

INSTRUCTIONS FOR THE PREPARATION OF THE TENNESSEE SALES AND USE TAX RETURN

The instructions apply to the Tennessee sales and use tax return for use after November 1, 1995. The due date of the sales and use tax return is the 20th of the month following the end of the reporting period. Payment of the amount shown on Line 18 is to be made to the Tennessee Department of Revenue, Andrew Jackson State Office Bldg., Nashville TN 37242.

Line 1. GROSS SALES. Enter the amount of all sales. Include: (a) cash sales, (b) credit sales, (c) conditional sales, (d) sales exempt from tax, (e) leases and rentals of tangible personal property, (f) telecommunications, (g) charges for fabricating personal property for consumers, and (h) taxable services. EXCLUDE: The amount of sales tax collected or accrued.

Line 2. USE TAX ON ITEMS OBTAINED FROM WITHIN THE STATE. Enter the cost of all tangible personal property which was purchased from a dealer without the payment of sales and use tax that was not resold, but used and consumed in the conduct of business. Do not enter the cost of items remaining in inventory for resale.

Line 3. USE TAX ON ITEMS OBTAINED FROM OUT OF STATE FOR USE BY THE BUSINESS. Enter the cost of all tangible personal property purchased or imported from out of state for use and consumption in the state when no tax was paid to the supplier. Do not include items purchased from out of state that are to be resold in the conduct of business.

Line 4. FAIR MARKET VALUE OF TANGIBLE PERSONAL PROPERTY. Enter the fair market value of tangible personal property fabricated, produced, compounded, or severed from the earth for use in Tennessee. In addition, the purchase price or fair market value, whichever is greater, of all property furnished to or used by a contractor when a sales or use tax has not been paid previously must be included.

Line 5. TOTAL. Add Lines 1, 2, 3, and 4.

Line 6. EXEMPT TRANSACTIONS FROM SCHEDULE A. Enter the total amount from Schedule A, Line L, page 2. Exemptions may be disallowed if not detailed as indicated in the appropriate category in Schedule A (See instructions for Schedule A).

Line 7. NET TAXABLE TOTAL. STATE. Subtract Line 6 from Line 5.

Line 8. STATE SALES AND USE TAX. Multiply the amount on Line 7 by the state tax rate shown on your return and enter the amount on Line 8.

Line 9. LOCAL SALES AND USE TAX. Multiply the amount on Line 7 by the local tax rate shown on your return and enter the amount on Line 9. If adjustments to the local tax are necessary, complete Schedule B on reverse side.

Line 10. Add any tax collected in excess of that shown on lines 8 and 9, after exclusion of use tax.

Line 11. STATE TAX ON INDUSTRIAL TRANSACTIONS, FARM USE TRANSACTIONS, AND DIRECT PAY ENERGY FUEL TRANSACTIONS FROM SCHEDULE C. Enter the amount from Line 6, Schedule C, Page 2. (See instructions for Schedule C.)

Line 12. LOCAL TAX ON INDUSTRIAL TRANSACTIONS SUBJECT TO THE REDUCED RATE OF TAX FROM SCHEDULE C. Enter the amount from Line 8, Schedule C, reverse side.

Line 13. TOTAL TAX. Add Lines 8, 9, 10, 11, and 12.

Line 14. VENDOR'S COMPENSATION. For returns filed July 1, 2000 or thereafter, vendor's comp is no longer available.

Line 15. CREDIT MEMO BALANCE. If your account has a credit balance from an overpayment on a prior return, enter the amount on this line and deduct from line 13.

Line 16. PENALTY FOR LATE FILING. When the return is late at time of filing, enter 5.00% of line 13 for 1-30 days late, 10% for 31-60 days late and so on until a maximum of 25% of line 13 is reached for returns that are more than 120 days late. When a credit balance is shown on a return that is late at time of filing, first deduct line 15 from line 13 and calculate the penalty charges on the net amount after the credit deduction. For example, if line 13 were \$500 and Line 15 were \$100, the penalty would be calculated on \$400. The minimum penalty is \$15.00 even when the return reflects no tax due but is late filed.

