Streamlined Sales Tax Governing Board, Inc.

Online Taxability/Best Practice Matrix or Certificate of Compliance Change

State: Tennessee

Date: 08/02/2016

Change Number (to be completed by SSTGB): TN201600TM

Name of Person Submitting Change: Sherry Hathaway

Effective Date of Change: 08/02/2016

Date Change to be Published for Public View: 08/02/2016

Change Order Details

- (●) Taxability/Best Practice Matrix Change
- ( ) Certificate of Compliance Change

List reference number of changed items:

Submitting 2016 Recertification Taxability Matrix with the following changes:
Added statute cite to Liability Relief for Tax 3.1 - Administration Practices.
Added comments to 30040 and 30015 - Product Definitions.
Responded to new 20105 - Sales Tax Holiday.
No changes made regarding tax treatment of items listed in the matrix.
No changes made regarding compliance or noncompliance with provisions of the SSUTA.

TO BE COMPLETED BY SSTGB

Date Change Published: 8/2/2016 Version 2016.0

Streamlined Sales Tax Governing Board, Inc.

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Tennessee State Taxability Matrix

version 2016.0

Publish Date:

Effective Date: Aug 01 2016

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Date Revised: Jul 29 2016

The Taxability Matrix contains four sections that must be completed: Section A – Administrative Definitions, Section B – Sales Tax Holidays, Section C – Product Definitions and Section D – Tax Administration Practices.

Instructions for Sections A, B and C of the Taxability Matrix

Each of the items listed in Sections A, B and C below are defined in the Library of Definitions in the Streamlined Sales and Use Tax Agreement (SSUTA) as amended through May 4, 2016. Refer to Appendix C of the SSUTA for each definition.

Place an "X" in the appropriate column under the heading "Treatment of definition" to indicate the treatment of each definition in your state. If a product definition was not adopted by your state, enter "NA" in the column under the heading "Statute/Rule Cite" and indicate in the "Treatment of definition" columns the treatment of the product in your state. In accordance with the SSUTA, your state must adopt the definitions in the Library of Definitions that apply to your state without qualifications, except for those allowed by the SSUTA. For this reason, do not enter any comments or qualifications in the two columns under the heading "Treatment of definition." If your state has adopted a definition in the Library of Definitions with a qualification not specified in the SSUTA, do not place an "X" in either column under the heading "Treatment of definition" but include a comment in the "Comment" column explaining the qualification. Enter the applicable statute/rule cite in the "Statute/Rule Cite" column.

With respect to Sections A, B and C of the taxability matrix, sellers and certified service providers are relieved from tax liability to the member state and its local jurisdictions for having charged and collected the incorrect amount of sales and use tax resulting from the seller or certified service provider relying on erroneous data provided by the member state relative to treatment of the terms defined in Sections A, B and C. **To the extent possible under each state's laws**, sellers and CSPs are also relieved from tax liability to the member state and its local jurisdictions for having charged and collected the incorrect amount of sales and use tax until the first day of the calendar month that is at least 30 days after notice of a change to Sections A, B, or C of the state's taxability matrix is submitted to the governing board, provided the seller or CSP relied on the prior version of the taxability matrix.

Instructions for Section D of the Taxability Matrix

With respect to Section D, "tax administration practices" have been approved by the Streamlined Sales Tax Governing Board (SSTGB) for each of the products, procedures, services, or transactions identified pursuant to Section 335 of the Streamlined Sales and Use Tax Agreement (SSUTA), as amended through May 4, 2016.

Use of the term "State" in each practice refers to the state completing the matrix.

Place an "X" in the appropriate column to indicate whether your State does or does not follow each practice identified.

For each tax administration practice identified in this matrix and further described in Appendix E of the SSUTA which your State follows, place an "X" in the "Yes" column and enter the statute or rule that applies to your state's treatment of this practice in the Statute/Rule Cite column.

For each tax administration practice identified in this matrix and further described in Appendix E of the SSUTA that your State does not follow, place an "X" in the "No" column, enter the statute or rule that applies to your state's treatment of this practice in the Statute/Rule Cite column and, if necessary, describe in the Comments column your state's practice in this area.

Conformance to a tax administration practice by a state is voluntary and no state shall be found not in compliance with the Agreement if it does not follow a tax administration practice adopted by the Governing Board.

With respect to Section D of this taxability matrix **and to the extent possible under each state's laws**, sellers and CSPs are relieved from tax liability to the member state and its local jurisdictions for having charged and collected the incorrect amount of sales and use tax resulting from the seller or certified service provider relying on erroneous data provided by the member state relative to the tax administration practices contained in Section D. In addition, **to the extent possible under each state's laws**, sellers and CSPs are also relieved from tax liability to the member state and its local jurisdictions for having charged and collected the incorrect amount of sales and use tax until the first day of the

calendar month that is at least 30 days after notice of a change to Section D of the state's taxability matrix is submitted to the governing board, provided the seller or CSP relied on the prior version of the taxability matrix.

Administrative Definitions		Treatment		Reference	
Reference Number	**Sales price: Identify how the options listed below are treated in your state. The following options may be excluded from the definition of sales price only if they are separately stated on the bill to the purchaser.**	**Included in Sales Price**	**Excluded From Sales Price**	**Statute/Rule Cite**	**Comment**
10010	Charges by the seller for any services necessary to complete the sale other than delivery and installation	◉	○	T.C.A. 67-6-102 (79)(A)(iii)	
10070	Telecommunication nonrecurring charges	◉	○	N/A	
10040	Installation charges	◉	○	T.C.A. 67-6-102 (79)(A)(v)	
10060	Value of trade-in	○	◉	T.C.A. 67-6-102 (79)(B)(iv)	
Reference Number	**Delivery Charges for personal property or services other than direct mail. The following charges are included in the definition of sales price unless your state excludes them from sales price when such charges are separately stated on the bill to the purchaser.**	**Included in Sales Price**	**Excluded From Sales Price**	**Statute/Rule Cite**	**Comment**
11000	Handling, crating, packing, preparation for mailing or delivery, and similar charges	◉	○	T.C.A. 67-6-102 (79)(A)(iv) and 67-6-102 (25)	
11010	Transportation, shipping, postage, and similar charges	◉	○	T.C.A. 67-6-102 (79)(A)(iv) and 67-6-102 (25)	
Reference Number	**Delivery Charges for direct mail. The following charges are included in the definition of sales price unless your state excludes them from sales price when such charges are separately stated on the bill to the purchaser.**	**Included in Sales Price**	**Excluded From Sales Price**	**Statute/Rule Cite**	**Comment**
11020	Handling, crating, packing, preparation for mailing or delivery, and similar charges	○	◉	T.C.A. 67-6-102 (25) and 67-6-102 (30)	
11021	Transportation, shipping, and similar charges	○	◉	T.C.A. 67-6-102 (25) and 67-6-102 (30)	
11022	Postage	○	◉	T.C.A. 67-6-102 (25) and 67-6-102 (30)	
Reference Number	**State and Local Taxes - A state may exclude from the sales price any or all state and local taxes on a retail sale that are imposed on the seller, if the state statute authorizing or imposing the tax provides that the seller may, but is not required, to collect such tax from the consumer. The tax must be separately stated on the invoice, bill of sale or similar document given to the purchaser. Sales and use taxes are not included in the sales price. If applicable list all state and local taxes, other than sales and use taxes imposed on the seller that your state excludes from sales price under this provision.**	**Included in Sales Price**	**Excluded From Sales Price**	**Statute/Rule Cite**	**Comment**
11110	***(State Controlled Item)***	◉	○	NA, T.C.A. 67-6-102 (79)(A)(ii)	
Reference Number	**TRIBAL TAXES - A state may exclude from the sales price tribal taxes on a retail sale that are imposed on the seller if the Tribal law authorizing or imposing the tax provides that the seller may, but is not required, to**	**Included in Sales Price**	**Excluded From Sales Price**	**Statute/Rule Cite**	**Comment**

	collect such tax from the consumer The tax must be separately stated on the invoice, bill of sale or similar document given to the purchaser. If applicable list all tribal taxes on a retail sale that are imposed on the seller if the Tribal law authorizing or imposing the tax provides that the seller may, but is not required, to collect such tax from the consumer. The tax must be separately stated on the invoice, bill of sale or similar document given to the purchaser.				
11120	*(State Controlled Item)*	◉	○	NA, T.C.A. 67-6-102 (79)(A)(ii)	
	Federal Excise Taxes – A state may exclude federal excise taxes or fees that are not directly imposed on a consumer if the state lists those taxes and a reference to the specific law on the state's taxability matrix. The tax must be separately stated on the invoice, bill of sale or similar document given to the purchaser. List all federal excise taxes or fees that are not directly imposed on the consumer that your states excludes from the sales price under this provision.	Included in Sales Price	Excluded From Sales Price		
11130	*(State Controlled Item)*	◉	○		

