



Updates from Revenue

TGFOA September 2022

Short -Term Rental Marketplace

67-4-1503. Collection and remittance of tax — Monthly report and remittance — Audits — Confidentiality of information.

For purposes of this part:

- (1) A short-term rental unit marketplace shall, with respect to each short-term rental unit transaction facilitated by the short-term rental unit marketplace, collect and remit the taxes set out in § 67-4-1502(a), even if the transaction is occasional or isolated as contemplated in § 67-6-102(8)(B);
- (2) A short-term rental unit marketplace shall report its taxes collected pursuant to § 67-4-1502(a) on a monthly basis and remit the aggregate total amounts for each respective jurisdiction for each month;
- (3) Taxes payable by a short-term rental unit marketplace in accordance with § 67-4-1502(a) are subject to audit only by the department at the commissioner's sole discretion. Audits of a short-term rental unit marketplace must be conducted solely on the basis of the tax identification number associated with each short-term rental unit marketplace and shall not be conducted directly or indirectly on any individual short-term rental unit provider or any transient to whom short-term rental units are furnished. An audit described in this subdivision (3) must be conducted on the basis of returns filed by the short-term rental unit marketplace with the department, and if requested by the short-term rental unit marketplace, must include all tax types for which the short-term rental unit marketplace is required to collect and remit pursuant to § 67-4-1502(a); and
- (4) If a short-term rental unit marketplace is required to disclose any personally identifiable information relating to any short-term rental unit provider or transient to whom a short-term rental unit is furnished, such information is confidential pursuant to § 67-1-1702.

Sales Return with Schedule F

Sales Detail 🔒 🗑️ ? ✕

14. Tax on Merchandise Sold Through Vending Machines - 2.25%	<input type="text" value="0.00"/>	?
15. Total Local Special Rates Tax	<input type="text" value="0.00"/>	i

Schedule F - Local Occupancy Tax on Short-term Rentals

Do you have any Local Occupancy Tax on Short-term Rentals to report? Yes No

Report your Local Occupancy Tax on Short-term Rentals [Click Here](#)

Schedule F Total Tax

Location Information

1. State Sales Tax - 7.00%	<input type="text" value="0.00"/>	?
2. State Food Tax - 4.00%	<input type="text" value="0.00"/>	i
3. Local Sales Tax - 2.25%	<input type="text" value="0.00"/>	i
4. Tax Collected in Excess of State and Local Levies	<input type="text" value="0.00"/>	i

Schedule F

Schedule F - Local Occupancy Tax on Short-term Rentals



Schedule F - Local Occupancy Tax on Short-term Rentals

Show History

Filter

	Location	Short-term Rental Unit Receipts	Deductions	Net Rental Receipts	Occupancy Tax Due	Net Room Rentals Nights	Nightly Room Fee	Total Nightly Fee	Total Due
X	Adams - 7402	8,000.00	0.00	8,000.00	560.00	0	0.00	0.00	560.00
X	Bartlett - 7903	9,000.00	0.00	9,000.00	450.00	0	0.00	0.00	450.00
X	Benton County - 0300	5,000.00	0.00	5,000.00	250.00	0	0.00	0.00	250.00
X	Davidson County - 1900	25,000.00	0.00	25,000.00	1,500.00	90	2.50	225.00	1,725.00
X	Haywood County - 3800	15,000.00	0.00	15,000.00	750.00	0	0.00	0.00	750.00
X	Sevierville - 7801	20,000.00	0.00	20,000.00	600.00	0	0.00	0.00	600.00
X	Memphis - 7901	25,000.00	0.00	25,000.00	2,125.00	100	2.00	200.00	2,325.00
7 Rows		107,000.00	0.00	107,000.00	6,235.00		4.50	425.00	6,660.00