Line 17. INTEREST FOR LATE FILING. Interest is figured at the rate indicated per year on the amount of tax due from line 13 (or on the net of line 15 from line 13 when a credit is present) from the due date of the return until the late filed return is postmarked.

Line 18. TOTAL DUE. When the return is timely filed, deduct the vendor's compensation and the credit balance (if any) from line 13. On late filed returns, deduct line 15 from line 13, calculate the penalty and interest on the net. Enter the result here.

SCHEDULE A - EXEMPT TRANSACTIONS

The law provides for the deduction from gross sales and purchases those items specifically exempt from tax. Schedule A is used to identify these items. Any amount claimed as an exemption on page 1, line 6 must be itemized on this schedule.

Line A. SALES FOR RESALE AND FURTHER PROCESSING. Include all sales which were made to vendors or other establishments for resale, or for rental or leasing, and sales of items to be used in processing for sale. These transactions must be supported by valid certificates of resale, to be retained in dealer's files.

Line B. SALES OF EXEMPT ITEMS. Enter sales of: (1) fertilizer and field and garden seed for farm purposes, (2) gasoline, (3) livestock and poultry feeds, (4) prescription drugs, and (5) other items specifically exempt by state law.

Line C. SALES TO EXEMPT VENDEES. Enter all sales to the federal government, the state of Tennessee, and its political subdivisions and sales to qualified institutions such as churches, non-profit schools, hospitals, homes for the aged, and orphanages. These transactions must be supported by proper exemption certificates retained in your files.

Line D. RETURNED MERCHANDISE. Include only taxable items voluntarily returned by the purchaser which have been included in Gross Sales on this or a previous return and for which full credit is given the purchaser. Do not include reposessions.

Line E. SALES OF FARM AND INDUSTRIAL MACHINERY. Enter sales of Farm Machinery and Industrial Machinery which have been sold to qualified exempt purchasers. These transactions must be supported by proper exemption certificates and retained in your file.

Line F. SALES IN INTERSTATE OR FOREIGN COMMERCE. Deduct only those sales originating in Tennessee where the purchaser takes possession.

sion outside of Tennessee for use or consumption outside of this state.

Line G. CASH DISCOUNTS. Enter the amount of actual cash discount taken where tax was paid on gross. Do not include trade discount.

Line H. REPOSSESSIONS. Enter that portion of the unpaid principal balances due from tangible personal property repossessed from the customer in excess of \$500.00 (See instructions for schedule B, lines 2 and 6, below).

Line I. SALES OF ENERGY FUEL AND WATER. Enter the total of all sales not subject to full state tax and sales made to manufacturers and farm users. DO NOT include COMMERCIAL ENERGY FUEL SALES.

Line J. SALES OF MOTOR VEHICLES AND TRAILERS. Enter all sales of motor vehicles which are delivered out of state by dealers and supported by dealer delivery affidavits. Also enter all sales of motor vehicles and boats purchased here by non residents, but removed from Tennessee within three (3) days of purchase. These must be supported by three-day removal affidavits in the dealers' files.

Line K. OTHER. Allowance for trade-in of items of like kind and character. Dealers must keep documentation. Any other deductions authorized by law must be explained here.

Line L. Add the amounts appearing on lines A through K and enter on this line. This total must also be entered on line 6, page 1 of the return.

SCHEDULE B - COMPUTATION OF LOCAL SALES AND USE TAX

Use this schedule if local taxable sales do not equal State taxable sales. (This will occur if transactions include energy fuel sales, "single article" sales subject to a maximum local tax, or other items requiring an adjustment of tax.)

Line 1. Enter net taxable sales from Line 7, page 1.