Sales Tax Holidays			**Yes**	**No**		
Sales Tax Holidays: Does your state have a sales tax holiday?			◉	○		
Reference Number	**If yes, indicate the tax treatment during your state sales tax holiday for the following products.**	**Amount of Threshold**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
20060	All Energy star qualified products. If only specific energy star qualified products or energy star qualified classifications, list those below.	$0	◉	○	N/A	
20060	*(State Controlled Item)*	$0	○	○	N/A	
20150	All Disaster Preparedness Supply	$0	◉	○	N/A	
20160	Specific Disaster preparedness general supply	$0	◉	○	N/A	
20170	Specific Disaster preparedness safety supply	$0	◉	○	N/A	
20180	Specific Disaster preparedness food-related supply	$0	◉	○	N/A	
20190	Specific Disaster preparedness fastening supply	$0	◉	○	N/A	
20070	School supply	$100	○	◉	T.C.A. 67-6-393 (a)(2) and 67-6-102 (83)	
20080	School art supply	$100	○	◉	T.C.A. 67-6-393 (a)(3) and 67-6-102 (80)	

20090	School instructional material.	$0	◉	○	T.C.A. 67-6-393 (b)(5) and 67-6-102 (82)	Textbooks and workbooks are exempt from sales and use tax. T.C.A. 67-6-329(a)(3) and 67-6-102 (91) (97)
20100	School computer supply	$0	◉	○	T.C.A. 67-6-393 (b)(6) and 67-6-102 (81)	
20105	All WaterSense products. If only specific WaterSense products or specified WaterSense classifications on the WaterSense listing, list those below.	$0	◉	○	N/A	
20105	***(State Controlled Item)***	$ 0	○	○		
Reference Number	**Other products defined in Part II of the Library of Definitions included in your state sales tax holiday.**	**Amount**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
20120	***(State Controlled Item)*** Prewritten computer software	$0	◉	○	NA, T.C.A. 67-6-393 (b)(1) and 67-6-102 (68)	
20130	Clothing	$100	○	◉	T.C.A. 67-6-393 (a)(1) and 67-6-102 (12)	
20110	Computers	$1500	○	◉	T.C.A. 67-6-393 (a)(4) and 67-6-102 (17)	

Product Definitions		**Treatment**		**Reference**	
Reference Number	**Clothing and related products**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
20010	Clothing	◉	○	T.C.A. 67-6-102 (12) and 67-6-202 (a) and 67-6-702 (a)	
20015	Essential clothing priced below a state specific threshold	◉	○	N/A	
20050	Fur clothing	◉	○	N/A	
20020	Clothing accessories or equipment	◉	○	T.C.A. 67-6-102 (13) and 67-6-202 (a) and 67-6-702 (a)	
20030	Protective equipment	◉	○	T.C.A. 67-6-102 (71) and 67-6-202 (a) and 67-6-702 (a)	
20040	Sport or recreational equipment	◉	○	T.C.A. 67-6-102 (87) and 67-6-202 (a) and 67-6-702 (a)	
Reference Number	**Computer related products**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
30100	Computer	◉	○	T.C.A. 67-6-102 (17) and 67-6-202(a) and 67-6-702(a)	
30040	Prewritten computer software	◉	○		

				T.C.A. 67-6-231 (a) and 67-6-702(a) and 67-6-102(68)	Effective, July 1, 2015 Public Chapter 514 Acts of 2015 Section 22 provides sales and use tax also applies to the sale, lease, license, subscription and use of computer software that remains in the possession of the seller, or its designee, that is remotely accessed and used by the customer from a Tennessee location. See Important Notice 15-14, Important Notice 15-24, and Remotely Accessed Software Direct Pay Permit Form.
30050	Prewritten computer software delivered electronically	◉	○	T.C.A. 67-6-231 (a) and 67-6-702(a) and 67-6-102(68) (24)	
30060	Prewritten computer software delivered via load and leave	◉	○	T.C.A. 67-6-231 (a) and 67-6-702(a) and 67-6-102(68)	
30015	Non-prewritten (custom) computer software	◉	○	T.C.A. 67-6-231 (a) and 67-6-702(a) and 67-6-102(18)	Effective, July 1, 2015 Public Chapter 514 Acts of 2015 Section 22 provides sales and use tax also applies to the sale, lease, license, subscription and use of computer software that remains in the possession of the seller, or its designee, that is remotely accessed and used by the customer from a Tennessee location. See Important Notice 15-14 Important Notice 15-24, and Remotely Accessed Software Direct Pay Permit Form.
30025	Non-prewritten (custom) computer software delivered electronically	◉	○	T.C.A. 67-6-231 (a) and 67-6-702(a) and 67-6-102(18) (24)	
30035	Non-prewritten (custom) computer software delivered via load and leave	◉	○	T.C.A. 67-6-231 (a) and 67-6-702(a) and 67-6-102(18)	
Reference Number	**Mandatory computer software maintenance contracts**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
30200	Mandatory computer software maintenance contracts with respect to prewritten computer software	◉	○	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102(19) (68)	
30210	Mandatory computer software maintenance contracts with respect to prewritten computer software which is delivered electronically.	◉	○	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102(19) (24) & (68)	
30220	Mandatory computer software maintenance contracts with respect to prewritten computer software which is delivered via load and leave	◉	○	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102(19) (68)	
30230	Mandatory computer software maintenance contracts with respect to non-prewritten (custom) computer software	◉	○	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102 (18) (19)	
30240	Mandatory computer software maintenance contracts with respect to non-prewritten (custom) software which is delivered electronically	◉	○	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102(18) (19) & (24)	
30250	Mandatory computer software maintenance contracts with respect to non-prewritten (custom) software which is delivered via load and leave	◉	○		

				T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102 (18) (19)	
Reference Number	**Optional computer software maintenance contracts**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
30300	Optional computer software maintenance contracts with respect to prewritten computer software that only provide updates or upgrades with respect to the software	◉	○	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102 (19) (68)	
30310	Optional computer software maintenance contracts with respect to prewritten computer software that only provide updates or upgrades delivered electronically with respect to the software	◉	○	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102(19) (24) & (68)	
30320	Optional computer software maintenance contracts with respect to prewritten computer software that only provide updates or upgrades delivered via load and leave with respect to the software	◉	○	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102(19) (68)	
30330	Optional computer software maintenance contracts with respect to non-prewritten (custom) computer software that only provide updates or upgrades with respect to the software	◉	○	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102(18) (19)	
30340	Optional computer software maintenance contracts with respect to non-prewritten (custom) computer software that only provide updates or upgrades delivered electronically with respect to the software	◉	○	T.C.A. 67-6-231 (b) and 67-6-702(a) 67-6-102(18) (19) & (24)	
30350	Optional computer software maintenance contracts with respect to non-prewritten (custom) computer software that only provide updates or upgrades delivered via load and leave with respect to the software	◉	○	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102(18) (19)	
30360	Optional computer software maintenance contracts with respect to non-prewritten (custom) computer software that only provide support services to the software	○	◉	T.C.A. 67-6-102 (19)	
30370	Optional computer software maintenance contracts with respect to non-prewritten (custom) computer software that provide updates or upgrades and support services to the software	◉	○	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102(18) (19)	
30380	Optional computer software maintenance contracts with respect to non-prewritten (custom) computer software that provide updates or upgrades delivered electronically and support services to the software	◉	○	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102(18) (19) & (24)	
30390	Optional computer software maintenance contracts with respect to non-prewritten (custom) computer software provide updates or upgrades delivered via load and leave and support services to the software	◉	○	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102(18) (19)	
Reference Number	**Indicate your state's tax treatment for optional computer software maintenance contracts with respect to prewritten computer software sold for one non-itemized price that include updates and upgrades and/or support services. Use percentages in the taxable and exempt columns to denote tax treatment in your state. For example: if all taxable put 100% in the taxable column; if all nontaxable/exempt put 100% in the exempt column; if 50% taxable and 50% nontaxable/exempt put 50% in the taxable column and 50% in the exempt column.**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
30400	Optional computer software maintenance contracts with respect to prewritten computer software that provide updates or upgrades and support services to the software	100%	0%	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102(19) (68)	
30410	Optional computer software maintenance contracts with respect to prewritten computer software that	100%	0%		