Cancel

OK

Revenue Accounting

16001



Revenue Account	Type	Sub Type	Site Id	Amount
16001 - Local Occupancy Collections	Local Occupancy County Ta	Adams	1001336259	564.05
16001 - Local Occupancy Collections	Local Occupancy City Tax	Bartlett	1001336259	453.25
16001 - Local Occupancy Collections	Local Occupancy County Ta	Benton County	1001336259	251.81
16001 - Local Occupancy Collections	Local Occupancy County Ta	Davidson County	1001336259	1,510.84
16001 - Local Occupancy Collections	Local Occupancy County N	Davidson County	1001336259	226.62
16001 - Local Occupancy Collections	Local Occupancy County Ta	Haywood County	1001336259	755.42
16001 - Local Occupancy Collections	Local Occupancy County Ta	Memphis	1001336259	1,259.04
16001 - Local Occupancy Collections	Local Occupancy City Nit. F	Memphis	1001336259	201.45
16001 - Local Occupancy Collections	Local Occupancy City Tax	Memphis	1001336259	881.32
16001 - Local Occupancy Collections	Local Occupancy City Tax	Sevierville	1001336259	604.34
10 Rows				6,708.14

Local Occupancy Annual Certification

67-4-1509. Report on tax rate imposed by local government.

Annually, on a date determined by the department and on a form created and provided by the department, every local government that imposes a tax set out in § 67-4-1502(a)(1)-(4) shall certify and report to the department the tax rate imposed by the local government. In the event of changes to the rate, the local government shall notify the department, in the manner prescribed by the department. The department shall collect the rate information and make the information accessible to the public.

- ❑ Department of Revenue will require this certification at the beginning of each calendar year.
- ❑ In the event of changes to the rates or corrections needed please provide a copy of ordinance or resolution sent to Revenue.FinancialControl@tn.gov
- ❑ As of today, we have about 27 counties and 26 cities that have not certified their local occupancy rates.

How to Certify?



By logging in, you confirm you have read the terms and conditions below, you understand them, and that you agree to be bound by them.

1. I acknowledge my official duties may involve access to state tax returns, tax information, and/or tax administration information. I have been advised state tax information requires special protection and may only be accessed, used, or disclosed in the performance of my official duties
2. I have [received and read copies of portions](#) of the Tennessee Code Annotated which pertain to unauthorized disclosure of state tax returns, tax information, and tax administration information. In particular, I have read and received copies of T.C.A. Sections 67-1-1701-1712. I have been advised it is unlawful to access or disclose state tax returns, tax information, or tax administration information for any purpose not authorized as part of my official duties. I have been advised these disclosure restrictions continue to apply even after my employment ceases. I agree to comply with the Tennessee Code sections as described above.
3. I have been advised of the criminal and/or civil penalties associated with violations of the disclosure statutes as described above.
4. I will not access or disclose any state tax return, tax information, or tax administration information in any manner whatsoever, except to the extent, and in a manner specifically permitted by applicable laws, rules, or regulations.

REP – Annual Certification

Annual Local Occupancy Tax Rate Certification

BENTON COUNTY CLERK

_*5220



Annual Local Occupancy Tax
Rate Certification

Review and Submit

Local Occupancy on Short-Term Rental Tax Rates

Local Occupancy Tax Rate

5%

Nightly Fee

\$0



Cancel

< Previous

Next >

REP – Annual Certification

Cities Which the Rate Applies To



Jurisdiction	County Tax Rate Applies	County Nightly Fee Applies
0301 - Camden	<input checked="" type="checkbox"/>	<input type="checkbox"/>
0302 - Big Sandy	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Certification

Pursuant to Tennessee Code Annotated, Section 67-4-1509, local governments that impose a local occupancy tax must certify their tax rates annually.

Please review the displayed tax rate records and certify either Yes that the current records are accurate or No that the current records are not accurate. *

Yes	No
-----	----



REP – Annual Certification

Annual Local Occupancy Tax Rate Certification

BENTON COUNTY CLERK

_*5220

Annual Local Occupancy Tax
Rate Certification

Review and Submit

This Annual Local Occupancy Tax Rate Certification submission is ready to submit.