Line 2. ADD ADJUSTMENTS. Add items used and subject to local tax on which state tax only has been paid to supplier. Add any amounts included in line D, Schedule A which exceed the single article tax base. Add any amount shown on line H, Schedule A (see instructions for Line 6, Schedule B). Add any other deductions taken in Schedule A, for state tax purposes, which are not properly deductible for local tax purposes.

LINE 3. TOTAL. Add Lines 1 and 2.

Line 4. SALES IN EXCESS OF THE MAXIMUM LOCAL TAX BASE ON SINGLE ARTICLE SALES OR PURCHASES (SEE LINE 9 FRONT OF RETURN). Enter the total of the amounts in excess of the maximum on each single article sold which have not been deducted elsewhere. Also, enter any amounts in excess of the maximum per single article purchased and reported for use tax on this return.

Line 5. DEDUCT ENERGY FUEL SALES NOT DEDUCTED ELSEWHERE ON THIS RETURN.

Line 6. OTHER. Enter amount of qualified local tax deduction not reported on lines 4 and 5. An explanation must be given. For some repossessions, a deduction on this line may be authorized for a credit of a portion of the local option tax previously paid on repossessed tangible personal property. See additional instructions for tax credit on repossessions.

Line 7. NET TAXABLE TOTAL - LOCAL. Deduct the total of the entries on lines 4, 5, and 6 from the amount on Line 3. Enter the result on this line. This becomes your base for local option tax.

Line 8. LOCAL SALES AND USE TAX. Multiply Line 7 by local tax rate shown on Line 9 on the front of the return. Enter the amount of local tax due on this line and on Line 9 on the front of the return.

SCHEDULE C - INDUSTRIAL TRANSACTIONS

Line 1. SALES OF INDUSTRIAL MACHINERY. Manufacturers should enter the amount of industrial equipment purchased during this period.

Line 2. WATER. Dealers-enter the amount of water sales to manufacturers for which you have collected the reduced rate of 1.00% state tax. Manufacturers-enter the amount of purchases of water authorized the reduced rate upon which you have not paid the reduced rate to your supplier. You must enter that portion of this amount that is subject to reduced local tax on Line 7 of Schedule C.

Line 3. STATE TAX. Enter 1.00% of Line 2.

Line 4. ENERGY FUEL. Dealers-enter the amount of energy fuel sales to qualified users that are authorized the reduced rate of state tax (1.50%) upon which you have collected the tax. Manufacturers-enter the amount of purchases of energy fuel which are authorized the reduced rate of state tax (1.50%) upon which you have not paid tax to your supplier.

Line 5. STATE TAX. Enter 1.50% of Line 4.

Line 6. TOTAL. Enter the total of Lines 3 and 5 on this line and on Line 11 of the front of the return.

Line 7. WATER. Enter the amount of water sales or purchases, subject to the reduced local tax that is included in the amount reported on Line 2 of Schedule C.

Line 8. LOCAL TAX. If the local tax percentage shown on Line 9 of the front of the return is 1.00% enter .33% of the Line 7 amount. If the local percentage on Line 9 of the front of the return is more than 1.00%, enter .50% of Line 7. The amount reported on this line must also be reported on Line 12 of the front of the return.

For additional information, contact the Taxpayer Services Division in one of our Department of Revenue Offices:

Nashville (615) 253-0600 3rd Floor Andrew Jackson Building 500 Deaderick Street	Chattanooga (423) 634-6266 Suite 350 State Office Building 540 McCallie Avenue	Knoxville (865) 594-6100 Room 606 State Office Building 531 Henley Street	Jackson (901) 423-5747 Room 405 B Lowell Thomas Building 225 Martin Luther King Blvd.	Memphis (901) 537-2904 Suite 418 White Station Tower 5050 Poplar Avenue
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Tennessee residents can also call our statewide toll free number at 1-800-342-1003. Out-of-state callers must dial (615) 253-0600.



