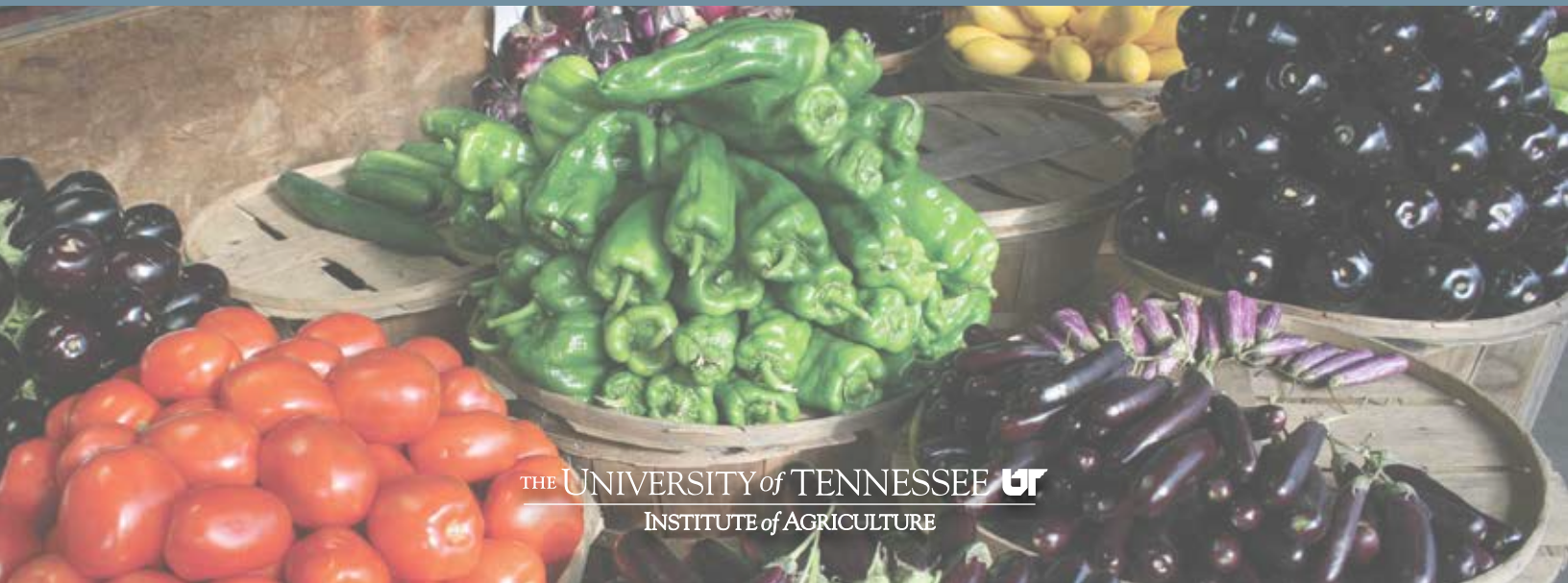




SALES TAX IN TENNESSEE ON THE PURCHASE AND SALE OF FARM PRODUCTS





It should be noted that the intent of this publication is to provide information to assist Tennessee farmers in the management and operation of their farms and value-added enterprises. The authors have attempted to review and interpret the available information regarding sales tax from the Tennessee Department of Revenue (the department) and apply it to general farm situations. Much of the information provided in this document was developed through extended conversations and consideration of a variety of “what if” scenarios with officials in the department to better understand the application of sales tax rules to Tennessee farmers.

The authors have relied heavily on information contained in the Sales and Use Tax Application to Farming, Timber Harvesting, Nursery Operations, and Agritourism (also referred to as the Agricultural Tax Guide) and the Sales and Use Tax Guide published by the department. These tax guides are important resources and are available at the following links:

- Sales and Use Tax Application to Farming, Timber Harvesting, Nursery Operations, and Agritourism <http://www.state.tn.us/revenue/taxguides/agricultural.pdf>.
- Sales and Use Tax Guide <http://state.tn.us/revenue/taxguides/salesanduse.pdf>.
- Other resources provided by the department, such as the Tennessee Code Annotated and Frequently Asked Questions about sales and use tax, are available at <http://www.tn.gov/revenue/library/index.shtml>.

The information contained herein is a good-faith attempt to condense details that relate to sales tax administration into a form that is understandable and applicable to common farming operations and standard farm-business practices. While the application of the current sales tax regulations on various situations, examples and scenarios has been addressed by associates from the department and they reviewed the initial draft of this document, it must be understood that rules and interpretations of such rules do change. Therefore, it is important to note that the information in this document is considered correct and accurate by the authors based on the rules, input, explanations and the authors’ understanding at the time of writing. **This booklet cannot be relied upon as legal advice and is not an official statement of department policy. If a reader has a specific tax issue, he or she should consult with a legal or accounting adviser for guidance.**

Appreciation is extended to Megan Bruch, Chris Clark, Clark Garland and Wanda Russell for their participation in the peer review process. In addition, we are especially thankful to Gabriel Clemons, April Moore Massengill and Jean Hulsey for their assistance in the editing, layout and graphic design of this publication.

The authors are grateful for the opportunity to meet with Sherry Hathaway, Kristin Husat, Barbara Sampson, John Harvey, Billy Trout and Ray Todd — all of the Tennessee Department of Revenue — to discuss many of the fine points of this publication. Special appreciation is also extended to Sherry Hathaway and Ray Todd for numerous discussions conducted in person, by phone and by email from March 2010 through December 2013.

Hal Pepper
Extension Specialist
Center for Profitable Agriculture

Sales Tax in Tennessee on the Purchase and Sale of Farm Products

Hal Pepper
UT Extension Specialist

Rob Holland
Director
Center for Profitable Agriculture

Revised February 2014

Introduction	5
Sales Tax on Farm Products Sold by Farmers	6
<i>Sales Tax on the Sale of Farm Products Raised by the Farmer</i>	6
<i>Sales Tax on Farm Products Sold but not Raised by the Farmer</i>	7
Sales Tax Liability and Registering With the Tennessee Department of Revenue	10
<i>Sales Tax Rates and Reporting of Sales Tax</i>	10
<i>Registering With the Tennessee Department of Revenue</i>	11
<i>Documenting Tax-Exempt Purchases</i>	13
Sales Tax Applications to Value-added Farm Products and Agritourism Activities	18
<i>Sales Tax on the Sale of Value-added Farm Products</i>	18
<i>Purchasing Inputs for Value-added Farm Products</i>	19
<i>Sales Tax on Agritourism Activities</i>	22
<i>Other Sales Tax Questions and Considerations</i>	24
Summary	28
<i>Appendix A Statute Language for Tennessee Code Annotated, Section 67-6-301</i>	29
<i>Appendix B When Does a Farm Product Lose Its Tax-Exempt Status?</i>	30
<i>Appendix C Local Sales Tax Rates</i>	31
<i>Appendix D Description of Food and Food Ingredients, Candy, Dietary Supplements, Meal Substitutes and Prepared Food</i>	37
<i>Appendix E Tennessee Department of Revenue Application for Registration</i>	40
<i>Appendix F Streamlined Sales and Use Tax Certificate of Exemption</i>	42
<i>Appendix G Tennessee Department of Revenue Application for Registration, Agricultural Sales and Use Tax Certificate of Exemption</i>	44
<i>Appendix H Tennessee Department of Revenue Tennessee Agricultural Sales and Use Tax Certificate of Exemption</i>	46

Tennessee farmers and nursery operators encounter sales and use tax issues (hereafter referred to as “sales tax”) both as purchasers and sellers of various products. It is important for farmers to understand how sales tax rules apply to both their purchases and sales. Sales tax issues are often confusing, complex and tedious to understand and interpret. There are some general issues and examples that help in the understanding of when and how sales tax may apply to sales and purchases. There are also specific issues, circumstances, exceptions and exemptions that should be carefully considered.

It may be helpful to first look broadly at the underlying basis for the sales tax. Sales tax in Tennessee is by statute a privilege tax. It is a tax on the privilege of engaging in the business of: (1) selling tangible personal property at retail; (2) selling certain services at retail; and (3) charging admission to events*.

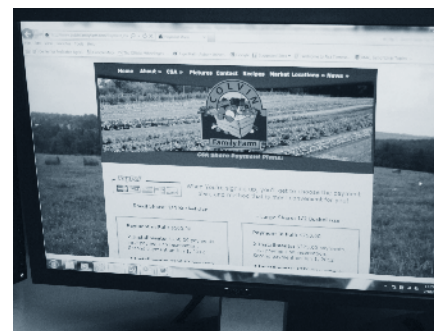
As it relates to improving the understanding of sales tax for Tennessee farmers, this publication is intended to address three main points:

1. Identify and explain sales tax rules and exemptions that apply to sales made by farmers.
2. Describe when sales tax is due, rates that apply, how to get registered and how to document tax-exempt purchases.
3. Provide information about sales tax implications for value-added farm products and agritourism operations.

*In general, a retail sale is defined as a transaction that is made to a purchaser who intends to consume or use the product/service. This is in contrast to a sale for resale, which is made to a purchaser who will re-sell the item or use it as a component in making another product that will be sold.

Sales Tax on the Sale of Farm Products Raised by the Farmer

The sale of farm or nursery products by the farmer who raised the products is exempt from sales tax (See Tennessee Code Annotated, Section 67-6-301 in Appendix A). It is important to understand that the farmer selling the product must have raised the product for the sale to be exempt. Examples of raised farm products include livestock, livestock products, nursery stock, poultry, poultry products, grains, fruits and vegetables. The exemption applies to any sale made by the farmer who raised the product, regardless of the purchaser and regardless of the location of sale. That is, the sale may be made to a consumer or to someone who plans to re-sell the product. As long as the sale is made by the farmer who raised the product, the sale is exempt from sales tax. The transaction may take place at the farm, a farmers market or any other location. As long as the transaction consists solely of a “product grown or produced and sold by the farmer,” the sale is exempt from sales tax. Sales by farmers of tangible personal property that are **not** farm or nursery products and sales of taxable services are generally subject to tax.



Sales of farm products by the farmer who raised them are exempt from sales tax, regardless of the location of the sale. Sales locations may include the farm, a farmers market or online.

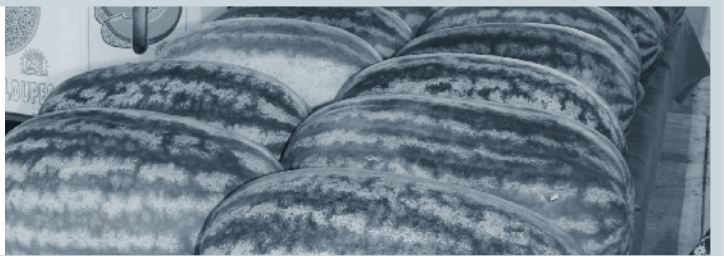
It is important to recognize that for liability and business management purposes, some farmers structure their farm operations through various legal business entities. For example, a farmer may have separate legal entities for the production and marketing components of the farm business. A partnership may be chosen as the business structure of the production operation while the marketing activities are handled by a Limited Liability Company (LLC). The same individuals may own both the partnership and the LLC, but these are separate legal entities. For the application of the sales tax exemption described above, **the farm products are only exempt from sales tax when they are sold by the entity that raised them.** If a partnership raises a product and a marketing LLC takes possession and markets the products, then the movement (sale) of the products from the production partnership to the marketing LLC is exempt from sales tax, but the retail sale by the marketing LLC to a consumer is not exempt.

Some farmers inquire as to what they need to do to claim the sales tax exemption when they sell products that they raise. That is, do farmers planning to sell products they raise need to register with the department or do they need a sales tax exemption number or other department documentation to sell their products exempt from sales tax? The basic answer is that no paperwork, no registration, and no approval are needed for farmers to sell products that they raise and sell exempt from sales tax. In essence, the exemption of sales made by farmers of products they have raised inherently exists and can therefore be claimed without registration, approval or request. In the event that a complaint is issued to the department against a farmer who is selling products without sales tax, the farmer should be able to prove that the products meet the exemption criteria.

