

NATURAL DISASTER RELIEF REFUND

Notice #12-15

Sales and Use Tax

October 2012



Highlights

- A claimant may file a claim for refund of sales tax paid to replace damaged or destroyed items
- Individuals must demonstrate that they received assistance from FEMA
- The Department of Revenue may assess a civil penalty up to \$25,000 against any person that knowingly files a false or fraudulent claim for refund
- A claimant must keep all invoices and proof of payments for three years.



References:

PC 1013 (2012)
TCA § 67-6-396

INTRODUCTION

This notice is intended to provide taxpayers and the general public with information concerning relief available to individuals affected by any federally declared natural disaster that occurred in Tennessee **on or after January 1, 2012**.

A claimant may file one (1) claim for refund for sales tax paid on major appliances and residential furniture purchased to replace damaged or destroyed items used in the individual's primary residence, and for sales tax paid on the purchase of residential building supplies used for the purposes of restoration, repair, replacement, or rebuilding the individual's primary residence due to any federally declared natural disaster that occurred in Tennessee. The maximum amount of refund available to any one residence is \$2,500.

DISCUSSION

A "claimant" is any natural person receiving disaster assistance from the Federal Emergency Management Agency (FEMA) as a result of a federally declared natural disaster that occurred in Tennessee **on or after January 1, 2012**. A claimant may request a refund of Tennessee sales tax paid on certain items purchased to replace damaged or destroyed items. Claimants will be asked to provide documentation verifying the assistance they received from FEMA.

Eligible items purchased by a contractor to use when making repairs to the claimant's home may also be claimed by the individual. The contractor must provide to the individual an invoice listing the items they purchased and the amount of Tennessee sales tax paid by the contractor on those purchases.

Below are the steps for claiming a refund of sales tax paid on eligible items purchased **on or after the date of the disaster**. The claim for refund must be filed within one (1) year from the date shown on the FEMA decision letter received by the claimant. Only one (1) claim per primary residence may be filed.

Step 1. Gather the following items:

- Natural Disaster Claim for Refund form – available at www.TN.gov/revenue
- Copy of your FEMA decision letter stating that you received disaster assistance. (You should retain the original letter.)
- Receipts (including contractor invoices, if applicable) showing payment of Tennessee sales tax on eligible items*. Other payment documents – (if store receipts are not available.)

Step 2. Complete the Natural Disaster Claim for Refund form, making sure that all lines are completed and legible. Attach additional schedules as necessary. The maximum amount of refund per residence is \$2,500.

Step 3. Attach a copy of your FEMA decision letter to the claim for refund form.

Step 4. Mail the completed form and FEMA decision letter to:

ATTN: Natural Disaster Refund Claim
Tennessee Department of Revenue
Andrew Jackson State Office Building
Nashville, TN 37242

Step 5. Keep all receipts and invoices for a period of 3 years from December 31 of the year in which the claim for refund was filed. Do not send receipts and invoices with the claim for refund to the department. If needed, the receipts and invoices will be requested.

***Below are examples of items eligible for refund of Tennessee sales tax paid**

➤ Major appliances eligible for sales tax refund

Major appliances purchased to replace appliances damaged or destroyed with a purchase price of \$3,200 or less per item

Dishwasher	Microwave	Stove
Dryer	Oven	Vacuum
Fan	Range	Washer
Freezer	Refrigerator	Water heater

➤ Residential furniture eligible for sales tax refund

Residential furniture purchased to replace furniture damaged or destroyed with a purchase price of \$3,200 or less per item

Bedroom suits	Lamps	Dining set
Book shelves	Desks	Sofa
Entertainment cabinet	Chairs	Tables

Televisions, DVD players, computers, stereos, and other electronic items are not considered residential furniture.

➤ Residential building supplies eligible for sales tax refund

Residential building supplies used to restore, repair, replace, or rebuild with a purchase price of \$500 or less per item

Boxes	Insulation
Trash bags	Paint
Drywall	Sheetrock
Roofing shingles	Roofing paper
Gutters	Vents
Downspouts	Doors
Windows	
<p style="text-align: center;">Construction tools</p> <ul style="list-style-type: none"> ▪ Air compressor ▪ Bits and blades ▪ Drills ▪ Level ▪ Nail gun ▪ Pliers ▪ Sanders ▪ Jig saw ▪ Circular saws ▪ Reciprocating saw ▪ Chisels ▪ Hammer ▪ Ladders ▪ Miter saw ▪ Pry bar ▪ Screwdriver ▪ Square ▪ Wrenches ▪ Hand saw 	<p style="text-align: center;">Paint materials</p> <ul style="list-style-type: none"> ▪ Brushes ▪ Masking tape ▪ Paint pail ▪ Roller ▪ Sandpaper ▪ Spackling paste ▪ Drop cloths ▪ Paint guide ▪ Putty knife ▪ Roller tray and grid ▪ Scraper
<p style="text-align: center;">Flooring (<i>\$500 limit is applied to the per unit price of the product</i>)</p> <ul style="list-style-type: none"> ▪ Area rug ▪ Carpet ▪ Tile ▪ Linoleum ▪ Hardwood ▪ Laminate ▪ Vinyl 	<p style="text-align: center;">Other building materials</p> <ul style="list-style-type: none"> ▪ Doors ▪ Faucets ▪ Countertops ▪ Cabinetry ▪ Sinks ▪ Toilets ▪ Baseboards ▪ Brick ▪ Concrete block ▪ Lumber ▪ Plywood ▪ Siding ▪ Trim
<p>Hardware</p> <ul style="list-style-type: none"> ▪ Bolts ▪ Cabinet pulls ▪ Door knobs ▪ Hinges ▪ Nails ▪ Screws ▪ Staples 	<p>Cleaning & disinfecting supplies</p> <ul style="list-style-type: none"> ▪ Chlorine bleach ▪ Detergent ▪ Disinfectant (e.g. Clorox, Pine Sol, Lysol, etc) ▪ Garden hose and/or sprayer ▪ Mask ▪ Rags, sponges and brushes ▪ Rubber gloves ▪ Shovels

➤ *Items not eligible for sales tax refund*

Below are examples of items that are not eligible for refund of Tennessee sales tax

- Any appliance with purchase price more than \$3,200
- Any furniture with purchase price more than \$3,200
- Any supplies with purchase price more than \$500
- Clothing
- Computers
- Dehumidifiers
- Dishes
- DVD Players
- Fertilizer
- Flooring with unit price of more than \$500
- Flowers
- Food
- Generator
- Grills
- HVAC/Heating and Air Units
- Mulch
- Outdoor furniture
- Outdoor lawn and garden equipment – *chainsaw, mower, weedeater, trimmer, edger, tiller, pressure washer*
- Outdoor lawn and garden tools – *hoe, spade, rake*
- Potting soil
- Pumps
- Storage units
- Stereos
- Swingsets
- Televisions

The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.