



STATE OF TENNESSEE

Completing the Sales Tax Return

October 2021

Overview

TAX OVERVIEW

- **Laws/rules, important definitions, due dates, rates, exemptions, etc.**

FILING

- **Reporting requirements and filing instructions**

RESOURCES

- **Where to go to find information on our website, contact information, chat Q&A**

Law: Sales Tax Basics

Business (with nexus in TN) **collects/remits sales tax for:**

Selling/leasing/renting Tangible Personal Property

- Sales of these items are **subject to tax unless specifically exempted** by law. Gross sales over \$4,800 a year – required to register for sales tax

Selling certain taxable services

- Services are generally **exempt from the tax unless specifically enumerated** by law *OR* are necessary to complete the sale of a taxable good/service. Sales of services exceeding \$1,200 a year

Selling amusements

- Charges for entering or engaging in any kind of recreational activity **unless specifically exempted** by law.

Selling digital products specified in the law

- There is a **special local rate** for these items. Digital versions of tangible products otherwise subject to the tax are taxed at the regular rate.

Definitions



Tangible Personal Property (TPP) - property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses.

Services Subject to Sales Tax - Services specifically enumerated by law including: Repair or installation of TPP (incl. computer software), Lodging services and rooms, Short-term space rental for making sales, Cleaning of TPP (incl. animal bathing), Parking and storing of motor vehicles, Telecommunication services, Ancillary Telecommunication services, Enriching of uranium materials.

Food/Food Ingredients - Food and food ingredients taxed at a reduced rate of 4% include substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form; sold for ingestion or chewing by humans; consumed for their taste or nutritional value; and are not specifically excluded items.

Amusements - Sales Tax is applicable to charges for entering or engaging in any kind of recreational activity, admissions to sporting events, musical & theatrical performances, & other amusements, and charges for using tangible personal property for amusements, sports, entertainment, or recreational activities such (i.e. golf carts, tennis courts, or bowling shoes.)

Definitions



Sales price includes the seller's:

- Cost of the *property sold* and *materials used*
- *Labor costs*
- *Interest*
- *Losses*
- *Transportation* costs (incoming freight)
- Taxes imposed on the seller
- Any *expenses* of the seller
- *Charges for any services necessary to complete the sale*
- *Delivery* charges
- *Installation* charges