It may be helpful to consider the following basic example of a farmer selling farm products that he or she raised.

EXAMPLE 1

If Farmer Smith raises 1,000 watermelons and sells them to consumers for \$8 each, for a total of \$8,000, there is no sales tax due when Farmer Smith sells the watermelons. The sale of farm products by the farmer who raised the products is not subject to sales tax.



Sales Tax on Farm Products Sold but not Raised by the Farmer

Farmers may choose to purchase products from someone else (another farmer, a vendor/supplier) and offer them for sale alongside products they raised. For example, by expanding the variety and quantity of produce offered, fruit and vegetable growers may enhance the overall appeal of products that they have to sell at a produce stand or farmers market booth. It is advantageous for farmers who purchase other products for resale to understand if and when sales of the products they purchased for resale are exempt from sales tax.



Farmers may purchase farm products to expand the variety and quantity of products they have to offer for sale. These may be sold exempt from sales tax if certain conditions are met.

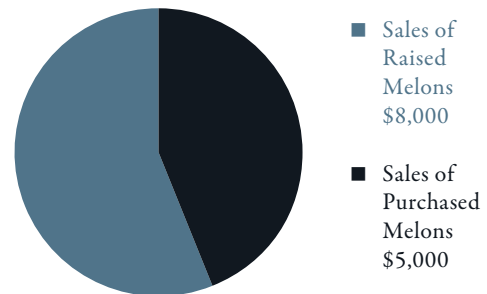
When farmers sell both farm products they raised and farm products they purchased from the farmer who raised them, there may be an opportunity to sell the purchased farm products exempt from sales taxes. The purchased farm products may be sold exempt as long as the total dollar value of sales of the products raised by the farmer accounts for at least 50 percent of the farmer's total sales of farm products in a calendar year.

The following example illustrates the sale of purchased farm products in which the farm products are purchased from the farmer who raised them and the 50 percent test is met.

EXAMPLE 2

If Farmer Smith raises and sells watermelons in a calendar year for \$8,000, and sells watermelons to consumers for \$5,000 that were bought for resale from the farmer who raised them in the same calendar year, such that Farmer Smith's watermelon sales total \$13,000, then both of the following statements are true.

1. Farmer Smith's sale of the watermelons he or she raised (\$8,000) is exempt from sales tax.
2. Farmer Smith's sale of the purchased watermelons is also exempt from sales tax because (at least) 50 percent of the total sales dollars (in the calendar year) were on farm products raised by Farmer Smith (\$8,000 is 62 percent of \$13,000).



The sales of the purchased melons are exempt because they were purchased from the farmer who raised them and at least 50 percent of the total sales (in dollars) were from products raised by the farmer.

QUICK NOTES

If sales taxes are collected, they must be remitted to the Department of Revenue.

This exemption only applies to “farm or nursery products,” and they must also be purchased for resale directly from the farmer who raised them. (For a discussion of when a farm product loses its tax-exempt status, see Appendix B.) The sales period under consideration is a calendar year. If at the end of the calendar year the farmer's sales of raised farm products are less than 50 percent of the total sales of farm products, then sales tax is due on the sale of the purchased farm products. If the farmer is uncertain about whether the “50 percent” test will be met, then the farmer may consider collecting sales taxes on the sales of the products not raised. If sales taxes are collected then they must be remitted to the Department of Revenue.

Because the sales tax exemption rules often become confusing when applying them to farm products purchased for resale, it is a good reminder to note that even when products purchased for resale are considered, the farmer's sales of products the farmer raised are always exempt from sales tax. The “50 percent” test only applies when determining whether the retail sale of farm products purchased from the farmer who raised them is exempt from sales tax.



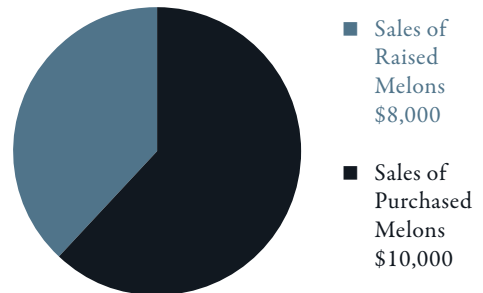
A farmer's sales of products raised by the farmer are always exempt from sales tax

The following example describes a scenario in which the farm products are purchased from the farmer who raised them but the 50 percent test is not met.

EXAMPLE 3

If Farmer Smith's raised watermelon sales are \$8,000 and the watermelons purchased from the farmer who raised them are sold to consumers for \$10,000, such that watermelon sales total \$18,000, then ...

1. Farmer Smith's sale of the watermelons he or she raised (\$8,000) is exempt from sales tax.
2. However, Farmer Smith's sale of the purchased watermelons is not exempt from sales tax because less than 50 percent of Farmer Smith's total farm product sales in the calendar year (\$18,000) were on farm products raised by Farmer Smith (\$8,000 is 44 percent of \$18,000).



The sales of the purchased melons are taxable because less than 50 percent of Farmer Smith's sales were from products Farmer Smith raised.

In order for all of the sales of farm products in Example 3 to be exempt under the "50 percent" test, at least half of the sales would have to be from the farmer's raised products (in this case, \$9,000). Since only \$8,000 of raised watermelons was sold, the "50 percent" test is not met and the sales of the watermelons purchased from another grower for resale are subject to the sales tax.

Example 4 considers the sale of farm products purchased from someone other than the farmer who raised them.

EXAMPLE 4

If Farmer Smith's raised watermelon sales are \$8,000 and Farmer Smith purchases watermelons from a broker and resells them to consumers for \$7,000 ...

1. Farmer Smith's sales of the raised watermelons are exempt from sales tax.
2. However, Farmer Smith's sales of the purchased watermelons are not exempt from sales tax because the watermelons were not purchased from the farmer who raised them. As will be discussed in the Documenting Tax-Exempt Purchases section, if Farmer Smith completes an Application for Registration and receives a Certificate of Registration and Blanket Certificate of Resale from the department, and then provides the appropriate documentation to the broker, the purchase of the watermelons from the broker will be tax-exempt because it is a purchase for resale.

Farm products purchased for resale from someone other than the farmer who raised them are not exempt from sales tax when they are sold to a consumer.

Sales Tax Rates and Reporting of Sales Tax

The state sales tax rate on most products and taxable services is 7 percent. The local tax rate (set by the local government) will vary from 1 percent to 2.75 percent. The highest possible combined tax rate is 9.75 percent. The current local rates for cities and counties in Tennessee may be found in Appendix C and at <http://www.tennessee.gov/revenue/pubs/taxlist.pdf>. Rates listed for the cities include both the county tax rate and any city-imposed tax rate. The rate charged is the rate for the county and city in which the sale occurs, irrespective of the county in which the products were raised.

However, certain food, food ingredients and meal substitutes are taxed at the lower state sales tax rate of 5 percent (as of July 1, 2013) plus the local tax rate. There is no lower local tax rate for these items. “Food and food ingredients” are defined as “substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value.” “Meal substitutes” are labeled with “Nutrition Facts” and include items such as unsweetened breakfast bars or those containing flour, unsweetened dried fruit snacks, drinks such as Ensure or Boost, Pop-tarts, and soup mixes.



Food, food ingredients and meal substitutes are taxed at the lower state sales tax rate of 5 percent plus the local tax rate.

In Example 3, the sale of the purchased watermelons to consumers would qualify as the sale of a food and would be taxed at the lower state sales tax rate of 5 percent plus the local tax rate. Using Appendix C, if the sale of the watermelons took place in Bristol, Tenn., the sales tax rate would be 5 percent (state) plus 2.25 percent (local) for a total rate of 7.25 percent. If the product sold is not a food or food ingredient, the sales tax rate would be 7 percent (state) plus 2.25 percent (local) for a total rate of 9.25 percent.

Candy, dietary supplements and prepared food do not qualify for the lower state sales tax rate and are taxed at the state sales tax rate of 7 percent plus the local tax rate. “Candy” is defined as a preparation of sugar, honey or other natural sweeteners in combination with chocolate, fruit, nuts or other ingredients or flavorings in the form of bars, drops or pieces. Candy does not include any preparation containing flour and must not require refrigeration. If an item requires refrigeration or has the word “flour” as an ingredient on the label, it is not considered candy. “Prepared food” means food that is sold in a heated

state or that is heated by the seller; food where two or more food ingredients are mixed or combined by the seller for sale as a single item; or food sold with eating utensils provided by the seller, such as plates, knives, forks, spoons, glasses, cups, napkins or straws.

Examples of items that qualify as food and food ingredients and are taxed at the lower rate and examples of items considered to be candy, dietary supplements and prepared food are provided in Appendix D and at <http://www.state.tn.us/revenue/taxguides/salesanduse.pdf>.

Registering with the Tennessee Department of Revenue

SALES THRESHOLD LEVELS

Persons with annual taxable gross product sales of \$4,800 or less of tangible personal property or with annual gross sales of \$1,200 or less of taxable services are not required to collect tax on retail sales if Tennessee sales tax is paid to the supplier on the purchases of the products or services. These dollar amounts refer to “taxable” products or services and thus, would not apply to farm products that are exempt from sales taxes such as raised farm products or farm products purchased from the grower in which the 50 percent test is met.

It is the responsibility of sellers located in Tennessee or out-of-state sellers registered to collect Tennessee sales tax to remit the Tennessee sales tax to the department. Sales tax is due from the business (or farm) on taxable transactions regardless of whether it was collected from the customer. Tennessee sales and use tax regulations say that a business is not required to have a sales tax account or collect sales tax 1) if its annual gross sales are \$4,800 or less in tangible property or \$1,200 or less in services, and 2) if the seller pays Tennessee sales tax to its suppliers for everything it buys and sells to others. So, not only does a seller have to make sure it does not exceed the applicable sales thresholds to be exempt from collecting sales tax, the seller also must pay Tennessee sales tax to a supplier for everything the business (or farm) sells to others.

If sales tax is due on a business’s (or farmer’s) sales, sales tax should be remitted on the entire year’s taxable sales. Taxable sales include the sales that occurred prior to registration.

QUICK NOTES

When a farmer has any taxable gross product sales or taxable services and no Tennessee sales tax is paid to the supplier of these products or services, the farmer is required to register with the department and pay sales tax on all the taxable sales that occur within the year. Taxable gross product sales do **not include sales of products that the farmer raised.**

QUICK NOTES

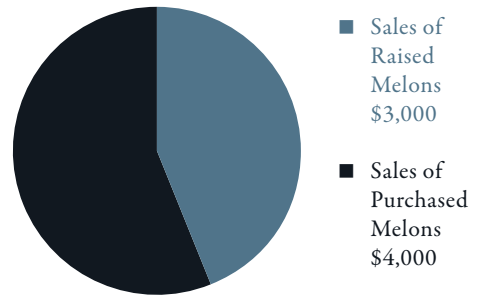
If sales tax is due, the seller is responsible for paying the sales tax to the department whether or not it was collected from the customer.

Example 5 describes a scenario where the 50 percent test is not met, taxable sales are not over the \$4,800 threshold and sales tax was not paid to the supplier. In this case, sales tax is due when the farm product is sold to the consumer.

EXAMPLE 5

If Farmer Smith’s raised watermelon sales are \$3,000 and the watermelons purchased from the farmer who raised them are sold to consumers for \$4,000, total watermelon sales equal \$7,000, and ...

1. Farmer Smith’s sale of the watermelons he or she raised (\$3,000) is exempt from sales tax.
2. However, Farmer Smith’s sale of the purchased watermelons is not exempt from sales tax because less than 50 percent of Farmer Smith’s total farm product sales in the calendar year (\$7,000) were on farm products raised by Farmer Smith (\$3,000 is 43 percent of \$7,000) and no Tennessee sales tax was paid by Farmer Smith on the purchased watermelons.



