

## Contacting the Tennessee Department of Revenue

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Many situations and scenarios regarding sales tax issues for value-added retail businesses will fall into the “gray area” of the laws and will require examination and application by the Tennessee Department of Revenue. This will often require evaluation on an individual, case-by-case basis. Farmers should consider submitting a written explanation and description of their circumstances/scenarios to the Department of Revenue and requesting an explanation of their ruling/interpretation. The Department has a basis of several precedent-setting cases from which to consider special circumstances regarding the applicability of the agricultural exemptions. It is in the best interest of the farmer to understand the applicability of the state sales tax laws.

Registration for sales or other business taxes requires the completion of a no cost application that is available by mail from the Taxpayer Services Division or on-line at <http://www.state.tn.us/revenue/forms/general/index.htm>. When the appropriate application is received by the department, a registration number will be issued to qualified applicants. Any business that sells, leases or rents tangible personal property or provides a taxable service in Tennessee is required to register for sales or use tax purposes, even though the product or service sold may be tax exempt. Persons that sell an average of less than \$400 per month and pay tax to their input suppliers do not need to register until their average monthly sales exceed that amount. Persons that do not sell tangible personal property or taxable services, but buy untaxed merchandise from out-of-state for use and consumption in Tennessee must register and pay the use tax directly to the Department of Revenue. Returns are due either monthly, quarterly or annually dependent upon the average level of sales. Sales and use tax returns must be filed by the 20th (or the first work day after the 20th, if the 20th falls on a weekend or holiday) of the month following the period for which the tax is due. For example, a January return for a monthly business that is required to file on a monthly basis would be due by February 20. A return for January through March for a business that is required to file on a quarterly basis would be due by April 20.

The Tennessee Department of Revenue provides several resources to assist in the understanding and implementation of the state’s sales tax rules. The “Sales and Use Tax Guide” provides an overview and, in some cases, an in-depth discussion of definitions, tax credits, exemptions, payments and tax forms. The 50-page guide was updated in the Spring of 2001 and is available on-line at <http://www.state.tn.us/revenue/taxguides/index.htm>. The department also offers various workshops and seminars across the state. These workshops are designed to assist those who are encountering business-related taxes for the first time. The workshops are intended to provide basic information needed to comply with registration and tax requirements. Programs may vary, but all will include discussions on Sales and Use Taxes, Employment Taxes, Business Taxes, Franchise & Excise Taxes, Tangible Personal Property Taxes. Additional information about The Department of Revenue workshops and seminars is available on-line at <http://www.state.tn.us/revenue/educate.htm>.

**The Tennessee Department of Revenue, Taxpayer Services Division may be contacted by telephone at (615) 253-0600 or toll free in Tennessee at 1-800-342-1003. They may also be reached on-line at <http://www.state.tn.us/revenue/>. The information contained herein is believed to be correct. However, the opinions described cannot be construed to constitute statements binding upon the Tennessee Department of Revenue or The University of Tennessee.**