	provide updates and upgrades delivered electronically and support services to the software			T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102(19) (24) & (68)	
30420	Optional computer software maintenance contracts with respect to prewritten computer software that provide updates and upgrades delivered via load and leave and support services to the software	100%	0%	T.C.A. 67-6-231 (b) and 67-6-702(a) and 67-6-102(19) (68)	
30430	Optional computer software maintenance contracts with respect to prewritten computer software that only provide support services to the software	0%	100%	T.C.A. 67-6-102 (19) (68)	
Reference Number	**Digital products(excludes telecommunications services, ancillary services and computer software)**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
31000	A state imposing tax on products "transferred electronically" is not required to adopt definitions for specified digital products. ("Specified digital products" includes the defined terms: digital audio visual works; digital audio works; and digital books.) Does your state impose tax on products transferred electronically other than digital audio visual works, digital audio works, or digital books?	◉	○	T.C.A. 67-6-233 & 67-6-702(g)(4) & 67-6-102 (86) T.C.A. 67-6-312 (b) & 67-6-702(a) & 67-6-102(38) T.C.A. 67-6-312 (c) & 67-6-702(a) & 67-6-102(2) T.C.A. 67-6-226 & 67-6-103(f) & 67-6-714 & 67-6-102 (97) T.C.A. 67-6-227 P.C. 514 (2015) Sec. 21 & 23 Eft. 7-1-2015	Specified digital poducts Digital advertising final artwork Digital advertising materials Video programming service Direct-to-home satellite service Video game digital products Eft. 7-1-2015.
Reference Number	**For transactions other than those included above, a state must specifically impose and separately enumerate a broader imposition of the tax. Does your state impose tax on:**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
31065	Digital audio visual works sold to users other than the end user.	○	◉	T.C.A. 67-6-233 (f) and 67-6-102(28) (86)	
31050	Digital audio visual works sold with rights of use less than permanent use...	◉	○	T.C.A. 67-6-233 (a) & (b) (1) and 67-6-702(g)(4) 67-6-102 (28) (86)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
31060	Digital audio visual works sold with rights of use conditioned on continued payment.	◉	○	T.C.A. 67-6-233 (a) & (b) (2) and 67-6-702(g)(4) 67-6-102(28) (86)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
31095	Digital audio works sold to users other than the end user.	○	◉	T.C.A. 67-6-233 (f) and 67-6-102 (27) (86)	
31080	Digital audio works sold with rights of use less than permanent.	◉	○	T.C.A. 67-6-233 (a) & (b) (1) and 67-6-702(g)(4) 67-6-102(27) (86)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
31090	Digital audio works sold with rights of use conditioned on continued payments.	◉	○	T.C.A. 67-6-233 (a) & (b) (2) and 67-6-702(g)(4) 67-6-102(27) (86)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate

31125	Digital books sold to users other than the end user.	○	◉	T.C.A. 67-6-233 (f) and 67-6-102(29) (86)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
31110	Digital books sold with rights of use less than permanent.	◉	○	T.C.A. 67-6-233 (a) & (b) (1) and 67-6-702(g)(4) 67-6-102(29) (86)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
31120	Digital books sold with rights of use conditioned on continued payments.	◉	○	T.C.A. 67-6-233 (a) & (b) (2) and 67-6-702(g)(4) 67-6-102(29) (86)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
31121	Does your state treat subscriptions to products "transferred electronically" differently than a non-subscription purchase of such product?	○	◉	T.C.A. 67-6-233 (a) (b)(1) & (b)(2) 67-6-102(27) (28) & (29)	Subscriptions to video programming services and direct-to-home satellite are also subject to tax. See: T.C.A. 67-6-226 & 67-6-227
Reference Number	**Digital products(excludes telecommunications services, ancillary services and computer software)**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
31040	Digital audio visual works sold to an end user with rights for permanent use	◉	○	T.C.A. 67-6-233 (a) (b)(1) and 67-6-702(g)(4) 67-6-102(28) (86)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
31070	Digital audio works sold to an end user with rights for permanent use	◉	○	T.C.A. 67-6-233 (a) (b)(1) and 67-6-702(g)(4) 67-6-102(27) (86)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
31100	Digital books sold to an end user with rights for permanent use	◉	○	T.C.A. 67-6-233 (a) (b)(1) and 67-6-702(g)(4) 67-6-102(29) (86)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
Reference Number	**Section 332.H. provides that states may have product based exemptions for specific items within specified digital products. ("Specified digital products" includes the defined terms: digital audio visual works; digital audio works; and digital books.) List product based exemptions for specific items included in specified digital products. Example: digital textbooks**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
32000	***(State Controlled Item)*** Any specified digital products if equivalent tangible form is exempt.	○	◉	T.C.A. 67-6-329 (d)(1)	
32000	***(State Controlled Item)*** Specified digital products provided without charge with rights of less than permanent use	○	◉	T.C.A. 67-6-329 (d)(2)	
32000	***(State Controlled Item)*** Periodicals printed entirely on newsprint or bond paper and regularly distributed at least twice monthly	○	◉	T.C.A. 67-6-329 (a)(10)	
32000	***(State Controlled Item)*** Textbooks, Workbooks	○	◉	T.C.A. 67-6-329 (a)(3) and 67-6-102(91) (97)	
32000	***(State Controlled Item)*** Digital advertising preliminary artwork	◉	○	T.C.A. 67-6-102 (63) and 67-6-312(a)	Exemption for a qualified advertising agency
32000	***(State Controlled Item)*** Subscriptions to satellite radio services	○	◉	T.C.A. 67-6-233 (d)	
Reference Number	**Food and food products**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
40010	Candy	◉	○		

				T.C.A. 67-6-228 (b) and 67-6-202(a) 67-6-702(a) 67-6-102(9)	
40020	Dietary Supplements	◉	○	T.C.A. 67-6-228 (b) and 67-6-202(a) 67-6-702(a) 67-6-102(26)	
40030	Food and food ingredients excluding alcoholic beverages and tobacco	◉	○	T.C.A. 67-6-228 (a) and 67-6-702(a) 67-6-102(41)	
40040	Food sold through vending machines	◉	○	NA, T.C.A. 67-6-228 (a-b) and 67-6-202(a) 67-6-702(h)	
40050	Soft Drinks	◉	○	NA, T.C.A. 67-6-228 (a) and 67-6-702(a)	
40060	Bottled Water	◉	○	NA, T.C.A. 67-6-228 (a) and 67-6-702(a)	
41000	Prepared Food	◉	○	T.C.A 67-6-228 (b) and 67-6-202(a) 67-6-702(a) 67-6-102(66)	
Reference Number	**Prepared food options - The following food items heated, mixed or combined by the seller are included in the definition of prepared food unless a state elects to exclude them from the definition of prepared food. Such food items excluded from prepared food are taxed the same as food and food ingredients. (Indicate how the options for the following food items that otherwise meet the definition of prepared food are treated in your state.)**	**Included in Prepared Food**	**Excluded From Prepared Food**	**Statute/Rule Cite**	**Comment**
41010	Prepared food sold without eating utensils provided by the seller whose primary NAICS classification is manufacturing in sector 311, except subsector 3118 (bakeries)	◉	○	T.C.A. 67-6-228 (b) and 67-6-202(a) 67-6-702(a) 67-6-102(66)	
41020	Prepared food sold without eating utensils provided by the seller in an unheated state by weight or volume as a single item	◉	○	T.C.A. 67-6-228 (b) and 67-6-202(a) 67-6-702(a) 67-6-102(66)	
41025	Meat or seafood products that meet the definition of prepared food sold without eating utensils provided by the seller in an unheated state by weight or volume as a single item	◉	○	T.C.A. 67-6-228 (b) and 67-6-202(a) 67-6-702(a) 67-6-102(66)	
41030	Bakery items that meet the definition of prepared food sold without eating utensils provided by the seller, including bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas	◉	○	T.C.A. 67-6-228 (b) and 67-6-202(a) 67-6-702(a) 67-6-102(66)	
41040	Prepared food sold without eating utensils provided by the seller that ordinarily requires cooking (as opposed to just reheating) by the consumer prior to consumption	◉	○	T.C.A. 67-6-228 (b) and 67-6-202(a) 67-6-702(a) 67-6-102(66)	
Reference Number	**Health-care products Drugs (indicate how the options are treated in your state) Drugs for human use**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
51010	Drugs, other than over-the-counter drugs, for human use without a prescription	◉	○	T.C.A. 67-6-102 (33) (59) (67) and 67-6-202(a) 67-6-702(a)	
51020	Drugs, other than over-the-counter drugs, for human use with a prescription	○	◉	T.C.A. 67-6-102 (33) (59) (67) and 67-6-320(a)	
51050	Insulin for human use without a prescription	○	◉	T.C.A. 67-6-320 (b)(1)	