Cancel

< Previous

Submit

Confirmation

Your request has been submitted.

Your confirmation number is: **1-760-785-984** .

If you have questions or need assistance, please contact Financial Control at 615-532-8944.

Print Confirmation

OK

Public Chapter 264

Public Chapter 264- Clarification on Short-Term Rental Marketplace

signed April 2021

- ❑ "Short-term rental unit marketplace" means a person or entity, excluding a vacation lodging service, that provides a platform for compensation, through which a third party offers to rent a short-term rental unit to an occupant;
- ❑ "Vacation lodging service" means a person or entity that is engaged in the business of providing the services of management, marketing, booking, and rental of short-term rental units.

<https://publications.tnsosfiles.com/acts/112/pub/pc0264.pdf>

Public Chapter 876

Public Chapter 876 - changes to 7-4-102

signed April 2022

- In addition to the tax authorized in subdivision (a)(1), there is hereby authorized an additional privilege tax upon the privilege of occupancy in a hotel of each transient in an amount not to exceed three percent (3%) of the consideration charged by the operator in metropolitan counties having a population less than twenty-five thousand (25,000), according to the 2020 federal census or a subsequent federal census. The tax so imposed is a privilege tax upon the transient occupying the room and is to be collected and distributed as provided in this chapter, and the tax must be approved by ordinance of the metropolitan council.

<https://publications.tnsosfiles.com/acts/112/pub/pc0876.pdf>

Out of State Collections

Two types of “out of state collections”

Where do they originate from ?

Remote sellers and marketplace facilitators with more than \$100,00 in sales to Tennessee customers during the previous 12-month period to collect and remit Tennessee sales tax on their sales.

Public Chapter 491 (effective October 2019)

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. Out-of-state dealers will no longer be able to use the 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.

Prior to this law change out of state dealers could use a uniform local option rate of 2.25% and did not have to report to the department the specific jurisdiction so the Department used a formula-based allocation to disburse these funds to local governments

- 1. Out of state collections that are reported and remitted to the Department using the applicable local sales tax rate in the jurisdiction and the amount of local option collected within a jurisdiction is reported to the department.**
- 2. Out of state collections that are reported and remitted to the Department where they have not indicated for the department the correct jurisdiction**

Public Chapter 491 Allocation Changes

Tenn. Code Ann. § 67-6-712

(e) If any dealer fails to provide the department with the information required under § 67-6-504(m) and the department is unable to determine the proper distribution of local sales tax under subsection (a), the department shall distribute the local sales tax as follows-

For taxes received by the department before July 1, 2021

- (A)** The tax shall be distributed to the counties based on the ratio of local tax collections in the county under this section over total local tax collections in all counties under this section;
- (B)** The amount received by the county under subdivision (e)(1)(A) shall be distributed first as provided for in subdivision (a)(1). The remainder shall be distributed to each incorporated municipality in the county based on the ratio of local tax collections in the municipality to total local tax collections in the county and shall be distributed to the county based on the ratio of local tax collections in the unincorporated portions of the county to total local tax collections in the county

Public Chapter 491 Allocation Changes

Tenn. Code Ann. § 67-6-712

For taxes received by the department after July 1, 2021

- (A)** The tax shall be distributed to the counties based on the ratio of local tax collections in the county from dealers with no location in this state that can be identified by situs over the total local tax collections in all counties from dealers with no location in this state that can be identified by situs;
- (B)** The amount received by the county under subdivision (e)(2)(A) shall be distributed first as provided for in subdivision (a)(1). The remainder shall be distributed to each incorporated municipality in the county based on the ratio of local tax collections in the municipality from dealers with no location in this state that can be identified by situs over the total local tax collections in the county from dealers with no location in this state that can be identified by situs and shall be distributed to the county based on the ratio of local tax collections in the unincorporated portions of the county from dealers with no location in this state that can be identified by situs over the total local tax collections in the county from dealers with no location in this state that can be identified by situs;
- (3)** A county and a municipality may, by contract, provide for an alternative distribution for the amount not distributed under subdivision (a)(1).