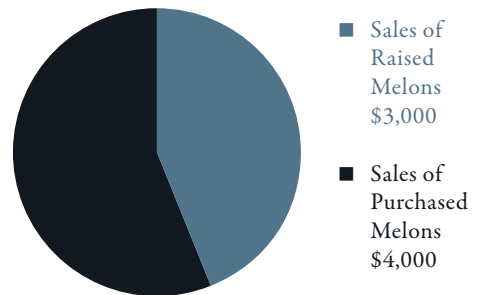
When a business has taxable sales and no sales tax was paid to the supplier, sales tax must be paid on these sales. The sales threshold levels do not apply in this case.

Example 6 considers a situation where the 50 percent test is not met, taxable sales are not over the \$4,800 threshold and sales tax was paid to the supplier. In this case, sales tax is not due when the farm product is sold to the consumer.

EXAMPLE 6

If Farmer Smith’s raised watermelon sales are \$3,000 and the watermelons purchased from a broker who charged sales tax are sold to consumers for \$4,000, total watermelon sales equal \$7,000, and ...

1. Farmer Smith’s sale of the watermelons he or she raised (\$3,000) is exempt from sales tax.
2. Since Farmer Smith bought the watermelons from a supplier who charged sales tax, no sales tax would be due when these watermelons are sold for \$4,000. Sales tax was paid to the supplier and the sales amount is not over the \$4,800 threshold.



When a business has taxable sales of \$4,800 or less and sales tax was paid to the supplier, sales tax is not due on these sales.

To register with the department, the farmer must complete an Application for Registration. The farmer will receive from the department a Certificate of Registration for Sales Tax. Once the farmer has registered, sales tax will be due on all future taxable sales of products and services. If in a subsequent year, the farmer no longer has taxable sales, the farmer may request that the department close the account. The farmer closing his or her account must surrender the Blanket Certificate of Resale received from the department that authorized making tax-exempt purchases for resale.

There is no cost to complete an Application for Registration and the application may be completed and submitted online at <http://www.tn.gov/revenue/forms/sales/index.shtml>. As an alternative, a paper Application for Registration may be downloaded and submitted to the department at any of the office addresses printed on the application. A copy of the Application for Registration is provided in Appendix E. After the department receives the application, a Certificate of Registration and a Blanket Certificate of Resale will be issued to qualified applicants.

The Certificate of Registration has a detachable certificate that contains the certificate number and the Tennessee Sales and Use Tax Account Number (or simply “Account Number”). This detachable certificate should be posted in one’s place of business if there is an appropriate place to display it. Otherwise the certificate may be filed for safekeeping. Its purpose is to verify that the business has registered for sales tax. These certificates are legal documents and should be maintained in a secure location.

A farmer who buys and resells should be aware that if sales tax is due, the farmer is responsible for paying it, whether or not it was collected from the customer. A farmer who has taxable gross product sales in different locations (such as farmers markets in multiple counties) would need to complete an Application for Registration for each sale location. The appropriate tax for sales at each location would be remitted to the department.

Documenting Tax-Exempt Purchases

EXEMPTIONS AND DOCUMENTATION

Basically, there are three types of sales tax exemptions: exempt entities, exempt items and exempt transactions. These exemptions provide opportunities for farmers to benefit from sales tax exemptions on both sales and purchases. Many exempt transactions and sales to exempt entities require that the buyer claiming the exemption provide specific documentation to the seller. For example, this documentation may include a Certificate of Registration, Blanket Certificate of Resale, Streamlined Sales Tax Certificate of Exemption, or Agricultural Sales and Use Tax Certificate of Exemption. Examples of the Streamlined Sales and use Tax Certificate of Exemption and the Agricultural Sales and Use Tax Certificate of Exemption are provided in Appendices F and H. The seller is required to keep the documentation on file for at least three years from the end of the year in which the associated sales and use tax return was filed.

The Blanket Certificate of Resale provides sellers with documentation that a business is authorized to purchase an item for resale free of sales tax. Sales tax will be paid on the retail sale of the item to a consumer. For example, a farmer or business with a Blanket Certificate of Resale could present it to a broker and make tax-exempt purchases of items for resale. The purchasing farmer or business should make a copy of the Blanket Certificate of Resale, complete the bottom portion and give to vendors. When a purchase for resale is made, the Blanket Certificate of Resale should be completed with the selling vendor’s name and address, purpose of purchase, and the name and signature of the authorized purchaser. As long as the purchasing business remains registered and engaged in selling tangible personal property at retail and the purchases are of the kind usually purchased by the business for resale, providing one Blanket Certificate of Resale per vendor will be sufficient. The business will not be required to provide additional Blanket Certificates of Resale for individual purchases.

Instead of providing a Blanket Certificate of Resale when making a purchase for resale, a business may complete a Streamlined Sales Tax Certificate of Exemption (see Appendix F) and give it to the selling vendor. This method is useful when a business wishes to make a tax-exempt purchase but is not able to provide a copy of the Blanket Certificate of Resale at the time of purchase. When a Tennessee business uses a Streamlined Sales Tax Certificate of Exemption to make a purchase, the business must include the Account Number that appears on its Certificate of Registration and on the Blanket Certificate of Resale issued by the department. This number should be reported as the Purchaser's Tax ID Number on the Streamlined Sales Tax Certificate of Exemption. The following information is included on the Streamlined Sales Tax Certificate of Exemption:

- State(s) under whose laws exemption from sales tax is sought.
- Invoice/Purchase Order Number (if applicable).
- Purchaser's name and address.
 - Purchaser's Tax ID Number and state and/or country issued, or, if not available,
 - Federal Employer's Identification Number, or, if not available,
 - Personal Driver's License Number and state issued.
 - Foreign Diplomats enter the individual tax identification number shown on the sales tax exemption card issued by the U.S. Department of State's Office of Foreign Missions.
- Seller's name and address.
- Type of business.
- Reason for exemption.
- Signature and date.

It should be noted that the Streamlined Sales Tax Certificate of Exemption cannot be used to claim a privilege that does not already exist. Specifically, a business that does not have a Certificate of Registration and a Blanket Certificate of Resale would not be permitted to use the Streamlined Sales Tax Certificate of Exemption to make tax-exempt purchases of items for resale.

QUICK NOTES

Use of a Blanket Certificate of Resale enables a business to make tax-exempt purchases of items for resale.

SALES TAX REMITTANCE

When the Application for Registration is completed, the business will be required to file periodic sales or use tax returns to report taxable sales activity and remit the state and local sales tax collections to the Tennessee Department of Revenue. Effective Oct. 1, 2013, all sales and use taxpayers are required to file returns and remit the associated tax payments electronically.

To register for online filing, a username and password may be set up after the Tennessee Sales and Use Tax Account Number (Account Number) is received. To set up a username and password, first go to the department's home page at <http://www.tn.gov/revenue>. On the left-hand side, click on Taxes and then click on Sales and Use Tax. Next, click on Sales and Use Tax Electronic Filing and choose Online Filing through the Department of Revenue's website. Click on the link to TN.gov Account Management website and click on Create Account. Make sure the Online Sales and Use Tax Filing is checked. Click on Continue and provide information about the business, name of the main account contact and the account number. The main account contact is the person who can make any changes to the account and who can designate who may file the returns. Click on Continue and assign the business a username and password. After this designation is made, the subscriber/service agreement should be printed and mailed or faxed to the address or number listed on the agreement.

Once the username and password are set up, the business may go to www.tennesseeanytime.org/sales to file State and Local Sales & Use Tax Return – SLS 450 online and to send sales tax payments to the Tennessee Department of Revenue. After logging in with the username and password, the business will be prompted to enter the filing period and information about sales and exempt transactions. Payment may be made by debit from a checking account or by certain credit cards. A 2.49 percent processing fee is charged for credit card transactions. Sales tax returns are due monthly, quarterly or annually, depending on the filing frequency established when the sales and use tax application is processed by the Department of Revenue, and must be filed by the 20th of the month following the period for which the sales tax is due. Thus, a January return for a monthly filer would be due February 20. Similarly, a return for January through March for a quarterly filer would be due April 20. Sales tax returns must be filed even if no sales were made and no tax is due. An online demo on the department's website provides an example of a completed State and Local Sales & Use Tax Return. Questions about completing sales tax returns should be directed to the Tennessee Department of Revenue at 800-342-1003.

As was previously mentioned, businesses, including farm businesses, in Tennessee selling products or services that are subject to sales tax must complete an Application for Registration with the Tennessee Department of Revenue. Business types may include sole proprietorships, partnerships, limited liability companies, corporations and nonprofit organizations. In Examples 3 and 5 where sales of farm-raised products were less than 50 percent of the total calendar year sales and sales tax is due, Farmer Smith must complete an Application for Registration, obtain a Certificate of Registration, and remit sales tax on the sales of purchased watermelons. The watermelons raised and sold by Farmer Smith are exempt from sales tax.

When a Certificate of Registration is requested and successfully obtained by a business that expects to collect tax on retail sales, a Blanket Certificate of Resale will also be issued to the business. Both the Certificate of Registration and the Blanket Certificate of Resale contain a specific exemption number that identifies the business. This number is referred to as the "Account Number" and it is the same number on both the Certificate of Registration and the Blanket Certificate of Resale. This unique account number is needed to qualify to purchase items for resale exempt from sales tax. The Blanket Certificate of Resale issued by the department will be preprinted with the name and address of the business, account number and the effective date of registration. It is the account number that links the tax-exempt purchase to the seller and to the business that will resell the product. This information enables the department to audit the records of these businesses and to make sure that Blanket Certificates of Resale are used legitimately.

In Examples 3 and 5, if Farmer Smith buys the watermelons from the farmer who raised them, there is no sales tax due when Farmer Smith buys the watermelons; however, sales tax is due on the retail sale of the watermelons to Farmer Smith's customers, since sales of watermelons purchased were greater than 50 percent of the farmer's total sales. In Example 4, if the watermelons are purchased from a broker and Farmer Smith doesn't have a Blanket Certificate of Resale, Farmer Smith would pay sales tax when the watermelons are purchased from the broker. Then, at the time of filing a sales and use tax return or any assessment, Farmer Smith could receive credit for tax paid on the purchased watermelons but would remain liable for sales tax when the watermelons are sold to his or her customers. However, with a Blanket Certificate of Resale, Farmer Smith may purchase the watermelons free of sales tax from the broker by providing a signed and completed copy of the Blanket Certificate of Resale or a Streamlined Sales and Use Tax Certificate of Exemption. The broker is required to keep the exemption documentation on file to support the exempt sale in the event of audit by the department.

Farmers should be aware that if they sell taxable products to businesses that are purchasing products for resale, they must obtain a copy of the purchaser's Blanket Certificate of Resale or fully completed Streamlined Sales and Use Tax Certificate of Exemption to document that the transaction is exempt from sales tax. Taxable products do not include farm products raised by the farmer.

It is important to note that even if a farmer has a Blanket Certificate of Resale or an Agricultural Sales and Use Tax Certificate of Exemption and presents it to a seller for the purpose of making a purchase exempt from sales tax, the seller has the discretion to deny a claim for tax exemption if the seller knows the claim for tax exemption is inappropriate or is not authorized under Tennessee law. However, a seller does not have the discretion to deny purchasers' claims for tax exemption that are appropriate and authorized under Tennessee law. Purchasers who claim an unauthorized or inappropriate tax exemption are liable for the sales tax. In order for sellers to not be held liable for the sales tax on inappropriate or unauthorized claims of tax exemption, the seller should maintain the tax exemption certificates that were presented by the purchaser and provide them upon request to the Department of Revenue. Any business can seek the department's view toward a potential sales tax-exempt purchase by sending an inquiry via email to TN.revenue@TN.gov.