51060	Insulin for human use with a prescription	○	◉	T.C.A. 67-6-320 (b)(1)	
51090	Medical oxygen for human use without a prescription	◉	○	T.C.A. 67-6-320 (b)(2) and 67-6-202(a) 67-6-702(a)	
51100	Medical oxygen for human use with a prescription	○	◉	T.C.A. 67-6-320 (b)(2)	
51130	Over-the-counter drugs for human use without a prescription	◉	○	T.C.A. 67-6-102 (59) (67) and 67-6-202(a) 67-6-702(a)	
51140	Over-the-counter drugs for human use with a prescription	○	◉	T.C.A 67-6-102 (59) (67) and 67-6-320(a)	
51170	Grooming and hygiene products for human use that don't meet the definition of "drug"	◉	○	T.C.A. 67-6-102 (42) (59) and 67-6-320(a) 67-6-202(a) 67-6-702(a)	
51171	Grooming and hygiene products for human use that meet the definition of "drug" without a prescription	◉	○	T.C.A. 67-6-102 (42) (59) and 67-6-320(a) 67-6-202(a) 67-6-702(a)	
51172	Grooming and hygiene products for human use that meet the definition of "drug" with a prescription	○	◉	T.C.A. 67-6-102 (42) (59) and 67-6-320(a) 67-6-202(a) 67-6-702(a)	
51190	Over-the-counter drugs for human use to hospitals	○	◉	T.C.A. 67-6-320 (a) (b) and Rule 1320-5-1-.26	
51195	Over-the-counter drugs for human use to other medical facilities	○	◉	T.C.A. 67-6-320 (a) (b) and Rule 1320-5-1-.26	
51200	Prescription drugs for human use to hospitals	○	◉	T.C.A. 67-6-320 (a) (b) and Rule 1320-5-1-.26	
51205	Prescription drugs for human use to other medical facilities	○	◉	T.C.A. 67-6-320 (a) (b) and Rule 1320-5-1-.26	
51240	Free samples of drugs for human use	◉	○	T.C.A. 67-6-202 (a) and 67-6-702(a)	
51250	Free samples of prescription drugs for human use	○	◉	T.C.A. 67-6-319 (b)	
Reference Number	**Drugs for animal use**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
51030	Drugs, other than over-the-counter drugs, for animal use without a prescription	◉	○	T.C.A. 67-6-102 (33) and 67-6-202(a) 67-6-702 (a)	
51040					

	Drugs, other than over-the-counter drugs, for animal use with a prescription	◉	○	T.C.A. 67-6-102 (33) (67) and 67-6-202(a) 67-6-702(a) 67-6-320(a)	
51070	Insulin for animal use without a prescription	○	◉	T.C.A. 67-6-320 (b)(1)	
51080	Insulin for animal use with a prescription	○	◉	T.C.A. 67-6-320 (b)(1)	
51110	Medical oxygen for animal use without a prescription	◉	○	T.C.A. 67-6-320 (b)(2) and 67-6-202(a) 67-6-702(a)	
51120	Medical oxygen for animal use with a prescription	◉	○	T.C.A. 67-6-320 (b)(2) and 67-6-202(a) 67-6-702(a)	
51150	Over-the-counter drugs for animal use without a prescription	◉	○	T.C.A. 67-6-102 (59) and 67-6-202(a) 67-6-702(a)	
51160	Over-the-counter drugs for animal use with a prescription	◉	○	T.C.A. 67-6-102 (59) (67) and 67-6-320(a) 67-6-202(a) 67-6-702(a)	
51180	Grooming and hygiene products for animal use	◉	○	T.C.A. 67-6-102 (42) (59) and 67-6-320(a) 67-6-202(a) 67-6-702(a)	
51210	Over-the-counter drugs for animal use to veterinary hospitals and other animal medical facilities	◉	○	T.C.A. 67-6-202 (a) and 67-6-702(a) 67-6-351	
51220	Prescription drugs for animal use to veterinary hospitals and other animal medical facilities	◉	○	T.C.A. 67-6-202 (a) and 67-6-702(a) 67-6-351	
51260	Free samples of drugs for animal use	◉	○	T.C.A. 67-6-202 (a) and 67-6-702(a)	
51270	Free samples of prescription drugs for animal use	○	◉	T.C.A. 67-6-319 (a)	
Reference Number	**Durable medical equipment (indicate how the options are treated in your state)**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
52010	Durable medical equipment, not for home use, without a prescription	◉	○	T.C.A. 67-6-102 (34) and 67-6-202(a) 67-6-702(a)	
52020	Durable medical equipment, not for home use, with a prescription	◉	○	NA, T.C.A. 67-6-102 (34) and 67-6-202(a) 67-6-702(a)	
52030	Durable medical equipment, not for home use, with a prescription paid for by Medicare	◉	○	NA, T.C.A. 67-6-102 (34) and 67-6-202(a) 67-6-702(a)	
52040	Durable medical equipment, not for home use, with a prescription reimbursed by Medicare	◉	○	NA, T.C.A. 67-6-102 (34) and 67-6-202(a) 67-6-702(a)	

52050	Durable medical equipment, not for home use, with a prescription paid for by Medicaid	○	◉	NA, T.C.A. 67-6-102 (34) and 67-6-308	
52060	Durable medical equipment, not for home use, with a prescription reimbursed by Medicaid	◉	○	NA, T.C.A. 67-6-102 (34) and 67-6-202(a) 67-6-702(a)	
52070	Durable medical equipment for home use without a prescription	◉	○	NA, T.C.A. 67-6-102 (34) and 67-6-202(a) 67-6-702(a)	
52080	Durable medical equipment for home use with a prescription	○	◉	T.C.A. 67-6-102 (34) (67) and 67-6-314(2)	
52090	Durable medical equipment for home use with a prescription paid for by Medicare	○	◉	NA, T.C.A. 67-6-102 (34) (67) and 67-6-314(2)	
52100	Durable medical equipment for home use with a prescription reimbursed by Medicare	○	◉	NA, T.C.A. 67-6-102 (34) (67) and 67-6-314(2)	
52110	Durable medical equipment for home use with a prescription paid for by Medicaid	○	◉	NA, T.C.A. 67-6-102 (34) (67) and 67-6-314(2) 67-6-308	
52120	Durable medical equipment for home use with a prescription reimbursed by Medicaid	○	◉	NA, T.C.A. 67-6-102 (34) (67) and 67-6-314(2)	
52130	Oxygen delivery equipment, not for home use, without a prescription	○	◉	T.C.A. 67-6-314 (3)	
52140	Oxygen delivery equipment, not for home use, with a prescription	○	◉	T.C.A. 67-6-314 (3)	
52150	Oxygen delivery equipment, not for home use, with a prescription paid for by Medicare	○	◉	T.C.A. 67-6-314 (3)	
52160	Oxygen delivery equipment, not for home use, with a prescription reimbursed by Medicare	○	◉	T.C.A. 67-6-314 (3)	
52170	Oxygen delivery equipment, not for home use, with a prescription paid for by Medicaid	○	◉	T.C.A. 67-6-314 (3)	
52180	Oxygen delivery equipment, not for home use, with a prescription reimbursed by Medicaid	○	◉	T.C.A. 67-6-314 (3)	
52190	Oxygen delivery equipment for home use without a prescription	○	◉	T.C.A. 67-6-314 (3)	
52200	Oxygen delivery equipment for home use with a prescription	○	◉	T.C.A. 67-6-314 (3)	
52210	Oxygen delivery equipment for home use with a prescription paid for by Medicare	○	◉	T.C.A. 67-6-314 (3)	