Out of State Percentage Report

[Menu](#) [Settings](#) [Report Help](#)

Reports

- › [Out of State Percentage Breakdown \(Public Chapter 491\)](#) List of Local Option out of state sales distribution to all municipalities in a county jurisdiction.
- › [Revenue Collection](#) Review the summary of local collections received that are attributed to your jurisdiction.
- › [Sales Collections By Situs](#) View details of sales collections in a particular situs.
- › [Sales Taxpayers by Situs](#) View the list of sales taxpayers registered in the selected situs code.
- › [Business Taxpayers by Situs](#) View a list of business taxpayers registered in the selected situs code.
- › [Business Tax Line Items](#) View business tax return line item details by jurisdiction.
- › [Coal/Mineral Taxpayer By Situs](#) View details of coal and mineral severance collections in a particular situs.
- › [View Letters](#) View letters.

Out of State Percentage Report

Local Option Out of State Sales Distribution

Month *

Required

Year *

Required

Local Option Out of State Sales Distribution

Month

07 - July

Year

2021

[Search](#)

Total County Out of State Amount

-918,108.92



[Export](#)

Situs	County Situs	Revenue Period	Total Local Option Amount by Destination Rate	Local Option Percentage
-------	--------------	----------------	---	-------------------------

Out of State Percentage Report

DEPARTMENT OF REVENUE
Local Option Out of State Sales Distribution

County Situs: TEST COUNTY
Total County Out of State Amount: -\$918,108.92

Situs	Reporting Period	Total Local Option Amount by Destination Rate	Local Option Percentage
	31-Jul-2021	-\$1,247,091.73	10.56%
	31-Jul-2021	-\$10,133,004.11	85.76%
	31-Jul-2021	-\$55,722.28	0.47%
	31-Jul-2021	-\$60,388.58	0.51%
	31-Jul-2021	-\$63,011.05	0.53%
	31-Jul-2021	-\$213,433.72	1.81%
	31-Jul-2021	-\$42,128.24	0.36%
	31-Jul-2021	-\$299.68	0.00%
		-\$11,815,079.39	

The report will provide you the amount out of state that was not destination reported that allocated to your county. The new formula arrives at this amount by using the percentage of destination reported out of state collections to overall out of state collections per county.

County Allocation of Out of State

(B) The amount received by the county under subdivision (e)(2)(A) shall be distributed first as provided for in subdivision **(a)(1)**.

(1) One-half ($\frac{1}{2}$) of the proceeds shall be expended and distributed in the same manner as the county property tax for school purposes is expended and distributed; and

The remainder shall be distributed to each incorporated municipality in the county based on the ratio of local tax collections in the municipality from dealers with no location in this state that can be identified by situs over the total local tax collections in the county from dealers with no location in this state that can be identified by situs and shall be distributed to the county based on the ratio of local tax collections in the unincorporated portions of the county from dealers with no location in this state that can be identified by situs over the total local tax collections in the county from dealers with no location in this state that can be identified by situs;

<H:\Financial Control\Local Government Request\Special Projects\PC 491\blank calculation spreadsheet .xlsx>

Out of State Collections

It is important to remember that this type of out of state collections are only those where they did not destination report or destination report correctly.

Causes of reductions in these collections

Reductions in these collections can be due to more of a shift of remote sellers or marketplace entities starting to report correctly.

Borrow/Payback

If a local government gets into a situation where maybe there was an entity that amends their returns and is due a large refund or an audit reduces the amount of local option previously sent to a local jurisdictions. Or maybe there is a local government dispute that includes large amounts coming from one jurisdiction and going to another.

The Department has historically used these formula allocated out of state collections to allow the local jurisdiction to “borrow” from these collections so that it does not put that local jurisdiction in a negative cash flow situation.