Any business registering for a sales and use tax account (except for realty contractors registering for a contractor use tax account only) should automatically receive both a Certificate of Registration and a Blanket Certificate of Resale in their registration documents from the department when the account is established.

QUICK NOTES

When a farmer or other business sells products to businesses that are purchasing products for resale, the seller must obtain a copy of the buyer's certificate that documents the tax-exempt transaction.

Note that if the business answers on the Application for Registration that “no” it does not exceed \$4,800 in gross sales of tangible personal property; “no” that it does not exceed \$1,200 in annual gross sales of taxable services; and “no” the business does not have suppliers that do not collect Tennessee sales tax, the business’s application for the sales tax account will be denied. The business will be required by regulation to pay the Tennessee sales tax when it purchases anything it will use in its business and when it buys things it will resell in its business. A Blanket Certificate of Resale would not be appropriate in this instance and will not be issued.

QUICK NOTES

A farmer completing an Application for Registration should *not* include sales of products the farmer raised when answering the question: “Will your gross sales exceed \$4,800 per year?”

Sales Tax on the Sale of Value-added Farm Products

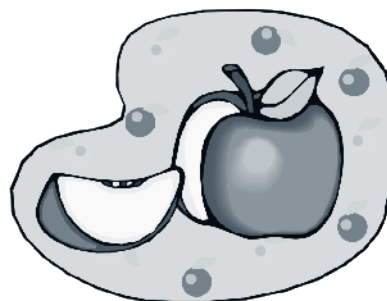
An increasing number of Tennessee farmers are diversifying their operations by incorporating value-added products and agritourism activities. With these new ventures come additional questions regarding sales tax calculation and possible exemptions. It is important for farmers involved in producing and selling value-added products to have a good understanding of the sales tax regulations that apply to these sales.

For a value-added product to be eligible for sale as a tax-exempt “product of the farm sold by the farmer,” the farmer must raise the products used to make the value-added product. Farm products may be preserved and sold tax-exempt as long as the only non-raised ingredients added are water, sugar, salt, pectin and preservatives.

The following example depicts a value-added product that is made from raised farm products and added ingredients that are limited to water, sugar, salt, pectin and preservatives.

EXAMPLE 7

Consider an apple grower who has a commercial food processing facility on the farm. The processing facility is used to slice, dehydrate and package dried apple crisps. The only purchased ingredients involved in the process are salt and preservatives. The end product is sliced dehydrated apples. In other words, 100 percent of the value-added product (with the exception of salt and preservatives) was raised by the farmer selling it. In this case, the end product is raised and sold by the farmer. Therefore, the sale of the value-added dried apple crisps is exempt from sales tax.



The sale of dried apple crisps by the farmer who raised the apples would be tax exempt as long as the only non-raised ingredients are water, sugar, salt, pectin and preservatives.

It should be noted again that the individual or entity that raises the items to be processed into a value-added product and the individual or entity who sells the value-added products must be one and the same if the sales are to be exempt from sales tax. In Example 7, if the farmer who raises the apples is organized as a sole proprietorship, then the same sole proprietorship must sell the apple crisps.

The following example describes a value-added product that is made with ingredients other than raised farm products, water, sugar, salt, pectin and preservatives.

EXAMPLE 8

To take the value-added example another step, consider a farmer who raises vegetables (including tomatoes, green peppers and onions) and uses them in the production of a value-added salsa product. In making the salsa, assume that farm-raised tomatoes, farm-raised green peppers and farm-raised onions are combined with purchased olives, red peppers, oil, vinegar, spices and salt. Since the farmer purchased olives, red peppers, oil and spices to use in the recipe, the sale of the salsa is not eligible for sale as an exempt farm product. Sales tax must be collected on the farmer's salsa sales.



The sales of the farmer's salsa would not be exempt from sales tax because there are added ingredients besides the farmer's raised products, water, sugar, salt, pectin and preservatives.

Purchasing Inputs for Value-added Farm Products

Having established a general understanding of how value-added farm products can be exempt from sales tax when they are sold by the farmer who raised the products and added value to them, the logical next question is whether a farmer can purchase inputs for the value-added process exempt from sales tax.

If the farmer completes an Application for Registration and receives a Certificate of Registration and Blanket Certificate of Resale, the Blanket Certificate of Resale or a fully completed Streamlined Sales Tax Certificate of Exemption could be used to purchase the ingredients, containers, lids and labels needed for the value-added product exempt from sales tax. These are considered "component parts of an article to be produced for sale by manufacturing, assembling, processing or refining" and the corresponding line should be checked when completing the Blanket Certificate of Resale. However, recall that only a farmer or business with either: 1) taxable gross product sales above \$4,800 per year, 2) taxable services above \$1,200 per year, or 3) suppliers who do not collect Tennessee sales tax will be issued a Blanket Certificate of Resale.

QUICK NOTES

A Blanket Certificate of Resale may be used to purchase ingredients, containers, lids and labels (exempt from sales tax) for a value-added product.

When a value-added product is made entirely of farm-raised ingredients except for any added water, sugar, salt, pectin or preservatives, as in Example 7, the farmer may purchase containers, lids and labels exempt from sales tax by presenting an Agricultural Sales and Use Tax Certificate of Exemption. The Agricultural Sales and Use Tax Certificate of Exemption allows farmers to make certain agricultural purchases exempt from tax. These exempt purchases include containers, lids and

labels for farm products and for value-added products made entirely of farm-raised ingredients. However, the Agricultural Sales and Use Tax Certificate of Exemption may not be used to purchase ingredients or products for resale exempt from tax.

QUICK NOTES

When a value-added product is made from ingredients that are not farm-raised or is made from other ingredients that are not water, sugar, salt, pectin and preservatives (as in Example 8), the Agricultural Sales and Use Tax Certificate of Exemption may not be used to purchase containers, lids and labels for the value-added product. If the farmer's annual taxable gross sales are not greater than \$4,800, or if the farmer does not have suppliers who do not collect Tennessee sales tax, the farmer will not qualify to receive a Certificate of Registration and Blanket Certificate of Resale. In that case, the farmer must pay sales tax when he or she purchases the nonfarm-raised ingredients and the containers, lids and labels for packaging the product. Provided the farmer's sales of taxable gross sales are not greater than \$4,800 — and sales tax has been paid to the suppliers of the non-raised farm ingredients, containers, lids and labels — the farmer would not be required to pay sales tax on the sale of such value-added products. To clarify, the Agricultural Sales and Use Tax Certificate of Exemption does not allow for the purchase of products for resale (such as pumpkins, jams and jellies) or ingredients (such as tomatoes, peppers, sugar and spices), but it does allow farmers to purchase containers, lids and labels for their value-added products made entirely from farm-raised ingredients (Example 7).

An Agricultural Sales and Use Tax Certificate of Exemption may be used to purchase containers, lids and labels (exempt from sales tax) for a farmer's value-added product that is made solely from the farmer's raised products. It may not be used to purchase ingredients.

When the department issues an Agricultural Sales and Use Tax Certificate of Exemption to a farmer, two wallet-sized exemption cards are also issued. All of these documents contain an exemption number. The farmer with the Agricultural Sales and Use Tax Certificate of Exemption should present to the seller of the containers, lids and labels a copy of the Agricultural Sales and Use Tax Certificate of Exemption, one of the wallet-sized exemption cards, or a fully completed Streamlined Sales Tax Certificate of Exemption with the exemption number from the Agricultural Sales and Use Tax Certificate of Exemption. This documentation is necessary to prove to the seller that these containers, lids and labels will be used with a farm-raised, value-added product and that the purchase of the containers, lids and labels is sales tax-exempt.

To be eligible for an Agricultural Sales and Use Tax Certificate of Exemption, one or more of the following criteria must be met:

- Applicant owns or leases agricultural land from which \$1,000 or more of agricultural products were produced and sold during the year, including payments from government sources.
- Applicant provides for-hire custom agricultural services of plowing, planting, harvesting, growing, raising or processing agricultural products or the maintenance of agricultural land.
- Applicant owns land that qualifies for taxation under the provisions of the Agricultural Forest and Open Space Land Act of 1976.
- Applicant's federal income tax return contains one or more of the following: (a) Business activity on IRS Schedule F (Profit or Loss From Farming), or (b) Farm rental activity on IRS Form 4835 (Farm Rental Income and Expenses) or Schedule E (Supplemental Income and Loss).
- Applicant is able to otherwise establish to the satisfaction of the commissioner that the person is actively engaged in the business of raising, harvesting or otherwise producing agricultural commodities as defined in Tennessee Code Annotated, Section 67-6-301(c)(2).

Applicants who qualify as a manufacturer cannot also qualify for the Agricultural Sales and Use Tax Certificate of Exemption.



Eileen and James Ray are new farmers working with their local Extension agent. A new farmer can apply for an Agricultural Sales and Use Tax Certificate of Exemption. The farmer must be able to establish to the satisfaction of the commissioner that he or she is actively engaged in the business of farming

To receive an Agricultural Sales and Use Tax Certificate of Exemption, persons who qualify for the exemption must apply to the Tennessee Department of Revenue using the farmer, logger and nursery operator's application for exemption. The exemption application form is available at <http://www.tn.gov/revenue/forms/sales/f1308401.pdf>. A copy of the Application for Registration for the Agricultural Sales and Use Tax Certificate of Exemption is included in Appendix G and an example copy of the Tennessee Agricultural Sales and Use Tax Certificate of Exemption is included in Appendix H. It is important to note that having an Agricultural Sales and Use Tax Certificate of Exemption does not authorize a farmer to make retail sales that are exempt from tax. Its purpose is to enable a farmer to make certain purchases for the farmer's use exempt from tax. Exempt items include certain equipment used directly and principally for producing agricultural products, grain bins, livestock trailers, seed, fertilizer, chemicals and feed and drugs for livestock. More information about the items that qualify for the agricultural exemption may be found in Sales and Use Tax Application to Farming, Timber Harvesting, Nursery Operations, and Agritourism at <http://www.state.tn.us/revenue/taxguides/agricultural.pdf>.



If an application for the Agricultural Sales and Use Tax Certificate of Exemption is approved by the department, then the certificate will be granted for a period of up to four years. Prior to the expiration date on the certificate, the department will notify farmers about the requirements and procedures involved with the renewal process. Farmers should make sure the address provided to the department is kept current so appropriate notices will be received.

The Agricultural Sales and Use Tax Certificate of Exemption does not authorize a farmer to make retail sales that are exempt from tax. The certificate authorizes the farmer to make certain purchases (like a tractor, seed, fertilizer, chemicals and seed) for the farmer's use exempt from tax.

For the purpose of the Agricultural Sales and Use Tax Certificate of Exemption, the applicant must be engaged in business as a farmer, logger or nursery operator. Use of the term farmer in this publication in reference to the Agricultural Sales and Use Tax Certificate of Exemption includes farmer, logger or nursery operator.

Sales Tax on Agritourism Activities



Admissions to agritourism attractions that are not solely educational are subject to sales tax.

As more and more Tennessee farmers engage in agritourism ventures on their farms, more and more issues arise concerning sales tax on admission charges and farm activities. In general, sales tax is due on admission charges for agritourism attractions such as hayrides and corn mazes. If an admission is charged for a farm activity that is solely educational in nature (e.g., demonstrations of how a working farm operates) and void of amusement, recreation and entertainment, then the admission charge is not subject to sales tax. To qualify as educational, the activities for which the admission is charged must be bona fide, justifiable and clearly educational. Admission charges to a farm where individuals solely learn about the operation of a farm would be educational and not subject to sales tax. The addition of recreational activities such as hayrides or an animal petting area would likely result in the admission charges being subject to sales tax.



Learning about the working of a goat dairy farm is an example of an educational agritourism activity. Admission charges to a farm where individuals solely learn about the operation of a farm are not subject to sales tax.