52220	Oxygen delivery equipment for home use with a prescription reimbursed by Medicare	○	◉	T.C.A. 67-6-314 (3)	
52230	Oxygen delivery equipment for home use with a prescription paid for by Medicaid	○	◉	T.C.A. 67-6-314 (3)	
52240	Oxygen delivery equipment for home use with a prescription reimbursed by Medicaid	○	◉	T.C.A. 67-6-314 (3)	
52250	Kidney dialysis equipment, not for home use, without a prescription	○	◉	T.C.A. 67-6-314 (4)	
52260	Kidney dialysis equipment, not for home use, with a prescription	○	◉	T.C.A. 67-6-314 (4)	
52270	Kidney dialysis equipment, not for home use, with a prescription paid for by Medicare	○	◉	T.C.A. 67-6-314 (4)	
52280	Kidney dialysis equipment, not for home use, with a prescription reimbursed by Medicare	○	◉	T.C.A. 67-6-314 (4)	
52290	Kidney dialysis equipment, not for home use, with a prescription paid for by Medicaid	○	◉	T.C.A. 67-6-314 (4)	
52300	Kidney dialysis equipment, not for home use, with a prescription reimbursed by Medicaid	○	◉	T.C.A. 67-6-314 (4)	
52310	Kidney dialysis equipment for home use without a prescription	○	◉	T.C.A. 67-6-314 (4)	
52320	Kidney dialysis equipment for home use with a prescription	○	◉	T.C.A. 67-6-314 (4)	
52330	Kidney dialysis equipment for home use with a prescription paid for by Medicare	○	◉	T.C.A. 67-6-314 (4)	
52340	Kidney dialysis equipment for home use with a prescription reimbursed by Medicare	○	◉	T.C.A. 67-6-314 (4)	
52350	Kidney dialysis equipment for home use with a prescription paid for by Medicaid	○	◉	T.C.A. 67-6-314 (4)	
52360	Kidney dialysis equipment for home use with a prescription reimbursed by Medicaid	○	◉	T.C.A. 67-6-314 (4)	
52370	Enteral feeding systems, not for home use, without a prescription	○	◉	T.C.A. 67-6-314 (5)	
52380	Enteral feeding systems, not for home use, with a prescription	○	◉	T.C.A. 67-6-314 (5)	
52390	Enteral feeding systems, not for home use, with a prescription paid for by Medicare	○	◉	T.C.A. 67-6-314 (5)	

52400	Enteral feeding systems, not for home use, with a prescription reimbursed by Medicare	○	◉	T.C.A. 67-6-314 (5)	
52410	Enteral feeding systems, not for home use, with a prescription paid for by Medicaid	○	◉	T.C.A. 67-6-314 (5)	
52420	Enteral feeding systems, not for home use, with a prescription reimbursed by Medicaid	○	◉	T.C.A. 67-6-314 (5)	
52430	Enteral feeding systems for home use without a prescription	○	◉	T.C.A. 67-6-314 (5)	
52440	Enteral feeding systems for home use with a prescription	○	◉	T.C.A. 67-6-314 (5)	
52450	Enteral feeding systems for home use with a prescription paid for by Medicare	○	◉	T.C.A. 67-6-314 (5)	
52460	Enteral feeding systems for home use with a prescription reimbursed by Medicare	○	◉	T.C.A. 67-6-314 (5)	
52470	Enteral feeding systems for home use with a prescription paid for by Medicaid	○	◉	T.C.A. 67-6-314 (5)	
52480	Enteral feeding systems for home use with a prescription reimbursed by Medicaid	○	◉	T.C.A. 67-6-314 (5)	
52490	Repair and replacement parts for durable medical equipment which are for single patient use	◉	○	T.C.A. 67-6-102 (34)(B) and 67-6-202(a) 67-6-702(a)	
Reference Number	**Mobility enhancing equipment (indicate how the options are treated in your state)**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
53010	Mobility enhancing equipment without a prescription	◉	○	T.C.A. 67-6-102 (53) and 67-6-202(a) 67-6-702(a)	
53020	Mobility enhancing equipment with a prescription	○	◉	T.C.A. 67-6-102 (53) (67) and 67-6-314(6)	
53030	Mobility enhancing equipment with a prescription paid for by Medicare	○	◉	NA, T.C.A. 67-6-102 (53) (67) and 67-6-314(6)	
53040	Mobility enhancing equipment with a prescription reimbursed by Medicare	○	◉	NA, T.C.A. 67-6-102 (53) (67) and 67-6-314(6)	
53050	Mobility enhancing equipment with a prescription paid for by Medicaid	○	◉	NA, T.C.A. 67-6-102 (53) (67) and 67-6-314(6) 67-6-308	
53060	Mobility enhancing equipment with a prescription reimbursed by Medicaid	○	◉	NA, T.C.A. 67-6-102 (53) (67) and 67-6-314(6)	
Reference Number	**Prosthetic devices (indicate how the options are treated in your state)**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**

54010	Prosthetic devices without a prescription	○	◉	T.C.A. 67-6-102 (70) and 67-6-314(1)	
54020	Prosthetic devices with a prescription	○	◉	T.C.A. 67-6-102 (70) and 67-6-314(1)	
54030	Prosthetic devices with a prescription paid for by Medicare	○	◉	T.C.A. 67-6-102 (70) and 67-6-314(1)	
54040	Prosthetic devices with a prescription reimbursed by Medicare	○	◉	T.C.A. 67-6-102 (70) and 67-6-314(1)	
54050	Prosthetic devices with a prescription paid for by Medicaid	○	◉	T.C.A. 67-6-102 (70) and 67-6-314(1)	
54060	Prosthetic devices with a prescription reimbursed by Medicaid	○	◉	T.C.A. 67-6-102 (70) and 67-6-314(1)	
54070	Corrective eyeglasses without a prescription	◉	○	T.C.A. 67-6-102 (70) and 67-6-316 67-6-202(a) 67-6-702(a)	Optometrist, opticians, ophthalmologists purchases taxable, sales to patients exempt
54080	Corrective eyeglasses with a prescription	◉	○	T.C.A. 67-6-102 (70) and 67-6-316 67-6-202(a) 67-6-702(a)	Optometrist, opticians, ophthalmologists purchases taxable, sales to patients exempt
54090	Corrective eyeglasses with a prescription paid for by Medicare	◉	○	T.C.A. 67-6-102 (70) and 67-6-316 67-6-202(a) 67-6-702(a)	Optometrist, opticians, ophthalmologists purchases taxable, sales to patients exempt
54100	Corrective eyeglasses with a prescription reimbursed by Medicare	◉	○	T.C.A. 67-6-102 (70) and 67-6-316 67-6-202(a) 67-6-702(a)	Optometrist, opticians, ophthalmologists purchases taxable, sales to patients exempt
54110	Corrective eyeglasses with a prescription paid for by Medicaid	◉	○	T.C.A. 67-6-102 (70) and 67-6-316 67-6-202(a) 67-6-702(a)	Optometrist, opticians, ophthalmologists purchases taxable, sales to patients exempt
54120	Corrective eyeglasses with a prescription reimbursed by Medicaid	◉	○	T.C.A. 67-6-102 (70) and 67-6-316 67-6-202(a) 67-6-702(a)	Optometrist, opticians, ophthalmologists purchases taxable, sales to patients exempt
54130	Contact lenses without a prescription	◉	○	T.C.A. 67-6-102 (70) and 67-6-316 67-6-202(a) 67-6-702(a)	Optometrist, opticians, ophthalmologists purchases taxable, sales to patients exempt
54140	Contact lenses with a prescription	◉	○	T.C.A. 67-6-102 (70) and 67-6-316 67-6-202(a) 67-6-702(a)	Optometrist, opticians, ophthalmologists purchases taxable, sales to patients exempt
54150	Contact lenses with a prescription paid for by Medicare	◉	○	T.C.A. 67-6-102 (70) 67-6-316 67-6-202(a) 67-6-702(a)	Optometrist, opticians, ophthalmologists purchases taxable, sales to patients exempt
54160	Contact lenses with a prescription reimbursed by Medicare	◉	○	T.C.A. 67-6-102 (70) and 67-6-316 67-6-202(a) 67-6-702(a)	Optometrist, opticians, ophthalmologists purchases taxable, sales to patients exempt
54170	Contact lenses with a prescription paid for by Medicaid	◉	○		Optometrist, opticians, ophthalmologists purchases taxable, sales to patients exempt