The “borrow” in one month and then start to “pay back” in the future months. Sometimes they borrow in one month and payback in the next . Other times they borrow in one month and payback over the course of several months. When they payback, it goes into these out of state collections, so any impact seen will essentially undo itself.

Sales Tax Holidays /Hold Harmless

Public Chapter 1131 -exempted from sales tax the retail sale of food and food ingredients sold between Monday, August 1, 2022, and Wednesday, August 31, 2022.

Public Chapter 1053 extends the sales tax holiday for the retail sale of gun safes and certain gun safety devices until June 30, 2023.

Tenn. Code Ann. § 67-6-393 - where the above Holidays as well as the traditional “School Sales Tax Holiday” can be found.

Tenn. Code Ann. § 67-6-710 – where the provision to hold the local governments “harmless” from sales tax holidays found in Tenn. Code Ann. § 67-6-393.

Exemptions/Hold Harmless

Tennessee Broadband Investment Maximization Act of 2022

Public Chapter 1102- creates a three-year sales and use tax exemption for purchases and leases of all equipment, machinery, software, ancillary components, appurtenances, accessories, or other infrastructure that is used in whole or in part by broadband communications service providers or internet access service providers to produce broadband communications services and provide internet access. It also requires the department to reimburse municipalities and counties for any loss of revenue resulting from the tax exemption.

Effective Dates: July 1, 2022, to June 30, 2025

<https://publications.tnsosfiles.com/acts/112/pub/pc1102.pdf>

How do they report it ?

Sales Detail

Do you have any sales to report for this period?

1. Gross Sales

Schedule G

Location ID City or County Location

100 **Any exemption or deduction not listed in Temporary Exemption Type must be taken elsewhere on Schedule A**

	Exempt Sales Amount	Exempt Sales Amount in Excess of Local Single Article Tax (\$1,600)
Broadband Infrastructure Exemption		
Food Sales Tax Holiday		
Gun Safe/Safety Device Sales Tax Holiday		

1. Net Taxable Food Sales

How do they report it ?

Sales Detail 📄 🌐 🔒 🗑️ ? ✕

Schedule A - Exempt Transactions

Do you have any exempt transactions to report? Yes No

Report Your Schedule G Temporary Exemptions **Click Here**

Schedule G 📄 🌐 🔒 🗑️ ? ✕

Location ID: 1000267638 City or County Location: Nashville

Any exemption or deduction not listed in Temporary Exemption Type must be taken elsewhere on Schedule A

Temporary Exemption Type	Exempt Sales Amount	Exempt Sales Amount in Excess of Local Single Article Tax (\$1,600)
Broadband Infrastructure Exemption	15,000.00	5,000.00

Close Close

How do they report it ?

In addition to the exempt transaction, they taxable sales in Nashville of \$110,000.00, making the total local option due \$2,475.00

Sales Detail		ⓘ	🌐	🔒	📄	🔍	✕
Schedule B - Computation of Local Sales and Use Tax							
1.	State Net Taxable Total		100,000.00				ⓘ
2.	Adjustments		10,000.00				ⓘ
3.	Total With Adjustments		110,000.00				ⓘ
4.	Excess Amount of Single Article Tax Base		0.00				ⓘ
5.	Energy Fuel Sales		0.00				ⓘ
6.	Other Deductions		0.00				ⓘ
7.	Local Net Taxable Total		110,000.00				ⓘ
8.	Local Sales and Use Tax - 2.25%		2,475.00				ⓘ
Schedule C - State Single Article Tax and Special Rate on Energy, Water, & Specified Digital Products							

Hold Harmless Revenue Accounting

On the previous screen , the taxpayer had reported \$15,000 in gross exempt sales , \$5,000 of which was in excess of single article amount so there was a total of \$10,000 in “taxable” sales had it not been for the temporary Broadband exemption.

The system takes that amount of “taxable sales” and multiplies the local option rate in the jurisdiction it was reported under in this case Nashville at 2.25% and calculates the “Hold Harmless” amount of \$225.00. This with the taxable sales totals to \$2,700.00.

