

## Vendor's Compensation

### Dealers Allowed Sales and Use Tax Deduction for Accounting and Remitting the Tax

Effective July 1, 2022, Public Chapter 1082 (2022) provides a sales and use tax deduction to compensate dealers registered in Tennessee for accounting and remitting sales and use tax.

The dealer is eligible for a vendor's compensation deduction equal to 2% of the state tax due, not to exceed \$25, on returns filed for tax periods beginning on or after July 1, 2022, and ending on or before June 30, 2023. Vendor's compensation does not apply to local sales tax.

This deduction is available provided the return is timely filed and the taxes are timely paid. Failure to timely file or timely pay will result in the loss of the vendor's compensation deduction.

In order to take this deduction, instructions and a new line will be added to the sales and use tax return beginning with the July 2022 return (due in August).

### For More Information

Visit [www.tn.gov/revenue](http://www.tn.gov/revenue). Click on Revenue Help to search for answers or to submit an information request to one of our agents.

### References

Pub. Ch. 1082 (2022).