiple state tax rate, a threshold, and a non-uniform state and local tax base;
- provisions for the central registration system;
- providing and maintaining tax rate and jurisdiction boundary data base;
- providing relief of liability for erroneous information on rates, boundaries, jurisdiction assignments and the taxability matrix for sellers, purchasers, and CSPs;
- telecommunications sourcing with the exception of prepaid calling services;
- exemption administration except for drop shipments;
- use of the SER for any taxpayer with no location in the state;
- uniform remittance procedures;
- uniform recovery of bad debts;
- uniform sales tax holiday definitions and procedures;
- uniform rounding rule;
- uniform customer refund procedures;
- providing amnesty pursuant to the SSUTA;
- providing state review and approval of certificated automated systems; and
- providing SSUTA monetary allowances.

In 2009 the General Assembly has adopted legislation that makes significant changes in Tennessee's future effective Streamlined conforming legislation. The future effective date of the final Streamlined law changes to bring Tennessee into compliance with the SSUTA have been moved from July 1, 2009 to July 1, 2011 for the following SSUTA provisions:

- Section 302 State and Local Tax Base – single article local tax limitation on tangible personal property, video programming services, interstate telecommunications sold to business, energy fuels, aviation fuel;
- Section 305A-C Local Rate and Boundary Changes – effective dates of local rate and boundary changes;
- Section 308 State and Local Tax Rates – video programming services, interstate telecommunications, intrastate telecommunications, manufacturer's energy fuels and water, aviation fuel, tangible personal property sold to common carriers for export, specified digital products, additional state tax on single articles of tangible personal property;
- Section 310.1 Election for Origin-based Sourcing;
- Section 311 General Sourcing Definitions;
- Section 313.1 Origin-based Direct Mail Sourcing;
- Section 314C(3) Telecommunications Sourcing – sourcing for prepaid calling services;
- Section 317A(8) Exemption Administration – drop shipment;
- Section 318A & C Uniform Tax Returns – one return per entity per reporting period per state and use of the SER by Model 1 & 2 sellers with location in the state;
- Section 323 Caps and Thresholds – video programming services, additional state tax rate on single articles of tangible personal property priced in excess of $1600 to $3200, single article local tax limitation on tangible personal property priced in excess of $1600; and
- Section 330A Bundled Transaction – adoption and use of bundled transaction definition.

The 2009 Certificate of Compliance and Taxability Matrix are enclosed. The documents will be available on Tennessee's website at www.Tennessee.gov/revenue. If you have additional questions, please contact Sherry Harrell, Senior Policy Analyst at (615) 532-6021 or Sherry.Harrell@tn.gov.

Sincerely,

Reagan Farr

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