



**BILL LEE**  
**Governor**

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

**DAVID GERREGANO**  
**Commissioner**

July 27, 2022

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

Dear Mr. Johnson:

Pursuant to Section 801.3.B. of the Streamlined Sales and Use Tax Agreement ("Agreement"), on behalf of the State of Tennessee, a Streamlined Sales Tax Governing Board associate member state, and as Commissioner of the Tennessee Department of Revenue, I submit the 2022 Certificate of Compliance and Taxability Matrix (Part 1 – Library of Definitions and Part 2 – Tax Administration Practices) in accordance with Section 801.3.G. of the Agreement. This letter highlights Tennessee Sales and Use Tax statutes involving areas of compliance and noncompliance with the Agreement.

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. As of October 1, 2019, the optional 2.25% local tax rate was repealed. Out-of-state dealers must apply the specific local sales and use tax rate in effect for the city or county jurisdiction into which the sale was shipped or delivered. This year Tennessee's drop shipment rule was repealed. Effective January 10, 2022, other state resale certificates may be accepted by Tennessee suppliers for goods drop shipped to out-of-state dealer's Tennessee customers. The Streamlined conforming legislation enacted by the Tennessee General Assembly 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, including 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;
- providing SST monetary allowances for CSPs and Model 2 sellers;
- repeal of the optional uniform local tax rate of 2.25%; and
- completing the Tax Administration Practices.

In 2021, the General Assembly repealed Tennessee Streamlined conforming statutory changes that were scheduled to take effect July 1, 2021. The legislation did not include statutory changes needed to comply with amendments made to the Agreement since 2007 and included statutory changes Tennessee no longer needs to make to comply with the Agreement.

Areas of non-compliance with the Agreement, include the following:

- Section 302 State and Local Tax Base – single article local tax limitation on tangible personal property, video programming services, interstate telecommunications sold to business, and energy fuels that are not delivered by the seller;
- Section 305.A.-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 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 310.1 Election for Origin-Based Sourcing;
- Section 311 General Sourcing Definitions;
- Section 313 Direct Mail Sourcing;
- Section 313.1 Origin-Based Direct Mail Sourcing;
- Section 314.C.3. Telecommunications Sourcing – sourcing for prepaid calling services;
- Section 318.A. & 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;
- 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 330.A. Bundled Transaction – adopt and use bundled transaction definition.

In 2022, the Tennessee legislature extended for another year a special sales tax holiday that started on July 1, 2021, and is now ending on June 30, 2023, for gun safes and gun safety devices. Gun safes and gun safety devices are not defined terms under the SSUTA Section 322.A.1. In addition, the Tennessee legislature enacted Public Chapter 1131 (2022) creating a special sales tax holiday for food and food ingredients starting August 1, 2022 and ending August 31, 2022. Important Notice 22-

Mr. Craig Johnson  
July 27, 2022  
Page 3

10 Sales Tax Holiday for Food and Food Ingredients was published June 3, 2022, 58 days prior to the start of the sales tax holiday.

As part of the annual recertification, Tennessee updated its Online Certificate of Compliance and Taxability Matrix (Part 1 – Library of Definitions and Part 2 – Tax Administration Practices) that reflect Tennessee's statutes as enacted through July 31, 2022 and has approved them to be published on the Streamlined Sales Tax Governing Board website beginning August 1, 2022. 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 [Sherry.Hathaway@tn.gov](mailto:Sherry.Hathaway@tn.gov), or Michael Ward at [Michael.Ward@tn.gov](mailto:Michael.Ward@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,

A handwritten signature in black ink that reads "David Gerregano". The signature is written in a cursive, flowing style.

David Gerregano

DG:SH