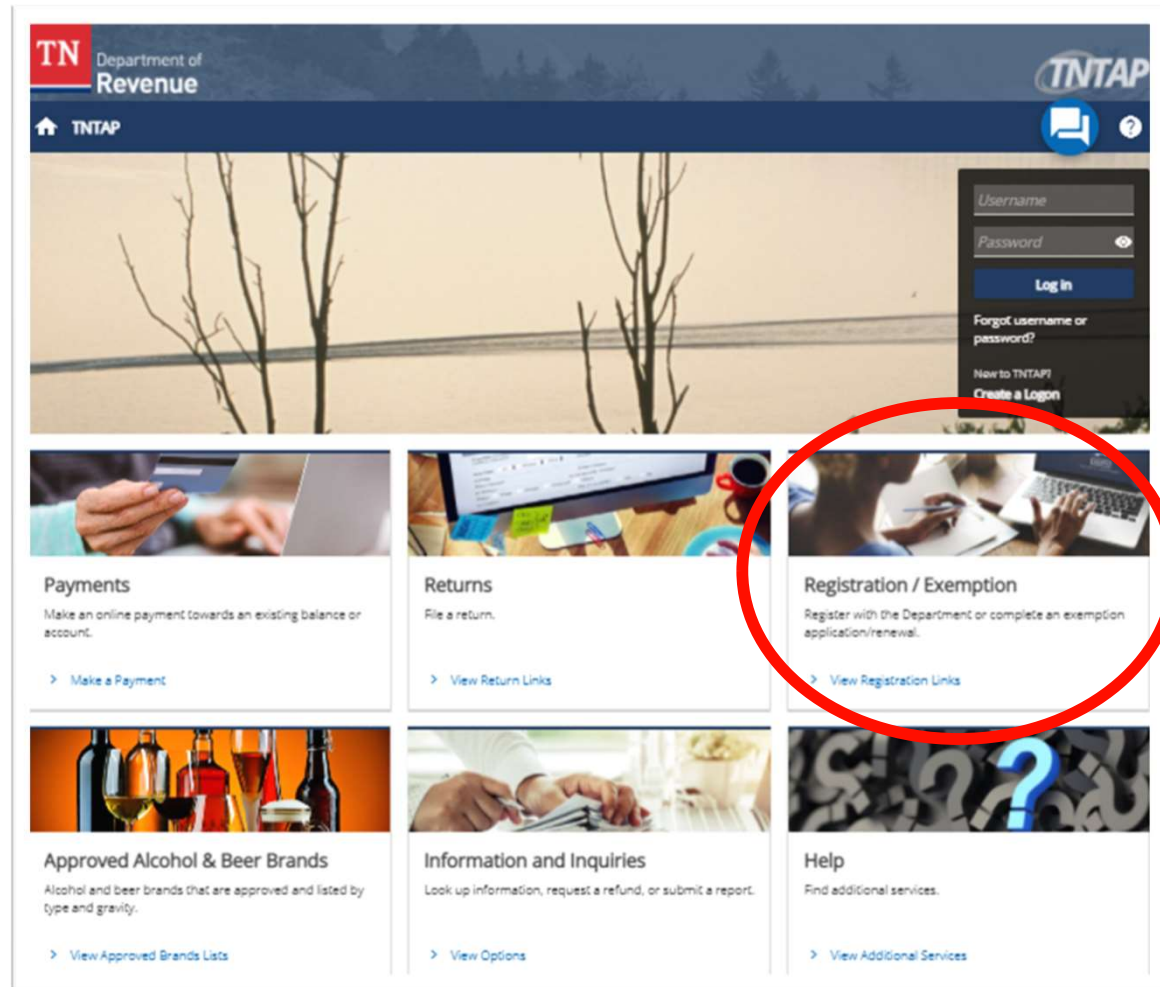
Out-of-State Dealers

Currently, out-of-state dealers with no physical presence in Tennessee who make \$100,000 or more in sales to Tennessee customers must register and collect Tennessee sales and use tax.

- The \$100,000 threshold includes all retail sales made by the out-of-state dealer, including exempt sales, but does not include sales for resale.
- Report by destination delivery

Registering

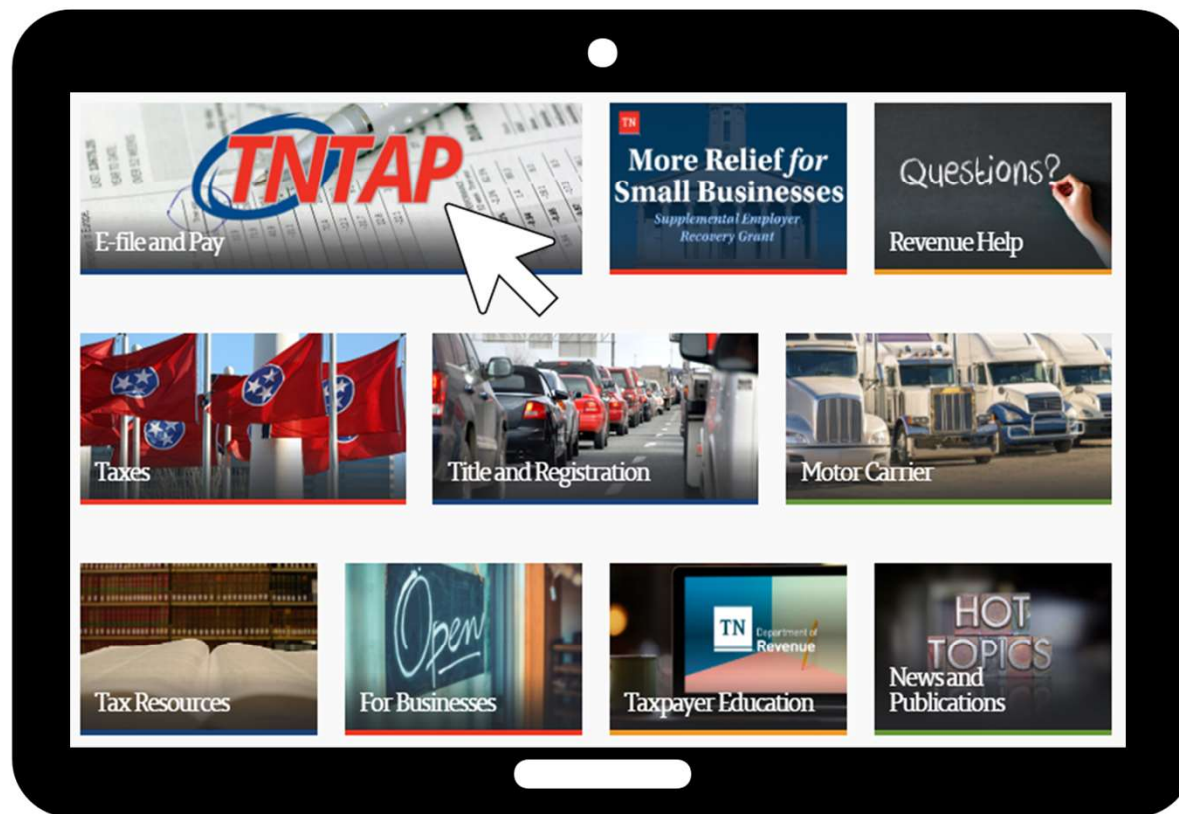
- **Register on TNTAP**
- **A return will be due for the period in which the account opens** (i.e. if an account is opened in October, a monthly return will be due starting in November)
- **Returns have to be filed every filing period even if no sales were made**
- **The business is required to close the account within 15 days of the close/sale date of the business**