				T.C.A. 67-6-102 (70) and 67-6-316 67-6-202(a) 67-6-702(a)	
54180	Contact lenses with a prescription reimbursed by Medicaid	◉	○	T.C.A. 67-6-102 (70) and 67-6-316 67-6-202(a) 67-6-702(a)	Optometrist, opticians, ophthalmologists purchases taxable, sales to patients exempt
54190	Hearing aids without a prescription	○	◉	T.C.A 67-6-102 (70) and 67-6-314(1)	
54200	Hearing aids with a prescription	○	◉	T.C.A 67-6-102 (70) and 67-6-314(1)	
54210	Hearing aids with a prescription paid for by Medicare	○	◉	T.C.A 67-6-102 (70) and 67-6-314(1)	
54220	Hearing aids with a prescription reimbursed by Medicare	○	◉	T.C.A 67-6-102 (70) and 67-6-314(1)	
54230	Hearing aids with a prescription paid for by Medicaid	○	◉	T.C.A 67-6-102 (70) and 67-6-314(1)	
54240	Hearing aids with a prescription reimbursed by Medicaid.	○	◉	T.C.A 67-6-102 (70) and 67-6-314(1)	
54250	Dental prosthesis without a prescription	○	◉	T.C.A 67-6-102 (70) and 67-6-314(1)	
54260	Dental prosthesis with a prescription	○	◉	T.C.A 67-6-102 (70) and 67-6-314(1)	
54270	Dental prosthesis with a prescription paid for by Medicare	○	◉	T.C.A 67-6-102 (70) and 67-6-314(1)	
54280	Dental prosthesis with a prescription reimbursed by Medicare	○	◉	T.C.A 67-6-102 (70) and 67-6-314(1)	
54290	Dental prosthesis with a prescription paid for by Medicaid	○	◉	T.C.A 67-6-102 (70) and 67-6-314(1)	
54300	Dental prosthesis with a prescription reimbursed by Medicaid	○	◉	T.C.A 67-6-102 (70) and 67-6-314(1)	
Reference Number	**Telecommunications & related products**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
60010	Ancillary Services	◉	○	T.C.A. 67-6-102 (7) and 67-6-205(c)(9) 67-6-702(g)(2)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480,2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
60020	Conference bridging service	◉	○	T.C.A. 67-6-102 (7)(A) and 67-6-205(c) (9) 67-6-702(g)(2)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
60030	Detailed telecommunications billing service	◉	○	T.C.A. 67-6-102 (7)(B) and 67-6-205(c)(9) 67-6-702(g)(2)	

					2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
60040	Directory assistance	◉	○	T.C.A. 67-6-102 (7)(C) and 67-6-205(c)(9) 67-6-702(g)(2)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
60050	Vertical service	◉	○	T.C.A. 67-6-102 (7)(D) and 67-6-205(c)(9) 67-6-702(g)(2)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
60060	Voice mail service	◉	○	T.C.A. 67-6-102 (7)(E) and 67-6-205(c)(9) 67-6-702(g)(2)	2009 PC 530 Sec 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate and applies general local tax rate
Reference Number	**Telecommunications (Indicate how the options are treated in your state)**	**Taxable**	**Exempt**	**Statute/Rule Cite**	**Comment**
61000	Intrastate Telecommunications Service	◉	○	T.C.A 67-6-102 (90) (47) and 67-6-205(a)(c)(3) 67-6-702(g)(2)	2009 PC 530 Sec. 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate on intrastate telecommunications and applies general local tax rate
61010	Interstate Telecommunications Service	◉	○	T.C.A. 67-6-102 (90) (46) and 67-6-205(a)(c)(3) 67-6-221 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42,2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on interstate business; 1.5% local tax rate on interstate residential; and 0% local tax rate on interstate business and applies general state and local tax rates
61020	International Telecommunications Service	◉	○	T.C.A. 67-6-102 (90) (45) and 67-6-205(a)(c)(3) 67-6-221 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42,2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on international business; 1.5% local tax rate on international residential; and 0% local tax rate on international business and applies general state and local tax rates
61030	International 800 service	◉	○	T.C.A. 67-6-102 (90) (45) and 67-6-205(a)(c)(3) 67-6-221 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42. 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on international business; 1.5% local tax rate on international residential; and 0% local tax rate on international business and applies general state and local tax rates
61040	International 900 service	◉	○	T.C.A. 67-6-102 (90) (45) and 67-6-205(a)(c)(3) 67-6-221 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42,2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on international business; 1.5% local tax rate on international residential; and 0% local tax rate on international business and applies general state and local tax rates
61050	International fixed wireless service	◉	○	T.C.A. 67-6-102 (90) (45) and 67-6-205(a)(c)(3) 67-6-221 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on international business; 1.5% local tax rate on international residential; and 0% local tax rate on international business and applies general state and local tax rates
61060	International mobile wireless service	◉	○	T.C.A. 67-6-102 (90) (45) and 67-6-205 (a) (c)(3) 67-6-221 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42,2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on international business; 1.5% local tax rate on international residential; and 0% local tax rate on international business and applies general state and local tax rates
61080	International prepaid calling service	◉	○		

				T.C.A. 67-6-102 (90) (45) & (64) and 67-6-230(a) 67-6-702(a)	
61090	International prepaid wireless calling service	◉	○	T.C.A. 67-6-102 (90) (45) & (65) and 67-6-230(a) 67-6-702(a)	
61100	International private communications service	◉	○	T.C.A. 67-6-102 (90) (45) & (69) and 67-6-205(a)(c)(3) 67-6-221 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42,2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on international business; 1.5% local tax rate on international residential; and 0% local tax rate on international business and applies general state and local tax rates
61110	International value-added non-voice data service	◉	○	T.C.A. 67-6-102 (90) (45) and 67-6-205 (a) (c)(3) 67-6-221 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on international business; 1.5% local tax rate on international residential; and 0% local tax rate on international business and applies general state and local tax rates
61120	International residential telecommunications service	◉	○	T.C.A. 67-6-102 (90) (45) and 67-6-205(a)(c)(3) 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42,2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on international business; 1.5% local tax rate on international residential; and 0% local tax rate on international business and applies general state and local tax rates
61130	Interstate 800 service	◉	○	T.C.A. 67-6-102 (90) (46) and 67-6-205(a)(c)(3) 67-6-221 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42,2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on interstate business; 1.5% local tax rate on interstate residential; and 0% local tax rate on interstate business and applies general state and local tax rates
61140	Interstate 900 service	◉	○	T.C.A. 67-6-102 (90) (46) and 67-6-205(a)(c)(3) 67-6-221 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42,2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on interstate business; 1.5% local tax rate on interstate residential; and 0% local tax rate on interstate business and applies general state and local tax rates
61150	Interstate fixed wireless service	◉	○	T.C.A. 67-6-102 (90) (46) and 67-6-205(a)(c)(3) 67-6-221 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42,2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on interstate business; 1.5% local tax rate on interstate residential; and 0% local tax rate on interstate business and applies general state and local tax rates
61160	Interstate mobile wireless service	◉	○	T.C.A. 67-6-102 (90) (46) and 67-6-205(a)(c)(3) 67-6-221 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42,2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on interstate business; 1.5% local tax rate on interstate residential; and 0% local tax rate on interstate business and applies general state and local tax rates
61180	Interstate prepaid calling service	◉	○	T.C.A. 67-6-102 (90) (46) & (64) and 67-6-230(a) 67-6-702(a)	
61190	Interstate prepaid wireless calling service	◉	○	T.C.A. 67-6-102 (90) (46) & (65) and 67-6-230(a) 67-6-702(a)	
61200	Interstate private communications service	◉	○		

