

FI0331: State and Local Sales and Use Tax State and Local Sales and Use Tax Procedure	
Version:0001	Effective Date: 01/01/2023

Objective

This procedure outlines the steps that departments must take to comply with policy FI0331.

Scope

This procedure applies to all departments that engage in activities governed by FI0331.

Roles

These procedures apply to all university employees who are responsible for sales tax reporting.

Definitions

Tangible Personal Property: personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses, and includes electricity, steam, water, gas, and prewritten computer software.

Sales Price: the total amount of consideration (including cash, credit, property, and services) for which property or services are sold, including: cost of the property sold; cost of materials, labor, or service cost; costs of transportation or delivery to the seller; all taxes imposed on the seller; expenses, interest, losses, and overhead; charges by the seller for services necessary to complete the sale; delivery charges made by the seller; installation charges, and exempt property given to the purchaser where taxable and nontaxable products are bundled and sold as a single product for one price.

Procedure

I. Tax Locations

- A. Any department that does not have an established tax location must create a tax location before engaging in taxable activities.
- B. To create a new tax location, departments must complete a Sales and Use Tax application and the Revenue Questionnaire. The department must submit the

- completed application no later than the end of the month in which the department first makes a sale, or as soon as possible after identifying a new location.
- C. If a department engages in taxable activities without establishing a tax location, the department will be responsible for all penalties and interest assessed as a result of the department's failure to establish a tax location.
 - D. If the Controller's Office finds that a department needs to create a tax location, the department must create the tax location as soon as possible and report all previous and current tax liabilities in a timely manner.

II. Proper Documentation

A. Tax Returns

1. Sales and Use Tax

- a) When a department submits Sales and Use Tax returns, departments must submit all Sales and Use Tax returns on the current version of the State and Local Sales and Use Tax Return form (Tennessee Department of Revenue Form # SLS450).

2. TV Programming & Telecommunications Sales and Use Tax

- a) When a department submits TV Programming & Telecommunications Sales and Use Tax returns, departments must submit all TV Programming & Telecommunications Sales and Use Tax returns on the current version of the TV Programming & Telecommunications Sales and Use Tax Return (Tennessee Department of Revenue Form # SLS458).

B. Coversheet

- 1. Departments must include the coversheet and the applicable tax documentation.
- 2. The coversheet identifies the location's name, address, location and tax ID numbers, the name and email of the contact person for the location, as well as the approver. The coversheet will also include a breakdown of the fund names, numbers, and G/L numbers, as well as the amounts that will be applied to each account to pay the total tax liability.
- 3. Departments must update the "Tax Month" on the coversheet to reflect the then-current tax month and year of the tax return submission.
- 4. Departments must attach the coversheet to the Sales and Use tax return.
- 5. Only an authorized approver for the location may sign the coversheet. The authorized approver's signature constitutes the department's authorization to apply the department's tax liability to the department's accounts listed on the coversheet. Authorized approvers may sign the coversheet electronically.

C. Proper Signatures on the Return

- 1. Departments must ensure that individuals sign as tax preparer and tax payer on the tax form.

III. Disclosure Obligation

- A. Departments must communicate to the Controller's Office any new sales activities that the department conducts.
- B. Departments must communicate to the Controller's Office any proposed changes to existing sales activities.
- C. Departments must submit to the Controller's Office a completed Revenue Questionnaire before the department engages in new sales or changes existing external sales.

IV. Reporting Obligations

- A. Departments must file a coversheet and a Sales and Use Tax return monthly, even if there are no sales, and when no tax liability exists.
- B. Departments must complete all applicable schedules that are part of the applicable tax form. The Controller's Office will return incomplete submissions back to the department.

V. Monthly Submissions

- A. Departments must submit a signed coversheet and a signed Sales and Use Tax return to the Controller's Office on or before 5:00 PM Eastern Time on the 10th day of each month. Departments must include all sales for the previous month in their return.
- B. If the 10th falls on a weekend or a university-observed holiday or administrative closing, the deadline will be extended to 5pm on the next business day following the 10th. (ex. The 10th is a Saturday; the deadline would move to 5pm the following Monday the 12th).
- C. Departments must submit their signed documentation in PDF format via email to controlleroffice_taxforms@tennessee.edu.
- D. The Controller's Office will publish a tax-deadline calendar on their website. The calendar will contain all relevant tax deadlines.

VI. Review Process

- A. The Controller's Office will review departments' submissions for accuracy and completeness.
- B. The Controller's Office will discuss with the applicable department when the Controller's Office identifies inconsistencies or other errors.
- C. The Controller's Office's Tax Analyst or the Tax Manager, or both, will review and discuss corrective action. If the Controller's Office finds that a department needs to make a correction, the department must make all appropriate corrections within the following time frame: the lesser of: (i) 2 business days, or (ii) the business day before the tax submission deadline.
- D. The Tax Manager's determination regarding the taxability of a University activity is final.

VII. Amendments

- A. While uncommon, departments might need to amend a Sales and Use Tax return to correct an error. When a department realizes that they need to amend a return, they must do so as soon as possible to minimize the accumulation of penalties and interest.
- B. To process an amendment, departments will follow the same procedures for a regular return, with the additional step of checking the “Amended return” box on the first page of the tax forms.
- C. Any tax location that files an amended return will be responsible for all penalties and interest that arise as a result of the amended return.
- D. Departments must not file a zero return with the intent of amending their return at a later date.

VIII. Notifications

- A. The Controller’s Office will notify the applicable CBO if the Controller’s Office is unable to obtain information from a department regarding Sales and Use Tax, or if the department does not comply with the policy or procedures.
- B. If the Chief Business Officer is unable to obtain the department’s timely compliance, the Controller’s Office will notify the Treasurer and Chief Financial Officer.

Penalties/Disciplinary Action for Non-Compliance

Employees who fail to comply with this procedure might face adverse human resources actions, up to and including termination. Departments will be responsible for any penalties and interest, whether due to failure to establish a location or due to inaccurate tax filings.

Responsible Official & Additional Contacts

All University of Tennessee campuses

Subject Matter	Office Name	Telephone Number	Email/Web Address
Policy Clarification and Interpretation	Controller’s Office	(865)974-2493	https://controller.tennessee.edu/tax
Policy Training	Controller’s Office	(865)974-2493	https://controller.tennessee.edu/tax

Related Policies/Guidance Documents

Please see the [Controller’s Office website](#) for additional information.