TENNESSEE DEPARTMENT OF REVENUE
STATE AND LOCAL SALES AND USE TAX RETURN

SLS
450

Filing Period		ACCOUNT NO.
Due Date		LOCATION ADDRESS

If this is an AMENDED RETURN, }
please check the box at right

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IMPORTANT: Returns must be postmarked by the due date to avoid the assessment of penalty and interest. **Re-**turns must be filed even if no sales were made or any tax due.

Should you need assistance, please contact the Taxpayer Services Division by calling our statewide number 1-800-342-1003 or (615) 253-0600.

Remit amount shown in item 18, payable to:

TENNESSEE DEPARTMENT OF REVENUE
Andrew Jackson State Office Building
500 Deaderick Street, Nashville, TN 37242

ROUND TO NEAREST DOLLAR
WRITE NUMBERS LIKE THIS

1	2	3	4	5	6	7	8	9	0
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Taxpayer Worksheet

Keep For Your Records

1. GROSS SALES AND/OR RENTAL PROCEEDS (1)
2. ADD COST OF PERSONAL PROPERTY PURCHASED ON A RESALE
CERTIFICATE BUT USED BY YOU, INCLUDING GIFTS AND PREMIUMS. (2)
3. ADD COST OF OUT OF STATE PURCHASES AND PROPERTY
IMPORTED INTO TENNESSEE FOR YOUR USE (3)
4. FAIR MARKET VALUE OF TANGIBLE PERSONAL PROPERTY
FABRICATED, PRODUCED, COMPOUNDED, OR SEVERED (4)
5. TOTAL - Add Lines 1, 2, 3, and 4 (5)
6. EXEMPT TRANSACTIONS - Must be itemized on Schedule A, Reverse Side (6)
7. NET TAXABLE TOTAL - STATE - Subtract Line 6 from Line 5 (7)
8. STATE TAX - % of Line 7 (8)
9. LOCAL TAX - % of Line 7

YOUR SINGLE ARTICLE TAX BASE IS

SEE SCHEDULE B, REVERSE SIDE, IF LOCAL TAXABLE SALES DO NOT EQUAL STATE TAXABLE SALES

 (9)
10. ENTER ANY TAX COLLECTED IN EXCESS OF STATE AND LOCAL LEVIES (10)
11. STATE TAX ON TRANSACTIONS SUBJECT TO REDUCED RATES,
ENTER TOTAL TAX FROM LINE 6, SCHEDULE C, REVERSE SIDE (11)
12. LOCAL TAX ON TRANSACTIONS SUBJECT TO THE REDUCED RATE OF TAX.
ENTER TOTAL TAX FROM LINE 8, SCHEDULE C, REVERSE SIDE (12)
13. TOTAL TAX - Add Lines 8, 9, 10, 11, and 12 (13)
14. VENDOR'S RETURNS FILED ON OR AFTER JULY 1, 2000,
COMPENSATION - VENDOR'S COMPENSATION REPEALED (14)
15. ENTER CREDIT MEMO BALANCE (15)
16. PENALTY: { If filed LATE, compute penalty at 5% of the tax (Line 13 minus Line 15) for each 1 to 30 DAY PERIOD for which TAX IS DELINQUENT
(Total penalty NOT TO EXCEED 25%.) Minimum penalty is \$15 regardless of the amount of tax due or whether there is any tax due. (16)
17. INTEREST - If filed late, compute interest at 13.50%
per annum on the tax (Line 13 minus Line 15) from
the due date to the date of payment. (17)
18. TOTAL DUE - If filed TIMELY,
subtract Lines 14 and 15 from
Line 13; If filed LATE, sub-
tract Line 15 from Line 13
and add Lines 16 and 17. (18)

FOR OFFICE
USE ONLY

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I declare this is a true, complete, and accurate return to the best of my knowledge.

