

Line G. SALES IN INTERSTATE OR FOREIGN COMMERCE. Deduct those sales originating in Tennessee where the purchaser takes possession outside of Tennessee for use or consumption outside this state. Also deduct sales of motor vehicles and trailers delivered out-of-state by dealers and sales of motor vehicles and boats removed by non-resident purchasers within three (3) days. Non-resident removals must be supported by three-day removal affidavits in the dealers' files.

Line H. REPOSSESSIONS. Enter that portion of the unpaid principle 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. OTHER AND CASH DISCOUNTS. 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. Also enter the amount of actual cash discounts taken where tax was paid on gross. Do not include trade discounts.

Line K. TOTAL. Add the amounts appearing on Lines A through J 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, food or food ingredients subject to the state tax rate of 6%, 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 the amount from Line A, Schedule A. Add any amounts included in Line E, Schedule A that 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, PAGE 1 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 repossession.

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 the base for the local option tax.

Line 8. LOCAL SALES AND USE TAX. Multiply Line 7 by the local tax rate shown on Line 10 on the front of the return. Enter the amount of local tax due on this line and on Line 10 on the front of the return.

SCHEDULE C – INDUSTRIAL TRANSACTIONS

Line 1. TAXABLE SINGLE ARTICLE SALES FROM \$1,600 to \$3,200. Enter the total sales from \$1,601 through \$3,200 on the sales price of all single articles sold.

Line 2. STATE TAX. Multiply the amount on Line 1, Schedule C, by 2.75% and enter the result.

Line 3. WATER. Dealers – enter the amount of water sales to manufacturers for which you have collected the reduced rate of 1.0% 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 8 of Schedule C.

Line 4. STATE TAX. Enter 1.00% of Line 3.

Line 5. ENERGY FUELS. 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 the tax to your supplier.

Line 6. STATE TAX. Enter 1.50% of Line 5.

Line 7. TOTAL. Enter the total of Lines 2, 4, and 6 on this line and on Line 12 on the front of the return.

Line 8. WATER. Enter the amount of water sales or purchases, subject to the reduced local tax, that is included in the amount reported on Line 3 of Schedule C.

Line 9. LOCAL TAX. Multiply the amount on Line 8 by 1/2 of 1%. Enter the amount here and on line 13 on 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 3 rd 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 (731) 423-5747 Room 405 B Lowell Thomas Building 225 Martin Luther King Blvd.	Memphis (901) 213-1400 3150 Appling Road Bartlett, TN 38133
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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.