TNTAP for Taxpayers

www.tn.gov/revenue > TNTAP

- ✓ Register/File/Pay for **all tax accounts**
- ✓ Schedule payments in advance
- ✓ Automatic correction of common errors
- ✓ Amend returns
- ✓ Access returns, certificates, and letters
- ✓ Much more!



Filing Frequency and Due Dates

Sales Tax accounts are automatically set up for monthly filing.

DUE: 20th day of the month following the end of the reporting period

However, effective July 1, 2021, businesses with a **sales tax liability over a 12-month period that averages \$1,000 or less per month** may choose to file monthly or quarterly.

- QUARTERLY FILINGS DUE: 20th of the month following the end of the quarter (January 20, April 20, July 20, October 20)
- 12 month filing history required before requesting a change to quarterly filing



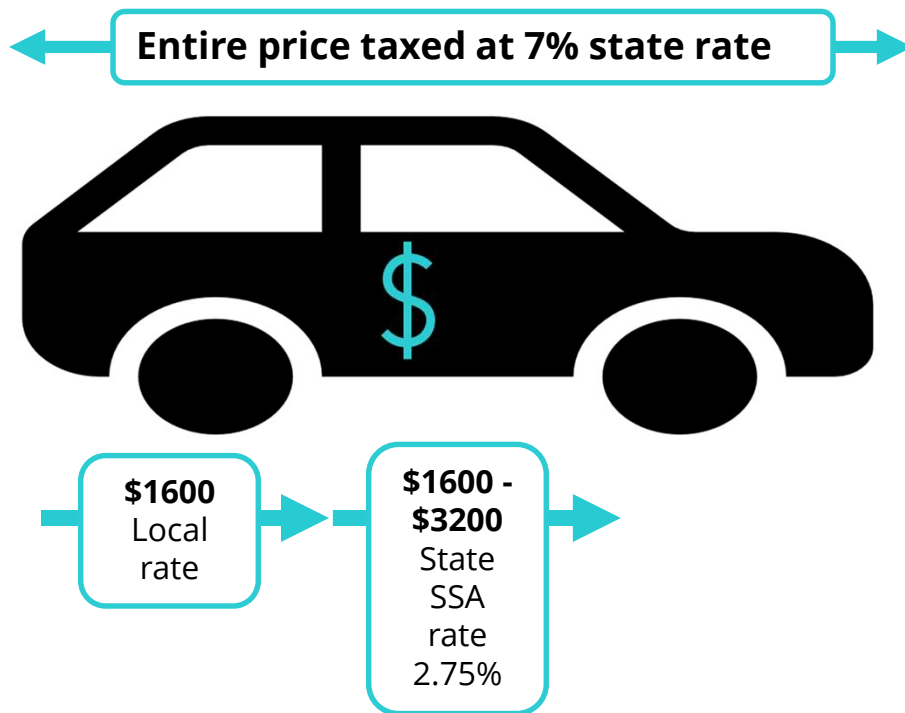
Contact us to for questions about filing frequency



Definition: Single Article

Any item that is a separate unit, apart from any accessories, extra parts, etc., and is capable of being sold as an independent item or as a common unit of measure.

