



**BILL LEE**  
Governor

**STATE OF TENNESSEE**  
**DEPARTMENT OF REVENUE**  
**ANDREW JACKSON STATE OFFICE BUILDING**  
**NASHVILLE, TENNESSEE 37242**

**DAVID GERREGANO**  
Commissioner

July 31, 2019

Mr. Craig Johnson  
Executive Director  
Streamlined Sales Tax Governing Board, Inc.  
100 Majestic Drive, Suite 400  
Westby, WI 54667

Dear Mr. Johnson:

As an associate member state pursuant to Section 801.3.B. of the SSUTA, Tennessee is submitting the 2019 certificate of compliance and taxability matrix in accordance with Section 801.3.G. This letter is submitted to highlight Tennessee Sales and Use Tax statutes involving areas of compliance and noncompliance with the SSUTA.

In 2007 and 2008, the Tennessee General Assembly approved numerous Streamlined changes to Tennessee's sales and use tax statutes that became effective January 1, 2008, and July 1, 2008. In 2009, the General Assembly adopted the Streamlined definition for computer software maintenance contract. Such Streamlined conforming legislation includes:

- adoption of uniform definitions, except the definition of bundled transaction, and repeal of the bundling provision in the sales price definition;
- registration of 93,000 farmers for exemption to facilitate repeal of a multiple state tax rate, a threshold, and a non-uniform state and local tax base;
- provisions for the central registration system;
- providing and maintaining a tax rate and jurisdiction boundary data base;
- providing relief of liability for erroneous information on rates, boundaries, jurisdiction assignments and the taxability matrix for sellers, purchasers, and CSPs;
- telecommunications sourcing with the exception of prepaid calling services;
- exemption administration, except for drop shipments;
- use of the SER for any Streamlined participating taxpayer with no location in the state;
- uniform remittance procedures;
- uniform recovery of bad debts;
- uniform sales tax holiday definitions and procedures;
- uniform rounding rule;
- uniform customer refund procedures;
- uniform specified digital products provisions;
- providing amnesty pursuant to the SSUTA;
- providing state review and approval of certified automated systems; and
- providing SST monetary allowances for CSPs and Model 2 sellers.

In 2019, the General Assembly adopted Public Chapter 157, which delays Tennessee's effective date from July 1, 2019, to July 1, 2021, for additional Streamlined law changes needed to bring Tennessee into compliance with the SSUTA. This legislation was originally scheduled to become effective July 1, 2009.

The additional Streamlined law changes now scheduled to become effective July 1, 2021, include the following:

- Section 302 State and Local Tax Base – single article local tax limitation on tangible personal property, video programming services, and interstate telecommunications sold to business.
- Section 305A-C Local Rate and Boundary Changes – effective dates of local rate and boundary changes;
- Section 308 State and Local Tax Rates – video programming services, interstate telecommunications, intrastate telecommunications, and manufacturer's water, tangible personal property sold to common carriers for export, specified digital products, additional state tax on single articles of tangible personal property;
- Section 310 General Sourcing;
- Section 311 General Sourcing Definitions;
- Section 313 Direct Mail Sourcing;
- Section 314C(3) Telecommunications Sourcing – sourcing for prepaid calling services;
- Section 317A(8) Exemption Administration – drop shipment;
- Section 318A & C Uniform Tax Returns – one return per entity per reporting period per state, and the option to use the SER by taxpayers that have a location in this state and non-Streamlined participating taxpayers;
- Section 323 Caps and Thresholds – video programming services, additional state tax rate on single articles of tangible personal property priced in excess of \$1600 to \$3200, single article local tax limitation on tangible personal property priced in excess of \$1600; and
- Section 330A Bundled Transaction – adoption and use of bundled transaction definition.

While these law changes were again postponed, the Tennessee legislature did enact Public Chapter 491 (2019), which provides that out-of-state dealers who collect and remit Tennessee sales and use tax must report their sales based on the shipped to or delivered to address of the customer. Beginning October 1, 2019, out-of-state dealers will no longer be able to use Tennessee's uniform local rate option of 2.25%. Instead, out-of-state dealers must apply the specific local sales tax rate in effect for the city or county jurisdiction into which the sale was shipped or delivered. This legislation brings Tennessee further into compliance with the tax rate requirements of the SSUTA Section 308.B.

In 2014, the General Assembly made changes to this legislation to repeal provisions related to locomotive fuels that are no longer needed to conform. Dyed diesel fuel used to power a means of transport is subject to diesel tax and exempt from sales and use tax.

Additional items that are required to become a full member of the SSUTA and that are not included in Tennessee's Streamlined law changes effective July 1, 2021, include the following SSUTA provisions:

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- Section 310.1 Origin-based Sourcing;
- Section 313.1 Origin-based Direct Mail Sourcing;
- 2009 amendments to Section 313 Direct Mail Sourcing;
- 2009 amendments to Section 318 Uniform Tax Returns; and
- 2010 amendments to Section 317 Exemption Administration.

As part of this annual recertification, Tennessee updated its Online Certificate of Compliance and Taxability Matrix that reflect Tennessee's laws as enacted through July 31, 2019 and has approved them to be published on the Streamlined Sales Tax Governing Board website beginning August 1, 2019. The documents will be available on Tennessee's website at [www.tn.gov/revenue](http://www.tn.gov/revenue).

If you have any questions regarding Tennessee's recertification documents or compliance with the Streamlined Sales and Use Tax Agreement, please contact Sherry Hathaway, at (615) 532-6910 or [Sherry.Hathaway@tn.gov](mailto:Sherry.Hathaway@tn.gov).

As chief executive of the Tennessee Department of Revenue, I also declare that the Online Certificate of Compliance and Taxability Matrix are true, correct, and complete to the best of my knowledge and belief.

Sincerely,



David Gerregano

DG:SH