

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

## State and Local Sales and Use Tax

### SECTION 1. Policy Statement

#### I. Overview

##### A. Generally

The Controller is responsible for ensuring that all University departments comply with state and local tax law and regulations. Also, the Controller is responsible for the timely submission of the Tennessee State and Local Sales and Use Tax Return (SLS450) or TV Programming & Telecommunications Sales and Use Tax Return (SLS458).

##### B. Tax exemption

The University of Tennessee, as a state agency, is exempt from Tennessee sales tax on purchases of goods and services that the University will use, consume, or give away.

##### C. When the University is not exempt

1. When the University, including its affiliated non-profit entities, engage in the selling, leasing, or renting tangible personal property and the selling of certain taxable services, amusements, and digital products specified in the Tennessee Code, the University must collect and remit sales tax to the State of Tennessee.
2. Sales transactions that are conducted or delivered to customers in other states and jurisdictions (countries) may also require the collection and remittance of taxes to those tax authorities (including online sales). The University is subject to value-added tax (VAT), goods and services (GST) tax, and Japanese Consumption Tax (JCT).
3. Other local taxation (in U.S. states or international locations) might be applicable for other taxing jurisdictions based on activity and jurisdiction laws.

#### II. Tax Account

- A. The University of Tennessee has a consolidated Sales and Use Tax account in the state of Tennessee.
- B. The Tennessee Department of Revenue assigns a location identification number to each University department, upon completion of an application.

- C. The Controller's Office is the University's liaison with the Tennessee Department of Revenue. Accordingly, departments that need a new tax location created must contact the Controller's Office before engaging in outside sales activities.
- D. Because the TV Programming and Telecommunications Sales tax accounts are not a part of the consolidated Sales and Use Tax account, the Tennessee Department of Revenue will assign a separate account number for the TV Programming and Telecommunications Sales tax. Unless otherwise noted, Sales and Use Tax and TV Programming & Telecommunications Tax are referred to as "Sales and Use Tax".

### **III. Monthly Filing with Controller's Office**

- A. Departments must file a Sales and Use Tax return to the University Controller's Office monthly.
- B. Departments must not file a zero return with the intent of amending their return at a later date.

### **IV. Responsibility**

- A. Departments
  - 1. The University departments are responsible for the collection of sales taxes, as outlined in Tennessee law, this policy and procedure, and University policy FI0310, and timely reporting of the sales tax activity to the Controller's Office Tax Manager.
  - 2. Departments must communicate to the Controller's Office Tax Manager any activities that result in sales, and any existing activities that might result in a tax obligation.
- B. Controller's Office Tax Manager
  - 1. The Controller's Office Tax Manager is responsible for ensuring schools and centers across campuses and locations comply with state and local tax law and regulations.
  - 2. The Controller's Office Tax Manager is responsible for the timely submission of the Tennessee State and Local Sales and Use Tax Return (SLS450) or TV Programming & Telecommunications Sales and Use Tax Return (SLS458).

### **V. Records**

- A. Departments must collect and retain all required documentation necessary to support their submitted Sales and Use Tax returns. This includes, but is not limited to, daily sales records, merchandise purchases, exemption or resale certificates for any reported exemptions, property consumed for business use, inventory records, etc.
- B. The Controller's Office may inspect a department's records at any time, review the accuracy of the tax filing, or review the general needs of the proposed or existing tax location. The Controller's Office may determine that a department needs to create a new tax location. Departments must cooperate with the Controller's Office.

- C. The University hereby notifies its departments that the taxing authorities, including the Tennessee Department of Revenue, may inspect a department's records at any time. Departments must cooperate with the Tennessee Department of Revenue or other taxing jurisdictions.
- D. Departments must maintain their tax records in accordance with the University's Records Management policy.

**VI. Responsibility for Penalties**

- A. Each department is solely responsible for all costs, including penalties and interest, associated with their tax location.
- B. Any department that delays the University filing will be responsible for all penalties and interest that the taxing jurisdiction charges as a result of the department's delay.

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**SECTION 2. Reason for the Policy**

Compliance with the State and Local Sales and Use Tax policy is necessary to ensure timely filing with the Tennessee Department of Revenue and other jurisdictions to avoid penalties and interest. The University of Tennessee is committed to providing a consistent standard for proper collecting, reporting, and remitting of Sales and Use Tax under the University of Tennessee's consolidated Tennessee Sales and Use Tax account and/or TV Programming & Telecommunications Tax account, as well as other applicable taxing jurisdictions.

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**SECTION 3. Scope and Application**

This policy applies to all University locations.

Sales and Use Tax filing requirements are established by state statute and provided rules and regulations for the Sales and Use Tax reporting. The University has established this policy in a manner that ensures compliance with the state statutes.

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**SECTION 4. Procedures**

- I. Tax Locations
- II. Proper Documentation
  - a. Tax Returns

- i. Sales and Use Tax
    - ii. TV Programming & Telecommunications Sales and Use Tax
  - b. Coversheet
  - c. Proper Signatures on the Return
- III. Disclosure Obligations
- IV. Reporting Obligations
- V. Monthly Submissions
- VI. Review Process
- VII. Amendments
- VIII. Notifications

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## SECTION 5. 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.

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## SECTION 6. Penalties/Disciplinary Action for Non-Compliance

Failure to comply with this policy could result in adverse human resources actions, up to and including termination. Departments are responsible for paying any penalties and fees that a taxing authority imposes on the University as a result of the department's failure to report its taxable activity correctly or timely. Intentionally misrepresenting information to the state might result in criminal charges or civil actions to the individual making the misrepresentation. See TCA section 39-16-702.

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## SECTION 7. Responsible Official & Additional Contacts

The retention requirement for these tax documents is stated in the Records Management policy.

All University of Tennessee campuses

Subject Matter	Office Name	Telephone Number	Email/Web Address
Policy Clarification and Interpretation	Controller's Office	(865)974-2493	<a href="https://controller.tennessee.edu/tax">https://controller.tennessee.edu/tax</a>
Policy Training	Controller's Office	(865)974-2493	<a href="https://controller.tennessee.edu/tax">https://controller.tennessee.edu/tax</a>

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## SECTION 8. Related Policies/Guidance Documents

Please see the [Controller's Office website](#) for more information.

To view links to campus policies and procedures, click here:

<https://policy.tennessee.edu/campus-policies-procedures/>

FI0210 - Records Management, click here:

<https://universitytennessee.policylech.com/dotNet/documents/?docid=35&public=true>

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