- Reported on Schedules B&C of the return



Example A: Sales price \$25,000
(local rate of \$2.25%)

$\$25000 \times 7\% = \$1,750$
 $\$1600 \times 2.25\% = \36
 $\$1600 \times 2.75\% = \44
Total tax due = \$1,830

Example B: Sales price \$3,000
(local rate of \$2.25%)

$\$3000 \times 7\% = \210
 $\$1600 \times 2.25\% = \36
 $\$1400 \times 2.75\% = \38
Total tax due = \$284

Return Overview

The screenshot shows the 'Return Overview' page. At the top, the 'Account' section displays '123456789-SLC' and a 'Balance' of '\$0.00'. To the right of this section are three links: '> Make a Payment', '> View/File Returns' (pointed to by a red arrow with the text 'File/amend return for previous period'), and '> Additional Actions'. Below the account section is the 'Sales and Use Return for 30-Sep-2021' with a 'Due' date of '20-Oct-2021'. To its right is a link '> File now' (pointed to by a red arrow with the text 'File current period return'). A progress bar below these sections shows 'Sales and Use Tax Return' as the current step, followed by 'File Upload'. A dark blue box on the right of the progress bar contains the text 'Choose to submit file via software vendor or input return data'. Below the progress bar is a question: 'Will you be submitting a file provided by your software vendor? *'. To the right of this question are two buttons, 'Yes' and 'No', which are circled in red. At the bottom of the form are buttons for 'Cancel', 'Save Draft', 'Previous', and 'Next'.

Account

123456789-SLC

Balance

\$0.00

> Make a Payment

> View/File Returns

> Additional Actions

Sales and Use Return for 30-Sep-2021

Due

20-Oct-2021

> File now

Sales and Use Tax Return

File Upload

Will you be submitting a file provided by your software vendor? *

Yes No

Cancel Save Draft Previous Next

File/amend return for previous period

File current period return

Choose to submit file via software vendor or input return data

Info about software vendors:

tn.gov/revenue >
E-filing Information >
Electronic Filing Using
a Software Vendor

Return - Overview

how Errors

Filter

Location ID	Doing Business As
000000000	000000000

All amounts are rounded to the nearest whole dollar.

Sales

Do you have any sales to report for this period? *

Yes

No

Cancel

OK



Return - Sales

LINE

1. Enter gross sales (not to include sales tax) for the period
 - Cash sales, Credit sales, Conditional sales, Sales exempt from tax, Leases and rentals of tangible personal property, Charges for fabricating personal property for consumers, Sales of specified digital products, Taxable services
2. Enter amount of property purchased by the taxpayer using their resale certificate, but was used instead of being resold
3. Enter amount of items purchased out-of-state for use
4. Enter sales of items severed from Earth (coal and other minerals)
5. *System calculates the total of lines 1-4*

Schedule A – Exempt Transactions

You must answer yes or no to the question regarding exempt transactions. Choosing 'yes' populates Schedule A.

Schedule A - Exempt Transactions

Do you have any exempt transactions to report? *

Schedule A – Exempt Transactions

The law provides for the deduction from gross sales and purchases those items specifically exempt from tax.

LINE

1. Enter net food sales
2. Enter sales for resale (supported by Resale Certificate)
3. Enter sales paid with SNAP/EBT
4. Enter sales to exempt entities (non-profit sales supported by TN exemption certificate or a Federally issued 501(c)(3) certificate, government sales supported by government exemption form)
5. Enter merchandise returned which have been included on current or previous return
6. Enter sales of Industrial machinery, research and development machinery, agricultural items, etc (supported by corresponding exemption certificate)



Schedule A – Exempt Transactions

LINE

7. Enter sales in Interstate Commerce (sales originating in TN where the purchaser takes possession outside of TN for use or consumption outside this state)
8. Enter repossessions (enter portion of unpaid principal balances due in excess of \$500, see Schedule B, Lines 2 and 6)
9. Enter other deductions not included elsewhere
10. Enter Sales Tax Holiday sales
11. *System populates this amount based on info entered in lines 1-10 and applies to total calculation*

Schedule B - Computation of Local Sales and Use Tax

Use this schedule if local taxable sales do not equal state taxable sales.

