

**Office of Budget and Finance**  
**University of Tennessee-Knoxville**  
**Tennessee Sales Tax Information: The University as Seller**

**What's subject to sales tax?**

In the State of Tennessee, tangible personal property (TTP) and some services are subject to state sales tax. In general, all sales that are not specifically exempted are subject to sales tax. **Always consult with the Office of Budget and Finance PRIOR TO making sales for assistance in determining your registration, collection and reporting requirements.**

**Please remember: Collection and remittance of sales tax is NOT dependent upon the profitability or purpose of the sales activity.**

**Before sales occur**

Prior to making any sales, complete the [Tax Questionnaire](#) and submit it to [bfforms@utk.edu](mailto:bfforms@utk.edu). The Office of Budget and Finance, in consultation with the Controller's Office, will review to assess possible tax implications. If subject to Tennessee sales tax and/or unrelated business income tax, you will be contacted with advice on the next steps.

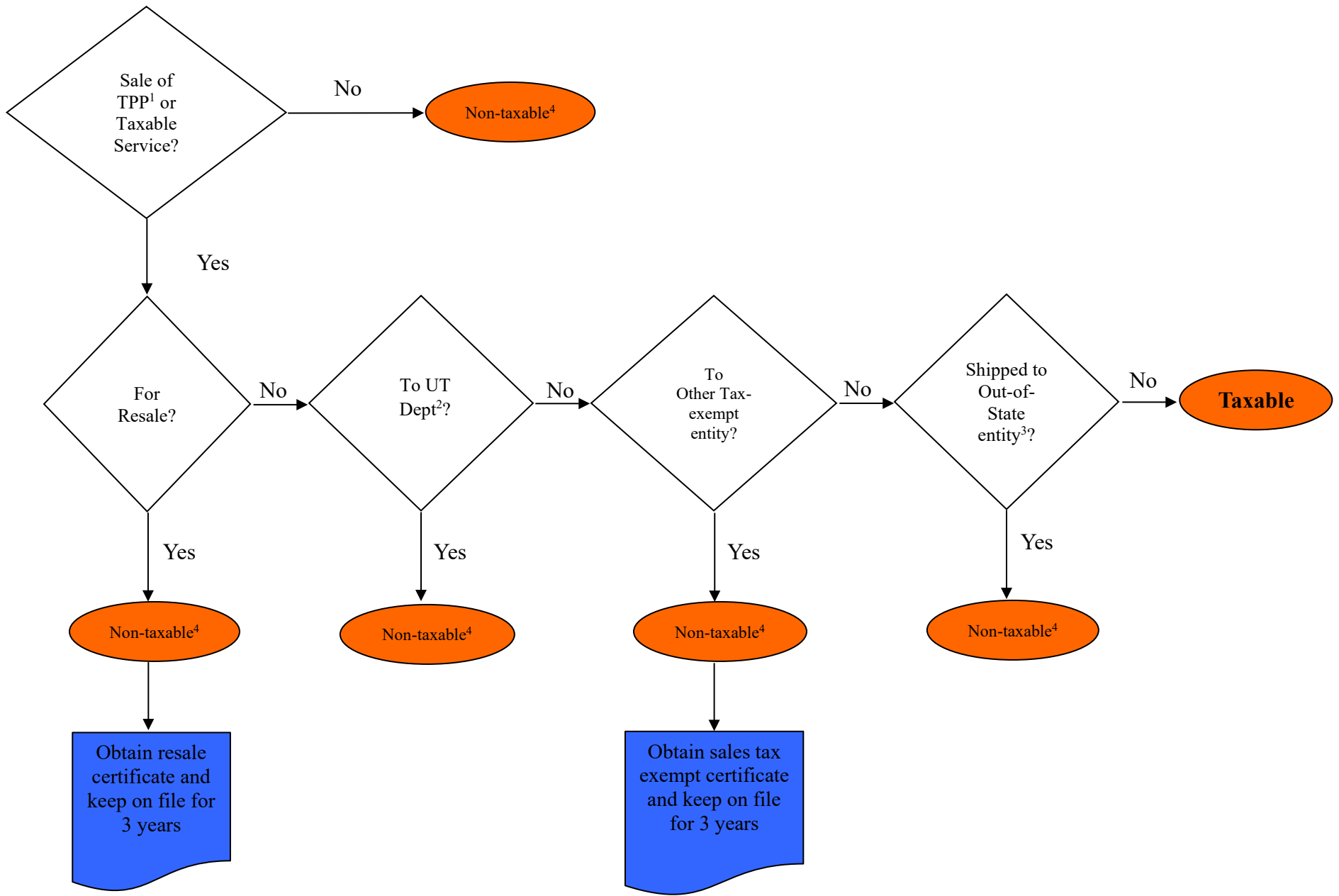
**While selling**

When making sales, you must collect tax at the effective rate for the county of the sale (see Tennessee Sales and Use Tax Guide under Resources). If a customer is tax exempt, obtain a copy of the customer's sales tax exemption certificate and retain it for a minimum of three years from December 31 of the year the sales and use tax return was filed.

**After the sale**

When making a deposit, all revenue should be credited to an Income cost center. The sales tax collected should be deposited to an 8xxxxx general ledger revenue code. Similarly, the remittance to pay the sales tax should be debited to an 8xxxxx g/l code. Sales tax should be reported in the month that the tax was collected. Sales taxes are reported and submitted to the Controller's Office electronically. Please contact the Controller's Office at [Controlleroffice\\_taxforms@utk.edu](mailto:Controlleroffice_taxforms@utk.edu) for instructions on the submission procedure to ensure accurate reporting and payment to the TN Department of Revenue.

## TN State Sales Tax Decision Tree – University as Seller



Application of the sales tax rules can be very facts and circumstance dependent. This diagram is meant as a general reference tool only. Questions regarding taxability should be directed to the Tax Compliance Officer in the Controller's Office.