The screenshot shows a software interface with a navigation bar at the top containing tabs: Financial, CRM, Task, Collection, Audit, Adjustment, Revenue (selected), Web, and Other. Below the navigation bar are filters: Posted, Pending, By Transaction, History, Cube, and Projected⁰. The main content area is titled 'Posted Revenue Summary' and includes a search bar with 'nashville' entered. Below the search bar is a table with the following data:

Impact	Account	Type	Sub Type	Debit	Credit	Total
Credit	10106 - State Foc Food Sales		Nashville	0.00	350.00	(350.00)
Credit	10104 - Sales 1% Sales Tax Holiday County 1%		Nashville	0.00	32.14	(32.14)
Credit	10101 - State Salr Sales Tax Holiday County BEP		Nashville	0.00	16.07	(16.07)
Credit	10101 - State Salr Sales Tax Holiday County Revenue		Nashville	0.00	176.79	(176.79)

Revenue External Portal

When you are looking for this information in the reports located on the Revenue External Portal, you will go to the same detail report used each month to show collections by a given taxpayer. This report is called Sales Collections by Situs.

[Menu](#) [Settings](#) [Report Help](#)

Reports

- > [Out of State Percentage Breakdown \(Public Chapter 491\)](#) List of Local Option out of state sales distribution to all municipalities in a county jurisdiction.
- > [Revenue Collection](#) Review the summary of local collections received that are attributed to your jurisdiction.
- > [Sales Collections By Situs](#) View details of sales collections in a particular situs.
- > [Sales Taxpayers by Situs](#) View the list of sales taxpayers registered in the selected situs code.
- > [Business Taxpayers by Situs](#) View a list of business taxpayers registered in the selected situs code.
- > [Business Tax Line Items](#) View business tax return line item details by jurisdiction.
- > [Coal/Mineral Taxpayer By Situs](#) View details of coal and mineral severance collections in a particular situs.
- > [View Letters](#) View letters.

Hold Harmless Revenue External Portal

On the detail , there is no breakdown of the hold harmless amount or the taxable amount. It is simply shown as the total amount attributable to the specific taxpayer for the local jurisdiction.

Month
08 - August

Year
2022

Collections Type
Local Option

Situs
1901 - Nashville

Search

Export

Filter

Location Id	Name	Address	Filing Period	Amount
1000267638	NASHVILLE LOCATION	2 TEST ST NASHVILLE TN 37242-0001	31-Jul-2022	-2,700.00
				-2,700.00

Notable Legislation

Public Chapter 1082-Vendor's Compensation Deduction

- ❑ This bill provides a sales and use tax deduction to compensate dealers registered in Tennessee for the accounting and remitting of sales and use tax.
- ❑ The public chapter allows dealers a deduction equal to 2% of the state tax up to \$2500.00 and 1.15% on any amounts above \$2500.00 It does cap the amount of vendor's compensation to exceed \$25 per return.
- ❑ This would be per account since it is per return and not per location on the return.
- ❑ Vendor's compensation does not apply to local sales tax.

<https://publications.tnsosfiles.com/acts/112/pub/pc1082.pdf>

Notable Legislation

Public Chapter 683-Business Tax Wholesaler/Retailer Certificate

- ❑ Requires the Department to make available to a taxpayer that filed a business tax return a certificate that indicates whether the taxpayer reported tax due at the wholesaler or the retailer rate.
- ❑ Taxpayer can provide to vendors to assist with the administration of business tax.
- ❑ These certificates are valid for one year, beginning on the original date of the taxpayer's return and expiring on the due date of the taxpayer's next return.
- ❑ Effective January 1, 2023
- ❑ The certificates will be made available annually to taxpayers through the Department's TNTAP portal upon filing their business tax return

<https://www.tn.gov/content/dam/tn/revenue/documents/notices/business/bus22-04.pdf>

Questions



[This Photo](#) by Unknown Author is licensed under [CC BY-SA-NC](#)