LINE

1. *System populates this amount based on return info already entered*
2. Enter total of food sales and any applicable amounts in returned merch and repossessions
3. *System populates this amount based on return info already entered*
4. Enter total amounts in excess of \$1600 on each single article
5. Energy Fuel Sales
6. Enter taxable Sales subject to the specified digital products and vending machine special tax rates
7. *System populates this amount based on return info already entered*
8. *System populates this amount and applies to total calculation*

Schedule C - State Single Article Tax and Special Rate on Energy, Water, & Specified Digital Products

You must answer yes or no to the question regarding exempt transactions. Choosing 'yes' populates Schedule C.

Schedule C - State Single Article Tax and Special Rate on Energy, Water, & Specified Digital Products

Do you have any single article sales, aviation fuel sales, or special rates on energy, water, vending, or specified digital products to report?

*

Schedule C - State Single Article Tax and Special Rate on Energy, Water, & Specified Digital Products

LINE

1. Enter total sales from \$1,601- \$3,200 on the sales price of all single articles sold.
2. *System populates product of line 1*
3. Sales of water purchased at the industrial tax rate
4. *System populates product of line 3*
5. Enter energy fuel sales subject to the industrial tax rate
6. *System populates product of line 5*
7. Enter taxable sales of aviation fuel/gallons and out of state purchases/gallons

Schedule C - State Single Article Tax and Special Rate on Energy, Water, & Specified Digital Products

LINE

- 8. Enter taxable sales of water carrier energy fuel/gallons and out of state purchases/gallons
- 9. *System populates product*
- 10. *System populates product*
- 11. Enter net taxable sales of specified digital products
- 12. *System populates product of specified digital product tax*
- 13. Enter merchandise sold through vending machines
- 14. *System populates product of vending machine tax*
- 15. *System populates total and applies to total calculation*



Schedules D, E and F

Schedule	Purpose
D – Central Business Improvement District (CBID) Fee	To be completed only by certain businesses in downtown Nashville that are subject to the CBID fee.
E – For Sellers Located Outside Tennessee Destination Sales Report	Beginning 10/1/19, this schedule is to be completed for all sales that originate from a business located outside of Tennessee and sold to a destination inside Tennessee. Sales must be reported using the tax rate applicable to the delivery destination.
F – Local Occupancy Tax on Short- term Rentals	Beginning 1/1/21, this schedule is to be completed by all short-term rental unit marketplaces for all short-term rentals of residential units rented through the marketplace.

Viewing/Printing a Return

The screenshot displays the TNTAP account management interface. At the top left, the account information is shown: 'Account 123456789-SLC' with a 'Balance \$0.00'. To the right of this, there are three menu items: '> Make a Payment', '> View/File Returns' (highlighted with a red arrow), and '> Additional Actions'. Below the account information, a table lists returns. The first row is for '31-Aug-2021' with the description 'Sales and Use Return' and status 'Processed-Online', and a 'View or Amend Return' link (highlighted with a red arrow). The second row is for '31-Jul-2021' with the same description and status, and a 'View or Amend Return' link. A dark blue banner with the 'TNTAP' logo and three icons (a speech bubble, a question mark, and a user profile) is positioned below the table.

Return Date	Description	Status	Action
31-Aug-2021	Sales and Use Return	Processed-Online	View or Amend Return
31-Jul-2021	Sales and Use Return	Processed-Online	View or Amend Return

- > View Submission
- > View Payment
- > Print
- > Amend

Amending a Return

Account

123456789-SLC

Balance

\$0.00

> Make a Payment

> View/File Returns

> Additional Actions

31-Aug-2021	Sales and Use Return	Processed-OnTime	View or Amend Return
31-Jul-2021	Sales and Use Return	Processed-OnTime	View or Amend Return

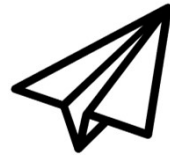
Make necessary changes to the return. If amendment is made after the due date of the return and the amendment results in additional tax owed, penalty and interest will calculate based on the difference.

Resources

**Please submit
specific
account-
related
questions, or
any questions
that do not get
addressed in
this webinar to
directly us!**



www.tn.gov/Revenue



Revenue.support@tn.gov



615.253.0600 (M-F 8-4:30 CST)



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