				T.C.A. 67-6-102 (90) (46) & (69) and 67-6-205(a) (c)(3) 67-6-221 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on interstate business; 1.5% local tax rate on interstate residential; and 0% local tax rate on interstate business and applies general state and local tax rates
61210	Interstate value-added non-voice data service	◉	○	T.C.A. 67-6-102 (90) (46) and 67-6-205 (a) (c)(3) 67-6-221 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on interstate business; 1.5% local tax rate on interstate residential; and 0% local tax rate on interstate business and applies general state and local tax rates
61220	Interstate residential telecommunications service	◉	○	T.C.A. 67-6-102 (90) (46) and 67-6-205(a) (c)(3) 67-6-702(g)(1)	2009 PC 530 Secs 35 & 42,2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special rates of 7.5% state tax rate on interstate business; 1.5% local tax rate on interstate residential; and 0% local tax rate on interstate business and applies general state and local tax rates
61230	Intrastate 800 service	◉	○	T.C.A 67-6-102 (90) (47) and 67-6-205(a) (c)(3) 67-6-702(g)(2)	2009 PC 530 Sec. 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate on intrastate telecommunications and applies general local tax rate
61240	Intrastate 900 service	◉	○	T.C.A 67-6-102 (90) (47) and 67-6-205(a) (c)(3) 67-6-702(g)(2)	2009 PC 530 Sec. 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate on intrastate telecommunications and applies general local tax rate
61250	Intrastate fixed wireless service	◉	○	T.C.A 67-6-102 (90) (47) 67-6-205(a) (c)(3) 67-6-702(g)(2)	2009 PC 530 Sec. 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate on intrastate telecommunications and applies general local tax rate
61260	Intrastate mobile wireless service	◉	○	T.C.A 67-6-102 (90) (47) and 67-6-205(a) (c)(3) 67-6-702(g)(2)	2009 PC 530 Sec. 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate on intrastate telecommunications and applies general local tax rate
61280	Intrastate prepaid calling service	◉	○	T.C.A. 67-6-102 (90) (47) & (64) and 67-6-230(a) 67-6-702(a)	
61290	Intrastate prepaid wireless calling service	◉	○	T.C.A. 67-6-102 (90) (47) & (65) and 67-6-230(a) 67-6-702(a)	
61300	Intrastate private communications service	◉	○	T.C.A 67-6-102 (90) (47) & (69) and 67-6-205(a) (c)(3) 67-6-702(g)(2)	2009 PC 530 Sec. 35,2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate on intrastate telecommunications and applies general local tax rate
61310	Intrastate value-added non-voice data service	◉	○	T.C.A 67-6-102 (90) (47) and 67-6-205(a) (c)(3) 67-6-702(g)(2)	2009 PC 530 Sec. 35,2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate on intrastate telecommunications and applies general local tax rate
61320	Intrastate residential telecommunications service	◉	○	T.C.A 67-6-102 (90) (47) and 67-6-205(a) (c)(3) 67-6-702(g)(2)	2009 PC 530 Sec. 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eft. date 7/1/17 - Repeals special 2.5% local tax rate on intrastate telecommunications and applies general local tax rate
61325	Paging service	◉	○	T.C.A 67-6-102 (90) and 67-6-205(a) (c)(3) 67-6-702(g)(2)	

					2009 PC 530 Sec. 35, 2011 PC 72, 2013 PC 480, 2015 PC 273 Eff. date 7/1/17 - Repeals special 2.5% local tax rate on intrastate telecommunications and applies general local tax rate
61330	Coin-operated telephone service	○	◉	T.C.A. 67-6-102 (14) and 67-6-329(b)(1)	
61340	Pay telephone service	○	○	N/A	
61350	***(State Controlled Item)***	○	○	N/A	

D. Tax Administration Practices on Vouchers from Appendix E		**Does Your State Follow this Practice?**		**Add Additional Comments if Desired. If You Answered No, Describe the Difference Between the Practice as Adopted by the Governing Board and Your State's Treatment**	
Reference Number	**Disclosed Practice 1 - Vouchers**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Vouchers 1.1	The member state administers the difference between the value of a voucher allowed by the seller and the amount the purchaser paid for the voucher as a discount that is not included in the sales price (i.e., same treatment as a seller's in-store coupon), provided the seller is not reimbursed by a third party, in money or otherwise, for some or all of that difference.	◉	○	T.C.A. 67-6-102 (79)	
Vouchers 1.2	The member state provides that when the discount on a voucher will be fully reimbursed by a third party the seller is to use the face value of the voucher (i.e., same as the treatment of a manufacturer's coupon) and not the price paid by the purchaser as the measure (sales price) that is subject to tax.	◉	○	T.C.A. 67-6-102 (79)	
Vouchers 1.3	The member state provides that costs and expenses of the seller are not deductible from the sales price and are included in the measure (sales price) that is subject to tax. Further, reductions in the amount of consideration received by the seller from the third party that issued, marketed, or distributed the vouchers, such as advertising or marketing expenses, are costs or expenses of the seller.	◉	○	T.C.A. 67-6-102 (79)	

D. Tax Administration Practices on Credits from Appendix E		**For each section, place an "X" in the Yes column for the Practice your State follows. Place an "X" in the No column if the practice does not apply in your State.**		**For sections with only No responses, describe your State's tax treatment. Additional comments may be added for any response.**	
Reference Number	**Disclosed Practice 2 - Credits**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Definition	"Tax Paid" means the tax that was (1) paid and (2) previously due from either the seller or the purchaser when the sale of that product is taxable in that state and it was properly sourced based on that state's sourcing rules. "Tax paid" includes tax that was (1) paid and (2) previously due from the purchaser (or seller, if applicable) because the purchaser moved the product to a different jurisdiction. "Tax paid" does not include the portion of tax paid that is currently eligible for a credit or refund or tax paid that is eligible for refund under a tax-incentive program or agreement.	○	○		NA, Tennessee has not adopted this definition for tax paid.
Reference Number	**2.1 Credit Against Use Tax**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.1	The State imposing tax on the purchaser provides credit for "sales or use taxes paid" on a product against the State's use tax.	◉	○	T.C.A. 67-6-507 (a) and 67-6-313(f) Rule 1320-5-1-.91(1)	

					Tax paid by the purchaser in the other state must be a like tax (i.e., sales or use tax), legally imposed and properly paid. Purchaser is required to have documentation to substantiate proof of payment for credit. Credit is limited to the amount of use tax due in Tennessee.
Reference Number	**2.2 Credit Against Sales Tax**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.2	The State imposing tax provides credit for the "sales or use taxes paid" on a product against the State's sales tax.	○	◉	T.C.A. 67-6-507	Tennessee law only allows for credit for Tennessee tax paid to a vendor on personal property or taxable service that was subsequently resold in Tennessee. Sellers paying sales or use tax on the purchase of property in another state that is resold in Tennessee must obtain a refund from the other state for the sales or use tax paid in the other state on property resold in Tennessee.
Reference Number	**2.3 Reciprocity**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.3.a	The credit the State provides in 2.1 and 2.2 applies regardless of whether another state provides a reciprocal credit.	◉	○	T.C.A. 67-6-507 (a) and 67-6-313(f) Rule 1320-5-1-.91(1)	2.1 - the tax paid in the other state must be a sales or use tax to receive credit in Tennessee against the use tax due.
Credits 2.3.b.	The credit the State provides in 2.1 and 2.2 only applies when the other state where the tax was paid provides a reciprocal credit.	○	◉		The tax paid in the other state must be a sales or use tax to receive credit in Tennessee against the use tax due.
Reference Number	**2.4 State and Local Sales and Use "Tax Paid"**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.4.a.	The credit provided for in 2.1 and 2.2 is for the **combined** amount of state and local "tax paid" to another state or local jurisdiction against both the state and local taxes due to the State.	◉	○		
Credits 2.4.b.	The credit provided for in 2.1 and 2.2 is for **only** the state "tax paid" to another state against the taxes due to the State (i.e., no credit for local tax against state tax). If the State has local sales or use taxes, it only provides credit for state tax against state tax and local tax against local tax.	○	◉		
Reference Number	**2.5 Credit for "Similar Tax" Paid to Another Jurisdiction**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.5	The credit provided for in 2.1 and 2.2 includes "similar taxes" that were (1) paid and (2) previously due to another state or local jurisdiction against the sales or use taxes due. If applicable, list below all known similar or like taxes the State provides credit for even if such tax does not meet the definition of a "similar tax."	○	◉	T.C.A. 67-6-507 (a) and 67-6-313(f) Rule 1320-5-1-.91(1)	NA, The tax paid in the other state must be a sales or use tax to receive credit in Tennessee against the use tax due.
Credits 2.5	***(State Controlled Item)***	○	○		NA
Reference Number	**2.6. Credit Against "Similar Tax" Imposed by the State**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.6	The credit provided for in 2.1 and 2.2 includes "sales or use taxes paid" to another state or local jurisdiction against "similar taxes" due. If applicable, list below "similar taxes" imposed that the State provides credits against.	○	◉		NA, The tax paid in the other state must be a sales or use tax to receive credit in Tennessee against the use tax due.
Credits 2.6	***(State Controlled Item)***	○	○		NA
Reference Number	**2.7 Sourcing when Receipt Location is Known**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.7	The credit provided for in 2.1 and 2.2 applies when the other state's "sales or use taxes" were (1) paid and (2) previously due based on: i) that other state's	○	◉		