As explained earlier, the sale of a farm product by the farmer who raised it is exempt from sales tax. However, if such a product is combined or bundled with an admission to an agritourism farm with recreational activities for a single sales price, then the entire sale (farm product with admission) is subject to sales tax. In order to get the sales tax exemption on the sales price of a product the farmer raised, such as a pumpkin, the agritourism farmer should have a separate sale of the pumpkin (exempt from sales tax) and the admission charge (taxable).

In the following example the sale of a farm-raised product is bundled with a recreational activity.

EXAMPLE 9

Consider Farmer Jones, a pumpkin grower who starts an agritourism venture and offers a hayride to the pumpkin patch for customers to select a pumpkin. If an \$8 admission is charged for each person to take the hayride and select one pumpkin, then the entire \$8 charge is subject to sales tax, because the \$8 includes the sale of a farm product sold by the farmer who raised it (pumpkin) combined with a recreational activity (hayride).

The option of pricing the farm-raised product and recreational activity separately is described in Example 10.

EXAMPLE 10

If Farmer Jones were to charge \$4.50 per pumpkin and \$3.50 for the hayride, then sales tax would be charged only on the cost of the hayride (\$3.50). The sale of the pumpkin (\$4.50) by the farmer who raised it would be exempt from sales tax.

To ease the burden and simplify the various taxable and exempt transactions at the farm, some agritourism operators might consider charging only for the pumpkin and providing the hayride free of charge. While this scenario might accomplish the objective of simplifying the sales tax calculation, agritourism entrepreneurs should be cautious in pricing farm products (such as pumpkins) at higher

prices just to cover the free hayride. This practice may give customers the appearance of an overpriced pumpkin. Similarly, offering a free hayride to avoid charging sales tax may increase the number of customers opting to take the hayride but decrease the number of pumpkins sold.

Other Sales Tax Questions and Considerations

Agritourism operators may consider offering concessions made from produce raised on the farm. For example, an apple grower may offer fresh apples, caramel apples, apple pies and other products made from apples raised on the farm. As long as the item offered for sale is comprised 100 percent of the farmer's own raised products (other than water, sugar, salt, pectin and preservatives), the sale of the farm product is tax-exempt. If the concession is not tax exempt, the agritourism operator is responsible for collecting and remitting sales tax on these sales. The tax rate depends on whether the item qualifies as a food or food ingredient. Foods and food ingredients are subject to the state sales tax rate of 5 percent (as of July 1, 2013) plus the local tax rate. Candy, dietary supplements and prepared food are taxed at the State sales tax rate of 7 percent plus the local tax rate. Caramel apples are considered candy and apple pies are considered prepared food. Both would be taxed at the state sales tax rate of 7 percent plus the local tax rate. See Appendix D for a description of food, food ingredients, candy and prepared food.



Caramel apples are considered candy. Apple pies are considered prepared food. Both would be taxed at the state sales tax rate of 7 percent plus the local tax rate.

Agritourism operators who have completed an Application for Registration and have received a Certificate of Registration and Blanket Certificate of Resale may make tax-exempt purchases of concessions and other items for resale with a Blanket Certificate of Resale or a fully completed Streamlined Sales Tax Certificate of Exemption. When the agritourism operator sells the concession items or other taxable products, the customer should be charged the appropriate state sales tax rate plus the local rate.

The questions that follow deal with sales tax issues regarding agritourism admissions, sales to exempt organizations, sales to customers who are buying to resell, and occasional and isolated sales.

- **Can the farmer include the sales tax in the purchase price of the admission or concession item?**

A farmer must indicate in specific ways whether customers are paying sales tax. If the purchase price of an admission or a product includes sales tax, it must be indicated in writing on the ticket, on a sign posted in the business, or in a manner that is assured to make the customer aware of that fact.

- **What if the farmer's buyer/customer is a nonprofit organization or otherwise exempt from paying sales tax?**

An agritourism operation may have a customer that is a nonprofit organization. The Tennessee Department of Revenue issues Certificates of Exemption for nonprofit organizations and these enable nonprofit organizations to buy — **exempt from sales tax** — goods and services that the organization will use, consume or give away. The purchases under consideration here include admissions and concessions.

These nonprofit organizations may include churches; temples; synagogues; mosques; boys' and girls' clubs; universities; colleges; schools; orphanages; foster home institutions; homes for the aged; hospitals; community health councils; volunteer fire departments; organ banks; organizations primarily for the spiritual and recreational environment of the armed forces; state-owned historical properties; nonprofit community blood banks; senior citizen centers; certain nonprofit talent and beauty contest corporations; and 26 USC Section 501(c)(3) organizations, (c)(5) labor organizations, (c)(13) nonprofit cemeteries and (c)(19) wartime veterans' organizations.

A nonprofit organization may purchase admissions, concessions and other items that the organization will use, consume or give away and these purchases are exempt from sales tax as long as:

- The purchase is billed to the nonprofit organization.
- Payment is made directly by the nonprofit organization.
- A copy of the nonprofit's Certificate of Exemption from the Tennessee Department of Revenue or fully completed Streamlined Sales Tax Certificate of Exemption with the nonprofit's tax ID number issued by the Tennessee Department of Revenue is provided to and kept by the seller.

Out-of-state organizations that hold a 501(c)(3) federal tax exemption must submit a copy of their federal exemption letter in lieu of a Certificate of Exemption from the Tennessee Department of Revenue. Out-of-state organizations other than 501(c)(3) entities must obtain a Certificate of Exemption from the Tennessee Department of Revenue to make tax-exempt purchases.

If a Streamlined Sales Tax Certificate of Exemption is provided to the agritourism operator, the agritourism operator should take care to make sure the Streamlined Sales Tax Certificate of Exemption is completed properly. For example, on Line 4 for Type of Business, a school would circle item 16 for education and health-care services; a nonprofit would circle item 17 for nonprofit organization. On Line 5, the purchaser should indicate the Reason for Exemption.

The agritourism operator must also ensure that the purchase is billed to the exempt organization and is paid for with checks or credit cards of the organization. Members and employees of the organization are prohibited from using the exempt organization's Certificate of Exemption to make tax-exempt purchases for the member or employee's personal use. Sellers who have obtained appropriate documentation from the nonprofit organization as described earlier and ensured proper billing to and payment by the exempt organization are not liable for the sales tax if the purchaser improperly claimed the exemption for the purchases. In that case, the purchaser will be liable for the sales tax.

If the agritourism operation has posted that the purchase price of an admission or item includes sales tax and a nonprofit organization wishes to make tax-exempt purchases, then the purchase price must be reduced so that sales tax is not charged.



A nonprofit organization (such as a school) may purchase concessions or admissions to agritourism attractions tax-exempt if the transaction is properly documented. A copy of the nonprofit's Certificate of Exemption or fully completed Streamlined Sales Tax Certificate of Exemption must be kept on file by the seller. Payment must be made directly by the nonprofit organization.

- **What if the agritourism operation has a customer who wants to buy items for resale?**

If the agritourism operation has a customer who wants to buy items for resale, the customer should present a fully completed Blanket Certificate of Resale or a fully completed Streamlined Sales Tax Certificate of Exemption to make the purchases free of sales tax. The agritourism operator is required to keep the certificate on file to support the exempt sales and must have it available for audit. The buyer may make additional purchases of items for resale without having to provide additional certificates as long as there is no change in the character of the buyer's business and the purchases are of a type usually purchased by the buyer for the purpose of resale. If the agritourism operator has sales that are not supported by a certificate indicating the purchases are for resale, the agritourism operator will be held liable for the sales tax.

- **What is the exemption for “occasional and isolated sales”?**

There is an exemption for “occasional and isolated” sales made by persons not regularly engaged in the business of selling. These sales are not subject to sales tax and there is no limit to the dollar amount of these sales. Occasional and isolated sales are sales of tangible personal property taking place regularly, but only during one or two temporary sales periods per year. These temporary sales periods are 30 consecutive calendar days or less. Yard sales and Girl Scout cookie sales are examples of occasional and isolated sales. It is important to note that this definition requires the sales period to be consecutive and each period may last no longer than 30 days. After a sale has begun, if it shuts down for a day or two, it may start back up again, but it would count as two sales periods. If there are more than two sales periods or if a sales period is longer than 30 consecutive days, all of the sales for the year become subject to sales tax.

Contacting the Department of Revenue:

Farmers and businesses with specific questions about sales tax and the application of rules to their situation should contact the Department of Revenue. It is better to know in advance that one may be liable for sales tax rather than to learn it at the end of the year.

The Department of Revenue may be contacted by phone at 800-342-1003 or by email at TN.revenue@TN.gov. The link to the department’s website is <http://www.state.tn.us/revenue>.

Farmers may sell the farm products they raise without collecting and paying sales tax on those sales. Provisions in the law exist that may allow them to sell farm products purchased from the farmer who raised them, depending on the percentage of sales that are of the farmer's raised products. Good record keeping is necessary to document which sales are from the farmer's raised products and which sales are purchased from the farmer who raised them. The same entity must both raise and sell the product for the sale to be exempt from sales tax. Value-added products made from the farmer's raised products may also be exempt from sales tax. Some of the rules governing a farmer's tax-exempt sales and purchases are as follows:

- No sales tax is due on the sale of farm products by the farmer who raised them.
- Sales tax may not be due when a farmer sells farm products he or she purchased from the farmer who grew them. If the dollar value of the raised farm products sales is at least 50 percent of total farm products sales, then no sales tax is due on the sale of the farm products that were purchased.
- No sales tax is due on the sale of a farmer's value-added products as long as the value-added product is made up of 100 percent farm-raised products (purchased water, salt, sugar, pectin and preservatives are allowed).
- Ingredients, containers, lids and labels for a value-added product may be purchased tax-exempt with a Blanket Certificate of Resale.
- Containers, lids and labels for a value-added product made up of 100 percent farm-raised ingredients (except for water, salt, sugar, pectin and preservatives) may be purchased tax-exempt with an Agricultural Sales and Use Tax Certificate of Exemption.
- In general, sales tax is due on admission charges for agritourism attractions. If an activity is solely educational, the admission charge is not subject to sales tax.

Farmers with questions about specific situations are encouraged to contact the Tennessee Department of Revenue at 800-342-1003.

APPENDIX A

*Statute Language for Tennessee Code Annotated,
Section 67-6-301 67-6-301. Agricultural products.*

- (a) (1) The gross proceeds derived from the sale in this state of livestock, nursery stock, poultry and other farm or nursery products, in any calendar year, directly from a farmer or nurseryman, are exempt from the tax levied by this chapter, if fifty percent (50%) or more of such products are grown or produced in the calendar year by such farmer or nurseryman. If less than fifty percent (50%) of such products in any calendar year are grown or produced by the farmer or nurseryman, then only the gross proceeds of the sale in this state of the products actually grown or produced by such farmer or nurseryman shall be exempt from the tax levied by this chapter. When sales of livestock, nursery stock, poultry, or other farm or nursery products are made to consumers, other than as provided herein, they are not exempt from the tax imposed by this chapter.
- (2) As used in subdivision (a)(1), unless the context otherwise requires, “sale directly from a farmer or nurseryman,” includes, but is not limited to, the sale of farm or nursery products directly from a farmer to a consumer via an online nonprofit farmers’ market; provided, that:
- (A) An amount equal to the consumer’s full purchase price is transmitted by the consumer or the online farmers’ market to the farmer; and
- (B) The cooperative or other organizing body of the online farmers’ market levies no fee or other charge for facilitating the sales other than virtual booth rental fees periodically assessed to participating farmers in order to pay the actual costs incurred by the cooperative or organizing body in operating the online farmers’ market.
- (b) It is specifically provided that the use tax, as defined herein, shall not apply to livestock and livestock products, to poultry and poultry products, to farm, nursery and agricultural products, when produced by the farmer or nurseryman and used by the nurseryman and members of the nurseryman’s family.
- (c) (1) Each and every agricultural commodity sold by any person, other than a producer, to any other person, who purchases not for direct consumption, but for the purpose of acquiring raw products for use or for sale in the process of preparing, finishing, or manufacturing such agricultural commodity for the ultimate retail consumer trade, shall be and is exempt from any and all provisions of this chapter, including payment of the tax applicable to the sale, storage, use, transfer, or any other utilization or handling thereof, except when such agricultural commodity is actually sold as a marketable or finished product to the ultimate consumer, and in no case shall more than one (1) tax be exacted.
- (2) “Agricultural commodity,” for purposes of this section, means horticultural, poultry, and farm products, livestock and livestock products, and harvested trees.