SIGN
HERE

President or other Principal Officer, Partner or Proprietor

Date

SIGN
HERE

Tax Return Preparer and Title

Date

A.	Sales made to vendors or other establishments for resale, and sales of items to be used in processing articles for sale. (Certificates of Resale must be retained by the Dealer.)	(A)
B.	Sales of items specifically exempt by State Law. Includes: (1) Fertilizer and field and garden seed sold to farmers for farm purposes; (2) Gasoline; (3) Livestock and poultry feeds; (4) Prescription drugs.	(B)
C.	Sales to the Federal Government, the State of Tennessee and its political Subdivisions, and sales to qualified institutions such as Churches, Non-Profit Schools, Hospitals, Homes for the Aged , and Orphanages.	(C)
D.	Returned merchandise - Items voluntarily returned by the purchaser which have been included as sales on this or a previous return. Show on Line 2 Schedule B any amount claimed on Line 4, Schedule B of prior returns.	(D)
E.	Sales of specifically exempt "Industrial and Farm Machinery."	(E)
F.	Sales in Interstate Commerce (except motor vehicles and trailers) where the purchaser takes possession outside of Tennessee for use or consumption outside of Tennessee.	(F)
G.	Cash Discounts (not trade discounts) where tax was paid on gross.	(G)
H.	Repossessions - enter that portion of the unpaid principal balances in excess of \$500.00 due on tangible personal property repossessed from customers. Report the same amount on Line 2 of Schedule B.	(H)
I.	Sales of Energy Fuel - Enter the total of all energy fuel sales not subject to the full state tax rate. IMPORTANT: Enter amount subject to reduced state tax on Line 4 of Schedule C.	(I)
J.	Sales of motor vehicles and trailers delivered out-of-state by dealers and sales of motor vehicles and boats removed by non-resident customers within three (3) days.	(J)
K.	Other - (explain).	(K)
L.	TOTAL - ENTER HERE AND ON LINE 6, REVERSE SIDE.	(L)

[illegible]

1.	Enter net taxable total - State - Enter from Line 7, Reverse side.	(1)
2.	Adjustments (see Lines D and H of Schedule A above).	(2)
3.	Total - Add Lines 1 and 2.	(3)
4.	Enter all amounts in excess of the single article tax base shown on Line 9 on the front of the return on each single article sold or purchased which has been reported, but not deducted elsewhere on the return.	(4)
5.	Energy Fuel Sales - Enter all energy fuel sales taxed at the full state rate. Do not include sales subject to the reduced rate. See Line I of Schedule A and Line 4 of Schedule C.	(5)
6.	Other - (explain).	(6)
7.	Net taxable total - Local - Add Lines 4, 5, and 6, subtract from Line 3.	(7)
8.	Local sales and use tax - Multiply Line 7 by local Tax rate - Enter here and on Line 9, reverse side.	(8)

[illegible]

1.	INDUSTRIAL MACHINERY: AUTHORIZATION NO. _____	(1)
2.	WATER- Enter sales/purchases of water subject to industrial tax rate. IMPORTANT: Enter also on Line 7 Schedule C.	(2)
3.	STATE TAX - 1% of Line 2.	(3)
4.	ENERGY FUELS - Energy fuel sales - Enter all sales subject to industrial or farmers tax rate, (Line I, Schedule A and Line 5, Schedule B).	(4)
5.	STATE TAX - 1½% of Line 4.	(5)
6.	TOTAL (Add Lines 3 and 5. Enter total here and on Line 11, reverse side).	(6)

[illegible]

7. **WATER** - Enter amount of water sales or purchases from Line 2 of Schedule C that is subject to local tax. (7)

8. **LOCAL TAX** - (If local tax rate is 1% or less, multiply Line 7 by 1/3 of 1%)
- (If local tax rate exceeds 1%, multiply Line 7 by 1/2 of 1%) - Enter here and on Line 12, reverse side. (8)

Check appropriate box and fill in number below:
 ◀ FEIN or SSN ▶

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