

Retail Accountability Assessment Calculation

Retail Accountability assessments are calculated as follows:

The numbers used in this calculation are for illustrative purposes only.

Beer and Tobacco Purchases			Example Numbers
Total Beer Purchases x 1.15	=	Beer Subtotal	\$15,275.50
Total Tobacco Purchases x 1.13*	=	Tobacco Subtotal	\$86,272.34
Total Purchases w/ Mark-up			\$101,547.84
Taxable Sales Per Return (Net Taxable Sales Line 7 Sales and Use Tax Return)	-		(\$72,367.88)
Difference (Total Purchases w/ Mark-up – Net Taxable Sales Per Return)	=	Taxable Variance**	\$29,179.96
Taxable Variance x 7% = State Tax Due		29,179.96 x 7% =	\$2,042.60
Taxable Variance x 2.5% = Local Tax Due (2.5% rate used for example)		29,179.96 x 2.5% =	\$729.50

A negative taxable variance on beer and tobacco will reduce tax due on food and other items purchased.

Food and Other Items Purchases			Example Numbers
Total Food and Other Items Purchases	=	Food and Other Item Subtotal	\$29,330.75
Total Purchases			\$29,330.75
Taxable Sales Per Return (Schedule A Lines 1, 2, 3, and 4 Sales and Use Tax Return)	-		(\$15,935.00)
Difference (Total Purchases – Schedule A Lines 1-4 Sales Return Total)	=	Taxable Variance	\$13,395.75
Taxable Variance x 5% = State Tax Due***		13,395.75 x 5% =	\$669.79
Taxable Variance x 2.5% = Local Tax Due (2.5% rate used for example)		13,395.75 x 2.5% =	\$334.89

A negative taxable variance on food will not reduce tax due on tobacco and beer.

Combining Tobacco and Beer with Food and Other Items			Example Numbers
Combine State Tax Due		2,042.60 + 669.79 =	\$2,712.39
Combine Local Tax Due		729.50 + 334.89 =	\$1,064.39
Total Tax Due			\$3,776.78

Penalties and interest will be due in addition to the state and local taxes.

**The Retail Accountability assessment calculations shown above are for periods beginning January 1, 2017 through June 30, 2017. As of July 1, 2017, the minimum mark-up on cigarettes required by Tenn. Code Ann. § 47-25-302 increased to 15%.*

*** When a negative taxable variance on beer and tobacco occurs, the negative amount will be multiplied by the food tax rate and deducted from any additional tax calculated on the taxable variance for food and other items purchased.*

**** The Retail Accountability assessment calculations shown above are for periods beginning January 1, 2017 through June 30, 2017. As of July 1, 2017, the food state tax rate decreased to 4%.*

For additional information, please contact the Retail Accountability Unit at:

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