	sourcing rules, or ii) the purchaser's location of use of a product subsequent to the initial sale.				Streamlined sourcing is not scheduled to take effect in Tennessee until 7/1/2017. Credit is not available in Tennessee for taxes paid in other states where the taxpayer incurred the Tennessee tax before a taxable event occurred in another state.
Reference Number	**2.8 Sourcing when Receipt Location is Unknown**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.8	Except as provided in Credits 2.13, the credit provided for in 2.1 and 2.2 applies when the seller sources the initial sale pursuant to the SSUTA Sections 310.A.3, 310.A.4, or 310.A.5, because the location where the product was received by the purchaser was unknown to the seller.	◉	○		Streamlined sourcing is not scheduled to take effect in Tennessee until 7/1/2017. 2.1- A purchaser will receive credit for sales tax legally imposed and paid in another state, against the amount of use tax due in Tennessee.
Reference Number	**2.9 Characterization of Sale**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.9	The credit provided for in 2.1 and 2.2 applies regardless of the other state's characterization of the product as tangible personal property, a service, digital good, or product delivered electronically.	◉	○	.	Tennessee would impose tax and give credit based on Tennessee law. Tennessee imposes use tax on tangible personal property, specified digital products, computer software, and computer software maintenance contracts and warranty contracts covering tangible personal property in Tennessee.
Reference Number	**2.10 Sales Price Components**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.10.a.	2.10.a. Full Credit Allowed - The credit provided for in 2.1 and 2.2 applies to all components of the SSUTA "sales price" definition, whether taxable or nontaxable in the State.	◉	○	T.C.A. 67-6-102 (79)	Tennessee adopted the Streamlined "sales price" definition including all components of the SSUTA sales price definition: delivery charges, installation charges, services necessary to complete the sale and telecommunications nonrecurring charges.
Credits 2.10.b.	2.10.b. Partial Credit Allowed - When taxable and non-taxable charges are itemized on the invoice, the credit provided for in 2.1 and 2.2 is only for the "tax paid" on the taxable components of the sales price in the State.	○	◉		NA
Reference Number	**2.11 Transactions with Taxable and Exempt Products**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.11.a.	2.11.a. Full Credit Allowed - The credit provided for in 2.1 and 2.2 applies to the full amount of "tax paid" on a transaction consisting of taxable and exempt products.	○	◉		NA
Credits 2.11.b.	2.11.b. Partial Credit Allowed - When taxable and non-taxable products are itemized on the invoice the credit provided for in 2.1 and 2.2 is only for the "tax paid" on the taxable products of a transaction in the State.	◉	○		
Reference Number	**2.12 Audit Sampling**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.12	The credit provided for in 2.1 and 2.2 applies when the sale or purchase of the product was part of the population sampled pursuant to an audit sampling method.	◉	○	T.C.A. 67-6-507 (b) Rule 1320-5-1-.91(1)	2.1 - Documentation is required to substantiate the tax has been paid. A Tennessee vendor claiming the purchaser paid the Tennessee tax in an audit may also be requried to provide an affidavit from the purchaser stating that the Tennessee tax has been paid in Tennessee. Credit is not available in Tennessee for taxes paid in other states where the taxpayer incurred the Tennessee tax before a taxable event occurred in another state.
Reference Number	**2.13 Direct Mail**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.13	The credit provided for in 2.1 and 2.2 applies when the seller sources the sale of Advertising and Promotional Direct Mail pursuant to Section 313.A.4.	◉	○		Streamlined sourcing is not scheduled to take effect in Tennessee until 7/1/2017. 2.1-Credit for sales tax paid in another state is given when title to Advertising and Promotional Direct Mail transfers to the purchaser outside Tennessee, prior to the recipients' receipt of the direct mail in Tennessee.

Reference Number	2.14 Accelerated Payments on Lease/Rentals	Yes	No	Statute/Rule Cite	Comment
Credits 2.14	The credit provided for in 2.1 and 2.2 includes the "tax paid" to another state or local jurisdiction on a lease/rental transaction based on the sum of the lease payments ("accelerated basis"), against the "sales or use taxes" due on the balance of the lease/rental payments.	◉	○	T.C.A. 67-6-507 (a) and 67-6-313(f) Rule 1320-5-1-.91(1)	
Reference Number	**2.15 Inception-Deferred Collection on Lease/Rentals**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.15	The credit provided for in 2.1 and 2.2 includes the "tax paid" to another state or local jurisdiction on a lease/rental transaction based on a deferred collection/remittance method against the "sales or use taxes" due on the balance of the lease/rental payments.	○	◉	T.C.A. 67-6-507 (a) and 67-6-313(f) Rule 1320-5-1-.91(1)	To receive credit the tax must be paid.
Reference Number	**2.16 Lessor Acquisition**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
Credits 2.16	The credit provided for in 2.1 and 2.2 includes the "tax paid" by the lessor to another state or local jurisdiction on the acquisition of the product against the "sales or use taxes" due on the balance of the lease/rental payments provided the tax reimbursement is documented and disclosed to the lessee.	○	◉	T.C.A. 67-6-204	Tangible personal property purchased for use exclusively to lease or rent may be purchased on a resale certificate. Lessors paying sales or use tax on the purchase of property in another state that is leased in Tennessee must obtain a refund from the other state for the tax paid in the other state on acquisition of property for lease in Tennessee. Tennessee tax is imposed on the lease payments.

D. Tax Administration Practices on Liability Relief from Appendix E **(Note: These tax administration practices address whether a member state provides liability relief although the state is only required to provide relief "to the extent possible," as specified in sections 328(C) and (D) of the Agreement.)**		**Does Your State Follow this Practice?**		**Add Additional Comments if Desired. If You Answered No, Describe the Difference Between the Practice as Adopted by the Governing Board and Your State's Treatment**	
Reference Number	**Disclosed Practice 3 – Liability Relief**	**Yes**	**No**	**Statute/Rule Cite**	**Comment**
	Disclosed Practice 3.1 - Liability relief for erroneous information in the tax administration practices section of the taxability matrix	**If you answer "Yes" to 3.1, you do not need to complete 3.1.a, b, and c below.**	**If you answer "No" to 3.1, please complete 3.1.a, b, and c below.**		
Liability Relief 3.1	The State provides sellers and CSPs with liability relief for tax, interest and penalties if the sellers and CSPs charged and collected the incorrect tax due to erroneous information in the tax administration practices section of the taxability matrix.	◉	○	T.C.A. 67-6-537(d)	
Liability Relief 3.1.a.	Liability Relief for Tax	○	○		
Liability Relief 3.1.b.	Liability Relief for Interest	○	○		
Liability Relief 3.1.c.	Liability Relief for Penalties	○	○		
	Disclosed Practice 3.2 - Extended liability relief for changes to the tax administration practices section of the taxability matrix	**If you answer "Yes" to 3.2, you do not need to complete 3.2.a, b, and c below.**	**If you answer "No" to 3.2, please complete 3.2.a, b, and c below.**		
Liability Relief 3.2	When the State makes a change to its tax administration practice section of the taxability matrix, the State provides sellers and CSPs with liability relief for the tax, interest and penalties for having charged and collected the incorrect tax until the first day of the	○	◉		

	calendar month that is at least 30 days after notice of the change to the state's tax administration practices section of the taxability matrix is submitted to the governing board, provided the seller or CSP relied on the prior version of the taxability matrix.				
Liability Relief 3.2.a.	Liability Relief for Tax	○	◉		
Liability Relief 3.2.b.	Liability Relief for Interest	○	◉		
Liability Relief 3.2.c.	Liability Relief for Penalties	○	◉		
	Disclosed Practice 3 .3 Extended liability relief for changes to the library of definitions section of the taxability matrix	**If you answer "Yes" to 3.3, you do not need to complete 3.3.a, b, and c below.**	**If you answer "No" to 3.3, please complete 3.3.a, b, and c below.**		
Liability Relief 3.3	When the State makes a change to the library of definitions section of its taxability matrix, the State provides sellers and CSPs with liability relief for the tax, interest and penalties for having charged and collected the incorrect tax until the first day of the calendar month that is at least 30 days after notice of the change to the member state's library of definitions section of the taxability matrix is submitted to the governing board, provided the seller or CSP relied on the prior version of the taxability matrix.	○	◉		
Liability Relief 3.3.a.	Liability Relief for Tax	○	◉		
Liability Relief 3.3.b.	Liability Relief for Interest	○	◉		
Liability Relief 3.3.c.	Liability Relief for Penalties	○	◉		