<sup>1</sup>TPP – Tangible Personal Property are items that can be seen, weighed, measured, felt or touched and includes electricity, steam, water, gas and prewritten computer software. TPP does not include stocks, bonds, notes, insurance and other securities. It does not include signals broadcast over the airwaves. Some services, such as lodging for less than 90 days, are also taxable.

<sup>2</sup>Sales to UT Departments are only nontaxable when consumed by the University. Independent third parties cannot benefit from the university's tax exempt status. Thus, lodging for athletic campers, even though billed to a university account, are subject to sales tax. Similarly, independent contractors are responsible for use tax on university-purchased assets (equipment) and university-provided expenses (utilities) used in fulfilling a state government contract (examples – 3<sup>rd</sup> party operated bookstore, food service, printing, etc).

<sup>3</sup>Out-of-State sales – shipments of merchandise to out-of-state customers are generally not subject to Tennessee state sales tax. When conducting sales activity in other states, it is the department's responsibility to know and understand that state's sales tax reporting requirements.

<sup>4</sup>Non-taxable means the sale is not subject to TN state sales tax. However, it does not necessarily mean the sale is non-reportable. Schedule A of the Tennessee Sales and Use Tax Return lists exempt transactions that are reportable on the return (see Resources below).

## **RESOURCES**

### [Tennessee Sales and Use Tax Guide](#)

#### **Sales and Use Tax Forms: (Return and Instructions)**

<https://www.tn.gov/revenue/taxes/sales-and-use-tax/forms.html>

#### **New Application and Instructions:**

[https://www.tn.gov/content/dam/tn/revenue/documents/forms/general/f13005\\_1.pdf](https://www.tn.gov/content/dam/tn/revenue/documents/forms/general/f13005_1.pdf)

Sections that should be completed on the application are 1-11, 13, 14 (select yes, because the university is a consolidated tax account), 17, 19 (if known) and the form should be signed by the department approver. Once the application is complete, it should be submitted to the [Controlleroffice\\_taxforms@utk.edu](mailto:Controlleroffice_taxforms@utk.edu).