APPENDIX B

When Does a Farm Product Lose its Tax-Exempt Status?

The sale of a farm product by the farmer who raised it is exempt from sales tax in Tennessee. If the product is sold by the farmer who raised it to another farmer, the product may be sold one more time exempt from sales tax if farm products raised by the reselling farmer make up at least 50 percent of the reselling farmer's total farm product sales. If the farm product is sold outside of these parameters, it loses its tax-exempt status. This scenario may be illustrated as follows:



Farmer A raises apples and sells them to Farmer B tax-exempt.

Farmer B raises peaches and sells the raised peaches and the apples purchased from Farmer A.

As long as Farmer B's sales of the farm products he raised (peaches) are at least 50 percent of his total farm product sales (peaches and apples), Farmer B can sell the apples that were purchased for resale (from Farmer A) tax-exempt. If Farmer B's sales of his raised farm products drop below 50 percent of his total farm product sales, then Farmer B's sales of purchased apples to customers at the farmers market become subject to sales tax.



Farmer B may resell some of the apples that were purchased from Farmer A to Farmer C. When Farmer C sells the apples to customers at his farm stand, the sale of the apples is subject to sales tax because Farmer C did not purchase them from the farmer who raised them.

A value-added farm product may be sold tax-exempt as long as it is sold by the farmer who raised it and as long as the farm product retains its character as a "product of the farm sold by the farmer." A farm product may be preserved and still meet this definition. Ingredients that may be added in the preserving process are water, sugar, salt, pectin and preservatives. If other ingredients or products not raised by the farmer are incorporated, the product no longer retains its character as a product of the farm sold by the farmer and is subject to sales tax.

For example, a farmer who raises apples can sell fresh or dried apples tax-exempt. However, if the apples are combined with flour/pastry (ingredients other than water, sugar, salt, pectin and preservatives) and sold as an apple pie, the apples cease to retain their character as products of the farm sold by the farmer and the sale of the apple pie is not tax-exempt.

APPENDIX C

Local Sales Tax Rates

<http://www.tn.gov/revenue/pubs/taxlist.pdf>



TENNESSEE DEPARTMENT OF REVENUE February 1, 2014

Alphabetical list of Tennessee cities indicating applicable local sales tax rates. Rates listed for the cities include the county tax rate and a local tax rate. In order to determine the county in which a city is located, compare the code number with the alphabetical county listing on page 4. If a city is listed with more than one county code, it indicates that the city is located in more than one county.

Cities & Post Offices	Tax Rate	Effective Date	County Code	Cities & Post Offices	Tax Rate	Effective Date	County Code	Cities & Post Offices	Tax Rate
ADAIR	2.75%	0789	57	BUFFALO VALLEY	2.75%	0799	71	CUMBERLAND GAP	2.25%
ADAMS	2.75%	0807	74	BULLS GAP	2.75%	1088	37	CUNNINGHAM	2.50%
(a) ADAMSVILLE	2.25%	0979	55	BUMPUS MILLS	2.25%	0777	81	CYPRESS INN	2.75%
(a) ADAMSVILLE	2.50%	1197	36	BURLISON	2.25%	0578	84		
AFTON	2.75%	0500	30	BURNS	2.75%	1001	22	DANDRIDGE	2.75%
ALAMO	2.75%	0696	17	BUTLER	1.50%	0369	46	DARDEN	2.75%
(1)ALCOA	2.75%	1012	05	BYBEE	2.75%	0388	15	DAYTON	2.75%
ALEXANDRIA	2.75%	0707	21	BYRDSTOWN	2.75%	0199	69	DECATUR	2.00%
ALGOOD	2.75%	0799	71					DECATURVILLE	2.50%
ALLARDT	2.50%	1092	25	CALHOUN	2.00%	0578	54	DECHERD	2.25%
ALLONS	2.50%	0897	67	CAMDEN	2.75%	0197	03	DEER LODGE	2.00%
ALLRED	2.50%	0897	67	CAMPAIGN	2.75%	0404	89	DELANO	2.25%
ALPINE	2.50%	0897	67	CARTHAGE	2.75%	0199	80	DEL RIO	2.75%
ALTAMONT	2.25%	0977	31	CARYVILLE	2.25%	0784	07	DELROSE	2.50%
ANDERSONVILLE	2.75%	0706	01	CASTALIAN SPRINGS	2.25%	1283	83	DENMARK	2.75%
ANTIOCH	2.25%	1080	19	CEDAR GROVE	2.75%	1097	09	DENVER	2.25%
APISON	2.25%	0704	33	CEDAR HILL	2.75%	0807	74	DICKSON	2.75%
(b)ARDMORE	2.50%	0798	28	CELINA	2.75%	1199	14	DIXON SPRINGS	2.75%
b)ARDMORE	2.50%	0113	52	CENTERTOWN	2.75%	0404	89	(8) DOVER	2.75%
(2)ARLINGTON	2.75%	1012	79	CENTERVILLE	2.75%	0703	41	DOWELLTOWN	2.75%
ARRINGTON	2.25%	0491	94	CHAPEL HILL	2.25%	1178	59	DOYLE	2.25%
ARTHUR	2.25%	0983	13	CHAPMANSBORO	2.25%	0776	11	DRESDEN	2.75%
(3)ASHLAND CITY	2.75%	0198	11	CHARLESTON	2.75%	0709	06	DRUMMONDS	2.25%
ATHENS	2.00%	0977	54	CHARLOTTE	2.75%	1001	22	DUCK RIVER	2.75%
ATOKA	2.75%	1113	84	CHATTANOOGA	2.25%	1096	33	DUCKTOWN	2.25%
ATWOOD	2.75%	1097	09	CHESTNUT MOUND	2.75%	0500	80	DUFF	2.25%
AUBURNTOWN	1.75%	0176	08	CHEWALLA	2.25%	0979	55	DUKEDOM	2.75%
				CHRISTIANA	2.75%	0700	75	DUNLAP	2.25%
BAILEYTON	2.75%	0500	30	CHUCKEY	2.75%	0500	30	DYER	2.75%
BANEBERRY	2.75%	1008	45	CHURCH HILL	2.75%	1088	37	DYERSBURG	2.75%
(4)BARTLETT	2.75%	1012	79	CLAIRFIELD	2.25%	0983	13		
BATH SPRINGS	2.50%	0798	20	CLARKRANGE	2.50%	1092	25	EADS	2.25%
BAXTER	2.75%	0799	71	CLARKSBURG	2.75%	1097	09	EAGAN	2.25%
BEAN STATION	2.75%	0397	29	CLARKSVILLE	2.50%	0189	63	EAGLEVILLE	2.75%
BEECH BLUFF	2.75%	0789	57	CLEVELAND	2.75%	0509	06	EAST RIDGE	2.25%
BEECH GROVE	2.75%	0407	16	CLIFTON	2.75%	1098	91	EASTVIEW	2.25%
BEERSHEBA SPRINGS	2.25%	0977	31	CLINTON	2.75%	0706	01	EATON	2.75%
BELFAST	2.25%	1178	59	COALFIELD	2.00%	0780	65	EIDSON	2.75%
BELL BUCKLE	2.75%	0801	02	COALMONT	2.25%	0977	31	ELBRIDGE	2.75%
BELLE MEADE	2.25%	1080	19	COKERCREEK	2.25%	1080	62	ELIZABETHTON	2.75%
BELLS	2.75%	0696	17	COLLEGEDALE	2.25%	0501	33	ELGIN	2.25%
BELVIDERE	2.25%	1286	26	COLLEGE GROVE	2.25%	0491	94	ELKTON	2.50%
(5)BENTON	2.75%	0108	70	(6)COLLIERVILLE	2.75%	1012	79	ELLENDALE	2.25%
BERRY HILL	2.25%	1080	19	COLLINWOOD	2.75%	1098	91	ELMWOOD	2.75%
BETHEL SPRINGS	2.25%	0979	55	COLUMBIA	2.25%	1283	60	ELORA	2.50%
BETHPAGE	2.25%	1283	83	COMO	2.25%	1083	40	EMORY GAP	2.50%
BIG ROCK	2.25%	0777	81	CONASAUGA	2.25%	0784	70	ENGLEWOOD	2.00%
BIG SANDY	2.75%	0197	03	COOKEVILLE	2.75%	0799	71	(c) ENVILLE	2.75%
BIRCHWOOD	2.25%	1072	33	COOPERTOWN	2.75%	0807	74	(c) ENVILLE	2.25%
BLAINE	2.75%	0794	29	COPPERHILL	2.25%	0784	70	ERIN	2.75%
BLOOMINGTON SPRINGS	2.75%	0799	71	CORDOVA	2.25%	0184	79	ERWIN	2.75%
BLOUNTVILLE	2.25%	0483	82	CORNERSVILLE	2.25%	1178	59	ESTILL SPRINGS	2.25%
BLUFF CITY	2.25%	0483	82	CORRYTON	2.25%	0189	47	ETHRIDGE	2.75%
BOGOTA	2.75%	0191	23	COSBY	2.75%	0388	15	ETOWAH	2.00%
BOLIVAR	2.75%	0702	35	COTTAGE GROVE	2.25%	1083	40	EVA	2.75%
BON AQUA	2.75%	0703	41	COTTONTOWN	2.25%	1283	83	EVANSVILLE	2.75%
BRADEN	2.25%	0182	24	COUNCE	2.50%	1197	36		
BRADFORD	2.75%	0512	27	(7)COVINGTON	2.75%	0302	84	(9)FAIRVIEW	2.75%
BRADYVILLE	1.75%	0176	08	COWAN	2.25%	1286	26	FALL BRANCH	2.50%
BRANTFORD	2.25%	1080	19						

