

Post-Wayfair Collection by Out-of-State Dealers

Affected Out-of-State Dealers Must Begin Collecting Sales Tax by October 1, 2019

Out-of-state dealers with no physical presence in Tennessee who meet the sales threshold in Sales and Use Tax Rule 129(2)¹ as of July 31, 2019 must register and begin collecting Tennessee sales and use tax by **October 1, 2019**.

If an out-of-state dealer has no physical presence in Tennessee and meets the \$500,000 threshold after July 31, 2019, it is required to register and begin collecting sales and use tax on the first day of the third month following the month in which it meets the threshold. For example, if a dealer meets the threshold on January 15, 2020, the dealer is required to register, collect, and remit sales tax beginning on April 1, 2020, for any sales made on and after April 1, 2020.

If an out-of-state dealer has no physical presence in Tennessee and does not meet the \$500,000 threshold, it is not required to register or collect sales and use tax. However, the Department encourages all dealers to voluntarily register and collect sales and use tax as a convenience to their customers.

For purposes of applying the \$500,000 threshold, dealers should include all retail sales, including exempt retail sales, but should exclude sales for resale.

No Retroactivity

The Department will not apply Rule 129(2) retroactively. Dealers who had no physical presence

in Tennessee and who did not collect sales and use tax prior to October 1, 2019 will not be assessed for any period prior to October 1, 2019.

How to Register

Dealers may register through the online [Tennessee Taxpayer Access Point](#) (TNTAP) under "Register a New Business." Dealers may also register with Tennessee by accessing the Streamlined Sales Tax Registration System.

Reporting Local Sales Tax

Public Chapter 491 (2019) requires out-of-state dealers to collect and report local sales tax based on the local jurisdiction where the sale is shipped or delivered. This public chapter repeals the uniform local rate option previously available to some out-of-state dealers. See important notice 19-05 for more information.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers under the heading "Sales Tax Collection by Out-of-State Dealers."

References

TENN. COMP. R. and REGS. 1320-05-01-.129(2); Chapter 452, Public Acts of 2017; Chapter 429, Public Acts of 2019; Chapter 491, Public Acts of 2019; *South Dakota v. Wayfair*, 585 U.S. ____ (2018); sales and use tax important notice 17-01, 17-12, and 18-11

¹Rule 129(2) provides that out-of-state dealers who have no physical presence in Tennessee but make sales exceeding \$500,000 to consumers in Tennessee during the previous 12-month period must register with the Department and begin collecting and remitting Tennessee sales and use tax.