

Instructions: Gross Receipts Tax Return – Bottlers and Manufacturers of Soft Drinks

Generally, all bottled soft drinks (all nonalcoholic drinkable liquids sold in sealed containers) are subject to a gross receipts tax (commonly known as “bottlers tax”) in Tennessee. However, there are some exceptions, including milk with or without flavoring, milk substitutes such as soy milk or almond milk, natural undiluted fruit juice or vegetable juice, cider, pure fruit juice concentrates, and bottled water. The tax is paid on the first sale of the taxable soft drink in Tennessee. Manufacturers and bottlers that make the first sale in Tennessee must pay the tax on their gross receipts from the sale of the beverages. Importers or distributors that make the first sale in Tennessee must pay the tax on their cost of the beverages.

The filing period is July 1 of the year the tax is due through the following June 30. However, the tax is based on the sales or purchases from the taxpayer’s last fiscal year, which is the reporting period.

New businesses that begin business after July 1 must file *monthly* until the beginning of the next filing period (the next July 1). The monthly returns are based on the sales or purchases from that month. Monthly returns are due on the 10th day of the following month. For example, if a business begins November 1, it will file monthly returns on the 10th of each month beginning December 10 through July 10 of the following year and will file annually thereafter.

The return along with the appropriate tax payment is due on or before August 1 of each year (unless the taxpayer is a new business that is filing monthly). Taxpayers should file and make their tax payments online by visiting the Department’s website at www.tn.gov/revenue. Alternatively, they may mail returns and payments to the address listed on the return.

You must sign and date your return. Paid preparers (accountants, attorneys, etc.) must also sign the return. If this is an amended return, please indicate the “Reporting Period” and the “Filing Period” and check the amended return box on the top of the return. If this is the final return for a closing business, check the final return box on the top of the return. If you are paying in installments, check the appropriate box on the top of the return and complete Line 13.

Return

- Line 1: Enter the amount of all sales of taxable soft drinks in Tennessee that the taxpayer manufactured and/or bottled and sold in Tennessee.
- Line 2: Enter the amount of purchases of taxable soft drinks that the taxpayer purchased from out-of-state suppliers: (a) on which the supplier paid the bottlers tax, and (b) on which the taxpayer will be paying the bottlers tax with this return.
- Line 3: Add Lines 1 and 2b.
- Line 4: Multiply the amount on Line 3 by **1.5%**.
- Line 5: A credit is allowed for franchise and excise taxes paid on the same activity that is subject to the bottlers tax. The franchise and excise tax paid must be for the same tax period as the bottlers tax liability. The combined franchise and excise tax credit taken on Line 5 cannot exceed the amount reported on Line 4. To calculate the credit:
- Divide the taxpayer’s total Tennessee soft drink sales by the taxpayer’s total Tennessee gross receipts (including gross sales, taxable dividends, taxable interest, etc.). Note that all taxpayers use this calculation, including importers whose bottlers tax liability is based on purchases. This means that importers should use their *sales* of the soft drinks whose purchase prices are reported on Line 2b of the return as the numerator in the equation.
 - Multiply the amount of franchise tax liability from the franchise & excise tax return, Schedule A, Line 3, that has been paid by the decimal number calculated in step (a). Enter this amount on Line 5a.
 - Multiply the amount of excise tax liability from the franchise & excise tax return, Schedule B, Line 7, that has been paid by the decimal number calculated in step (a). Enter this amount on Line 5b.
 - Add the amounts from 5a and 5b, and enter on Line 5.

- Line 6: Subtract Line 5 from Line 4. If Line 5 is greater than Line 4, enter zero.
- Line 7: Multiply the amount on Line 3 by **0.4%**. This is commonly referred to as the litter tax.
- Line 8: Add Lines 6 and 7.
- Line 9: If your account has a credit balance from an overpayment on a prior return, enter the amount on this line.
- Line 10: Penalty is calculated at a rate of 5% for each 30-day period, or portion thereof, that a return is delinquent, up to a maximum of 25% of the delinquent amount. The minimum penalty is \$15 for the delinquent filing of a return. If your return is delinquent, apply the appropriate penalty rate to the total tax due from Line 8.
- Line 11: Interest is due on any amount of tax that is paid after the statutory due date of the return. The interest rate is determined in accordance with Tenn. Code Ann. § 67-1-801. The current interest rate can be found at www.tn.gov/revenue by clicking the Tax Resources tab. If the payment is late, apply the interest rate to the total tax due from Line 8.
- Line 12: Add Lines 8, 10, and 11, and subtract Line 9.
- Line 13: Taxpayers who file the return and make a payment of one-fourth of the total tax (Line 8) on or before August 1 have the option of paying the total tax (Line 8) in four equal installments. As stated, the initial installment amount is paid with the return. Subsequent installment payments will be due not later than November 1, February 1, and May 1. However, interest from August 1 until the date of payment will be due on the second, third, and fourth quarterly payments at the effective rate (see the instructions for Line 11). If quarterly installment payments are not paid by the due date, penalty will be assessed for late payments at the rate of 5% for each 30 days (or portion thereof) that the installment payment remains unpaid subsequent to the due date, up to a maximum of 25%. Taxpayers paying in installments should check the appropriate box on the top of the return.