Cities & Post Offices	Tax Rate	Effective Date	County Code	Cities & Post Offices	Tax Rate	Effective Date	County Code	Cities & Post Offices	Tax Rate	Effective Date	County Code
FLINTVILLE	2.50%	0592	52	IDLEWILD	2.75%	0512	27	(m)MCKENZIE	2.75%	1097	09
FOREST HILLS	2.25%	1080	19	INDIANMOUND	2.25%	0777	81	(m)MCKENZIE	2.25%	1083	40
FORT PILLLOW	2.75%	0195	49	(h)IRON CITY	2.75%	0396	50	(m)MCKENZIE	2.75%	0798	92
FOSTERVILLE	2.75%	0700	75	(h)IRON CITY	2.75%	1098	91	MCLEMORESVILLE	2.75%	1097	09
FOWLKES	2.75%	0191	23	ISABELLA	2.25%	0784	70	MCMINNVILLE	2.75%	1103	89
FRANKEWING	2.50%	0798	28	JACKS CREEK	2.75%	0695	12	MACON	2.25%	0182	24
FRANKLIN	2.25%	0491	94	JACKSBORO	2.25%	0784	07	MADISON	2.25%	1080	19
FRIENDSHIP	2.75%	0696	17	JACKSON	2.75%	0789	57	MADISONVILLE	2.25%	1080	62
FRIENDSVILLE	2.25%	1080	05	JAMESTOWN	2.50%	1092	25	MANCHESTER	2.75%	0407	16
FRUITVALE	2.75%	0696	17	JASPER	2.75%	0506	58	MANSFIELD	2.25%	1083	40
GADSDEN	2.75%	0696	17	JEFFERSON CITY	2.75%	1008	45	MARTIN	2.75%	0798	92
GAINESBORO	2.75%	0500	44	JELICO	2.25%	0784	07	(16)MARYVILLE	2.75%	0114	05
GALLATIN	2.25%	1283	83	JOELTON	2.25%	1080	19	MASCOT	2.25%	0189	47
GALLAWAY	2.25%	0182	24	(i)JOHNSON CITY	2.50%	0794	90	MASON	2.25%	0578	84
GARLAND	2.25%	0578	84	(i)JOHNSON CITY	2.75%	0109	10	MAURY CITY	2.75%	0696	17
GATES	2.75%	0195	49	(i)JOHNSON CITY	2.25%	0388	82	MAYNARDVILLE	2.25%	1088	87
GATLINBURG	2.75%	0709	78	JONESBOROUGH	2.50%	0794	90	MEDINA	2.75%	0100	27
GEORGETOWN	2.25%	0704	33					MEDON	2.75%	0789	57
(10)GERMANTOWN	2.75%	1012	79					MEMPHIS	2.25%	0283	79
GIBSON	2.75%	0512	27	KELSO	2.50%	0592	52	MERCER	2.75%	0789	57
GILT EDGE	2.25%	0578	84	(j)KENTON	2.75%	0199	66	MICHIE	2.25%	0979	55
GLADEVILLE	2.25%	1193	95	(j)KENTON	2.75%	0199	27	MIDDLETON	2.75%	0702	35
GLEASON	2.75%	0798	92	KIMBALL	2.75%	0506	58	MIDTOWN	2.50%	0799	73
(e)GOODLETTSVILLE	2.25%	1283	83	KIMMINS	2.50%	0797	51	MIDWAY	2.75%	0500	30
(e)GOODLETTSVILLE	2.25%	1080	19	(11)KINGSPORT	2.50%	0792	82	MILAN	2.75%	1094	27
GOODSPRING	2.50%	0798	28	(k)KINGSPORT	2.75%	1088	37	(n)MILLEDGEVILLE	2.75%	0695	12
GORDONSVILLE	2.75%	0100	80	KINGSTON	2.50%	0189	73	(n)MILLEDGEVILLE	2.50%	1197	36
(f) GRAND JUNCTION	2.25%	1090	24	(12)KINGSTON SPRINGS	2.75%	0598	11	(n)MILLEDGEVILLE	2.25%	0979	55
(f) GRAND JUNCTION	2.75%	0702	35	KNOXVILLE	2.25%	1188	47	(o) MILLERSVILLE	2.25%	1283	83
GRANDVIEW	2.75%	1008	72	KODAK	2.75%	0709	78	(o) MILLERSVILLE	2.75%	0807	74
GRANVILLE	2.75%	0500	44	KYLES FORD	2.00%	0183	34	MILLIGAN COLLEGE	2.75%	0109	10
GRAYSVILLE	2.75%	1008	72					(17)MILLINGTON	2.75%	1212	79
GREENBACK	2.00%	0798	53	LAAGER	2.25%	0977	31	MILTON	2.75%	0700	75
GREENBRIER	2.75%	0807	74	LACONIA	2.25%	0182	24	MINOR HILL	2.50%	0798	28
GREENFIELD	2.75%	0798	92	LAFAYETTE	2.25%	0784	56	MISTON	2.75%	0191	23
GREENEVILLE	2.75%	0500	30	LAFOLLETTE	2.25%	0784	07	MITCHELLVILLE	2.25%	1283	83
GRIMSLEY	2.50%	1092	25	LAGRANGE	2.25%	0182	24	MOHAWK	2.75%	0500	30
GRUETLI	2.25%	0977	31	(j)LAKE CITY	2.75%	0706	01	MONOVILLE	2.75%	0500	80
GRUETLI-LAAGER	2.25%	0780	31	(13) LAKE CITY	2.75%	0987	07	MONROE	2.50%	0897	67
GUILD	2.75%	0506	58	(14)LAKELAND	2.75%	1012	79	(p)MONTEAGLE	2.25%	0977	31
GUYS	2.25%	1186	55	LAKESITE	2.25%	0704	33	(p)MONTEAGLE	2.75%	0506	58
				LAKEWOOD	2.25%	1080	19	MONTEREY	2.75%	0799	71
HABERSHAM	2.25%	0784	07	LANCASTER	2.75%	0500	80	MOORESBURG	2.75%	1088	37
HALLS	2.75%	0195	49	LANCING	2.00%	0780	65	MORLEY	2.25%	0784	07
HAMPSHIRE	2.25%	1283	60	LASCASSAS	2.75%	0700	75	MORRIS CHAPEL	2.50%	1197	36
HAMPTON	2.75%	0109	10	LAUREL BLOOMERY	1.50%	0369	46	MORRISON	2.75%	0404	89
HARRIMAN	2.50%	0189	73	LAVERGNE	2.75%	0700	75	MORRISTOWN	2.75%	0808	32
HARRISON	2.25%	0704	33	LAVINIA	2.75%	1097	09	MOSCOW	2.25%	0182	24
HARROGATE	2.25%	0983	13	LAWRENCEBURG	2.75%	0396	50	MOSHEIM	2.75%	0500	30
HARTFORD	2.75%	0388	15	LEACH	2.75%	1097	09	MOSS	2.75%	1199	14
HARTSVILLE	2.25%	1076	85	LEBANON	2.25%	1193	95	MOUNTAIN CITY	1.50%	0369	46
HEISKELL	2.25%	0189	47	LENOIR CITY	2.00%	0688	53	MOUNTAIN HOME	2.50%	0794	90
HENDERSON	2.75%	0695	12	LENOX	2.75%	0191	23	MOUNT CARMEL	2.75%	1088	37
HENDERSONVILLE	2.25%	1283	83	LEOMA	2.75%	0396	50	MOUNT JULIET	2.25%	1083	95
HENNING	2.75%	0195	49	LEWISBURG	2.25%	1178	59	MOUNT PLEASANT	2.25%	1283	60
HENRY	2.25%	1083	40	LEXINGTON	2.75%	1097	39	MOUNT VERNON	2.25%	1080	62
HERMITAGE	2.25%	1080	19	LIBERTY	2.75%	0707	21	MULBERRY	2.50%	0592	52
HICKMAN	2.75%	0500	80	LIMESTONE	2.50%	0794	90	MUNFORD	2.25%	0578	84
HICKORY VALLEY	2.75%	0702	35	LINDEN	2.50%	0197	68	MURFREESBORO	2.75%	0700	75
HICKORY WITHE	2.25%	0182	24	LIVINGSTON	2.50%	0897	67	NASHVILLE	2.25%	1080	19
HILHAM	2.50%	0897	67	LOBELVILLE	2.50%	0197	68	NEWBERN	2.75%	0191	23
HILLSBORO	2.75%	0407	16	LONE MOUNTAIN	2.25%	0983	13	NEWCOMB	2.25%	0784	07
HIXSON	2.25%	0704	33	LOOKOUT MT.	2.25%	0704	33	NEW HOPE	2.75%	0506	58
HOHENWALD	2.50%	0797	51	LORETTO	2.75%	0396	50	NEWJOHNSONVILLE	2.75%	1008	43
HOLLADAY	2.75%	0197	03	(15)LOUDON	2.50%	0197	53	NEWMARKET	2.75%	1008	45
HOLLOW ROCK	2.75%	1097	09	LOUISVILLE	2.25%	1080	05	NEW TAZEWELL	2.25%	0983	13
HORNBEAK	2.75%	0500	66	LOWLAND	2.75%	0709	32	NEWPORT	2.75%	0388	15
HORNSBY	2.75%	0702	35	LUPTON CITY	2.25%	0704	33	NIOTA	2.00%	0578	54
(g)HUMBOLDT	2.75%	0790	57	LURAY	2.75%	1097	39	NOLENSVILLE	2.25%	0491	94
(g)HUMBOLDT	2.75%	1191	27	LUTTRELL	2.25%	1088	87	NORENE	2.25%	1193	95
HUNTINGDON	2.75%	1097	09	LUTTS	2.75%	1098	91	NORMANDY	2.75%	0801	02
HUNTLAND	2.25%	1286	26	LYLES	2.75%	0703	41	NORRIS	2.75%	0706	01
HUNTSVILLE	2.25%	0783	76	LYNCHBURG	2.50%	1086	64	NUNNELLY	2.75%	0703	41
HURON	2.75%	1097	39	LYNNVILLE	2.50%	0798	28				
HURRICANEMILLS	2.75%	1011	43					OAKFIELD	2.75%	0789	57
				MCDONALD	2.75%	0709	06	OAK HILL	2.25%	1080	19
				MCEWEN	2.75%	0408	43				

