Local Sales Tax Reporting by Out-of-State Dealers

Reporting Requirements for Out-of-State Dealers Will Change Beginning October 1, 2019

For sales occurring on or after October 1, 2019, out-of-state dealers who collect and remit Tennessee sales and use tax must report their sales based on the shipped to or delivered to address of the customer. Dealers may continue to have one location ID for reporting all sales into Tennessee but will report the sales by the shipped to or delivery destination in the local tax schedule on the sales tax return.

Out-of-state dealers will no longer be able to use the uniform local rate option of 2.25%. Instead, out-of-state dealers must apply the specific local sales tax rate in effect for the city or county jurisdiction into which the sale was shipped or delivered.

All local sales tax collected and remitted by out-of-state dealers will be distributed to the local jurisdiction into which the sale is shipped or delivered. Out-of-state dealers must report the actual jurisdiction into which the sale is shipped or delivered when filing their sales and use tax returns so that the Department can make the proper distribution to local jurisdictions.

Sales shipped or delivered to an address within an incorporated municipality must be reported separately from sales shipped or delivered to an address in the unincorporated area of a county. For example, sales shipped to customers in Chattanooga must be reported as Chattanooga tax on the local tax schedule of the sales tax return, not as Hamilton County tax.

The dealer and/or their certified software provider can use the boundary database available on the Department's website to determine the local sales tax rate for each of the jurisdictions in Tennessee.

Reporting Requirements for In-State Sales Locations Have Not Changed.

Dealers will continue to register each in-state business location for sales and use tax and report sales made from that business location under the applicable location ID.

For More Information

For more information regarding Post-Wayfair Collection by Out-of-State Dealers, please see sales and use tax important notice 19-04.

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers or to submit an information request to one of our agents through Revenue Help.

References

Chapter 429, Public Acts of 2019
Chapter 491, Public Acts of 2019

Disclaimer: 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.