Cities & Post Offices	Tax Rate	Effective Date	County Code	Cities & Post Offices	Tax Rate	Effective Date	County Code	Cities & Post Offices	Tax Rate	Effective Date	County Code
OAKLAND	2.25%	0182	24	RIPLEY	2.75%	0195	49	TALLASSEE	2.25%	1080	05
(18) OAK RIDGE	2.75%	0187	73	RIVES	2.75%	0500	66	TAZEWELL	2.25%	0983	13
(Q) OAK RIDGE	2.75%	0706	01	ROANMOUNTAIN	2.75%	0109	10	TELFORD	2.50%	0794	90
OAKDALE	2.00%	0780	65	ROBBINS	2.25%	0783	76	TELLICO PLAINS	2.25%	1080	62
OBION	2.75%	0500	66	ROCK ISLAND	2.75%	0404	89	TEN MILE	2.00%	0778	61
OCOEE	2.25%	0784	70	ROCKFORD	2.25%	1080	05	TENNESSEE RIDGE	2.75%	1086	42
OLDFORT	2.25%	0784	70	ROCKVALE	2.75%	0700	75	THOMPSONS STATION	2.25%	0491	94
OLD HICKORY	2.25%	1080	19	ROCKWOOD	2.50%	0189	73	THORN HILL	2.75%	0794	29
OLIVEHILL	2.50%	1197	36	ROGERSVILLE	2.75%	1088	37	THREE WAY	2.75%	0799	57
(r) OLIVER SPRINGS	2.75%	0706	01	ROSSVILLE	2.25%	0182	24	TIGRETT	2.75%	0191	23
(19) OLIVER SPRINGS	2.75%	0803	65	RUSSELLVILLE	2.75%	0709	32	TIPTON	2.25%	0578	84
(19) OLIVER SPRINGS	2.75%	0803	73	RUTHERFORD	2.75%	0512	27	TIPTONVILLE	2.75%	0397	48
ONEIDA	2.25%	0183	76	RUTLEDGE	2.75%	0794	29	TOONE	2.75%	0702	35
ONLY	2.75%	0703	41					TOWNSEND	2.25%	1080	05
OOLTEWAH	2.25%	0704	33	ST. ANDREWS	2.25%	1286	26	TRACY CITY	2.25%	0977	31
ORLINDA	2.75%	0807	74	ST. BETHLEHEM	2.50%	0189	63	TRADE	1.50%	0369	46
ORME	2.75%	0506	58	ST JOSEPH	2.75%	0396	50	TREADWAY	2.00%	0183	34
OZONE	2.75%	0999	18	SALE CREEK	2.25%	0704	33	TRENTON	2.75%	1294	27
				SALTILLO	2.50%	1197	36	TREZEVANT	2.75%	1097	09
PALL MALL	2.50%	1092	25	SAMBURG	2.75%	0500	66	(y) TRIMBLE	2.75%	0191	23
PALMYRA	2.50%	0189	63	SANTA FE	2.25%	1283	60	(y) TRIMBLE	2.75%	0500	66
PALMER	2.25%	0977	31	SARDIS	2.75%	1097	39	TROY	2.75%	0500	66
PALMERSVILLE	2.75%	0798	92	SAULSBURY	2.75%	0702	35	(z) TULLAHOMA	2.25%	1286	26
PARIS	2.25%	1083	40	SAVANNAH	2.50%	1197	36	(z) TULLAHOMA	2.75%	0407	16
PARROTTSVILLE	2.75%	0388	15	(v) SCOTTS HILL	2.50%	0298	20	TURTLETOWN	2.25%	0784	70
PARKERS CROSSROADS	2.75%	1097	39	(v) SCOTTS HILL	2.75%	1097	39	TUSCULUM	2.75%	0500	30
PARSONS	2.50%	0298	20	SELMER	2.25%	0979	55	UNICUI	2.75%	1094	86
(20) PEGFRAM	2.75%	1003	11	SEQUATCHIE	2.75%	0506	58	UNION CITY	2.75%	0200	66
PELHAM	2.25%	0977	31	SEVIERVILLE	2.75%	0709	78	UNIONVILLE	2.75%	0801	02
PERSIA	2.75%	1088	37	SEWANEE	2.25%	1286	26				
(s) PETERSBURG	2.50%	0592	52	SEYMOUR	2.75%	0709	78	VANLEER	2.75%	1001	22
(s) PETERSBURG	2.25%	1178	59	SHADY VALLEY	1.50%	0369	46	VIOLA	2.75%	0404	89
PETROS	2.00%	0780	65	SHARON	2.75%	0798	92	VONORE	2.25%	1080	62
PHILADELPHIA	2.00%	0798	53	SHARPS CHAPEL	2.25%	1088	87				
PICKWICK DAM	2.50%	1197	36	SHAWANEE	2.25%	0983	13	WALDEN	2.25%	1299	33
PIGEON FORGE	2.75%	0709	78	SHELBYVILLE	2.75%	0801	02	WALLAND	2.25%	1080	05
PIKEVILLE	2.25%	1177	04	SHERWOOD	2.25%	1286	26	WALLING	2.25%	0185	93
PINEY FLATS	2.25%	0483	82	SHILOH	2.50%	1197	36	(24) WARTBURG	2.75%	0189	65
PINSON	2.75%	0789	57	SIGNAL MOUNTAIN	2.25%	0899	33	WARTRACE	2.75%	0801	02
PIONEER	2.25%	0784	07	(w) SILERTON	2.75%	0695	12	WASHBURN	2.75%	0794	29
PIPERTON	2.25%	0182	24	(w) SILERTON	2.75%	0702	35	(aa) WATAUGA	2.75%	0109	10
PITTMAN CENTER	2.75%	0709	78	SILVER POINT	2.75%	0799	71	(aa) WATAUGA	2.50%	0794	90
PITTSBURG LANDING	2.50%	1197	36	SLAYDEN	2.75%	1001	22	WATERTOWN	2.25%	1193	95
PLAINVIEW	2.25%	1088	87	SMARTT	2.75%	0404	89	WATTS BARDAM	2.75%	1008	72
PLEASANT HILL	2.75%	0999	18	SMITHVILLE	2.75%	0707	21	WAVERLY	2.75%	0197	43
PLEASANT SHADE	2.75%	0500	80	SMYRNA	2.75%	0700	75	WAYNESBORO	2.75%	1098	91
PLEASANT VIEW	2.25%	0776	11	SNEEDVILLE	2.00%	0183	34	WESTEL	2.75%	0999	18
PLEASANTVILLE	2.75%	0703	41	SODDY DAISY	2.25%	0803	33	WESTMORELAND	2.25%	1283	83
POCAHONTAS	2.75%	0702	35	SOMERVILLE	2.25%	0182	24	WESTPOINT	2.75%	0396	50
(t) PORTLAND	2.25%	1283	83	SOUTH CARTHAGE	2.75%	0500	80	WESTPORT	2.75%	1097	09
(t) PORTLAND	2.75%	0807	74	SOUTH FULTON	2.75%	0500	66	WHITEBLUFF	2.75%	1001	22
POSTELLE	2.25%	0784	70	SOUTH PITTSBURG	2.75%	0506	58	(25) WHITE HOUSE	2.75%	0199	74
POWDER SPRINGS	2.75%	0794	29	SOUTH SIDE	2.50%	0189	63	(25) WHITE HOUSE	2.75%	0199	83
POWELL	2.25%	0189	47	SPARTA	2.25%	0185	93	(bb) WHITE PINE	2.75%	1008	45
POWELLS CROSSROADS	2.75%	0506	58	SPEEDWELL	2.25%	0983	13	(bb) WHITE PINE	2.75%	0709	32
PRIMM SPRINGS	2.75%	0703	41	SPENCER	2.75%	0989	88	WHITESBURG	2.75%	0709	32
PROSPECT	2.50%	0798	28	SPRING CITY	2.75%	1008	72	WHITES CREEK	2.25%	1080	19
PRUDEN	2.25%	0983	13	SPRING CREEK	2.75%	0789	57	WHITESIDE	2.75%	0506	58
(21) PULASKI	2.75%	1008	28	(x) SPRING HILL	2.25%	1283	60	WHITEVILLE	2.75%	0702	35
PURYEAR	2.25%	1083	40	(x) SPRING HILL	2.25%	0491	94	WHITLEYVILLE	2.75%	0500	44
QUEBECK	2.25%	0185	93	SPRINGFIELD	2.75%	0807	74	WHITWELL	2.75%	0506	58
				SPRINGVILLE	2.25%	1083	40	WILDER	2.50%	1092	25
RAMER	2.25%	0979	55	STANTON	2.75%	1098	38	WILDERSVILLE	2.75%	1097	39
READYVILLE	1.75%	0176	08	STANTONVILLE	2.25%	0979	55	WILLIAMSPORT	2.25%	1283	60
REAGAN	2.75%	1097	39	STEWART	2.75%	1086	42	WILLISTON	2.25%	0182	24
RED BANK	2.25%	0897	33	STRAWBERRY PLAINS	2.75%	1008	45	WINCHESTER	2.25%	1286	26
RED BOILING SPGS.	2.25%	0784	56	SUGAR TREE	2.50%	0298	20	WINFIELD	2.25%	0783	76
RELIANCE	2.25%	0784	70	SUMMERTOWN	2.75%	0396	50	WINONA	2.25%	0783	76
REVERIE	2.25%	0578	84	SUMMITVILLE	2.75%	0407	16	WOODBURY	1.75%	0176	08
RICEVILLE	2.00%	0578	54	(22) SUNBRIGHT	2.75%	0199	65	WOODLAND MILLS	2.75%	0500	66
RICHARD CITY	2.75%	0506	58	SURGOINSVILLE	2.75%	1088	37	WOODLAWN	2.50%	0189	63
RICKMAN	2.50%	0897	67	(23) SWEETWATER	2.75%	0811	54	WYNNBURG	2.75%	0397	48
RIDDLETON	2.75%	0500	80	(23) SWEETWATER	2.75%	0811	62				
RIDGELY	2.75%	0397	48					YORKVILLE	2.75%	0512	27
RIDGESIDE	2.25%	0704	33	TAFT	2.50%	0592	52	YUMA	2.75%	1097	09
(u) RIDGETOP	2.25%	1080	19	TALBOTT	2.75%	1008	45				
(u) RIDGETOP	2.75%	0807	74								

County	Tax Rate	Effective Date	County Code	County	Tax Rate	Effective Date	County Code	County	Tax Rate	Effective Date	County Code
ANDERSON	2.75%	0706	01	HAMILTON	2.25%	0704	33	OBION	2.75%	0500	66
BEDFORD	2.75%	0801	02	HANCOCK	2.00%	0183	34	OVERTON	2.50%	0897	67
BENTON	2.75%	0197	03	HARDEMAN	2.75%	0702	35	PERRY	2.50%	0197	68
BLEDSON	2.25%	1177	04	HARDIN	2.50%	1197	36	PICKETT	2.75%	0199	69
BLOUNT	2.25%	1080	05	HAWKINS	2.75%	1088	37	POLK	2.25%	0784	70
BRADLEY	2.75%	0709	06	HAYWOOD	2.75%	1098	38	PUTNAM	2.75%	0799	71
CAMPBELL	2.25%	0784	07	HENDERSON	2.75%	1097	39	RHEA	2.75%	1008	72
CANNON	1.75%	0176	08	HENRY	2.25%	1083	40	ROANE	2.50%	0189	73
CARROLL	2.75%	1097	09	HICKMAN	2.75%	0703	41	ROBERTSON	2.75%	0807	74
CARTER	2.75%	0109	10	HOUSTON	2.75%	1086	42	RUTHERFORD	2.75%	0700	75
CHEATHAM	2.25%	0776	11	HUMPHREYS	2.75%	1011	43	SCOTT	2.25%	0783	76
CHESTER	2.75%	0695	12	JACKSON	2.75%	0500	44	SEQUATCHIE	2.25%	0177	77
CLAIBORNE	2.25%	0983	13	JEFFERSON	2.75%	1008	45	SEVIER	2.75%	0709	78
CLAY	2.75%	1199	14	JOHNSON	1.50%	0369	46	SHELBY	2.25%	0184	79
COCKE	2.75%	0388	15	KNOX	2.25%	0189	47	SMITH	2.75%	0500	80
COFFEE	2.75%	0407	16	LAKE	2.75%	0397	48	STEWART	2.25%	0777	81
CROCKETT	2.75%	0696	17	LAUDERDALE	2.75%	0195	49	SULLIVAN	2.25%	0483	82
CUMBERLAND	2.75%	0999	18	LAWRENCE	2.75%	0396	50	SUMNER	2.25%	1283	83
DAVIDSON	2.25%	1080	19	LEWIS	2.50%	0797	51	TIPTON	2.25%	0578	84
DECATUR	2.50%	0298	20	LINCOLN	2.50%	0592	52	TROUSDALE	2.25%	1076	85
DEKALB	2.75%	0707	21	LOUDON	2.00%	0798	53	UNICOI	2.75%	1094	86
DICKSON	2.75%	1001	22	MCMINN	2.00%	0578	54	UNION	2.25%	1088	87
DYER	2.75%	0191	23	MCNAIRY	2.25%	0979	55	VAN BUREN	2.75%	0989	88
FAYETTE	2.25%	0182	24	MACON	2.25%	0784	56	WARREN	2.75%	0404	89
FENTRESS	2.50%	1092	25	MADISON	2.75%	0789	57	WASHINGTON	2.50%	0794	90
FRANKLIN	2.25%	1286	26	MARION	2.75%	0506	58	WAYNE	2.75%	1098	91
GIBSON	2.75%	0512	27	MARSHALL	2.25%	1178	59	WEAKLEY	2.75%	0798	92
GILES	2.50%	0798	28	MAURY	2.25%	1283	60	WHITE	2.25%	0185	93
GRAINGER	2.75%	0794	29	MEIGS	2.00%	0778	61	WILLIAMSON	2.25%	0491	94
GREENE	2.75%	0500	30	MONROE	2.25%	1080	62	WILSON	2.25%	1193	95
GRUNDY	2.25%	0977	31	MONTGOMERY	2.50%	0189	63				
HAMBLEN	2.75%	0709	32	MOORE	2.50%	1086	64				
				MORGAN	2.00%	0780	65				

NOTE: The maximum local tax that can be levied is 2.75%. The levy of the tax by a county precludes, to the extent of the county tax, any city or town within the county from levying the tax, but a city or town shall at any time have the right to levy the tax at a rate equal to the difference between the county tax and the maximum rate authorized.

CITIES WITH A LOCAL SALES TAX GREATER THAN THE COUNTY IN WHICH THEY ARE LOCATED.				
CITY	COUNTY LOCATED IN	COUNTY RATE	CITY RATE	TOTAL RATE
1. Alcoa	Blount (#5)	2.25%	0.50%	2.75%
2. Arlington	Shelby (#79)	2.25%	0.50%	2.75%
3. Ashland City	Cheatham (#11)	2.25%	0.50%	2.75%
4. Bartlett	Shelby (#79)	2.25%	0.50%	2.75%
5. Benton	Polk (#70)	2.25%	0.50%	2.75%
6. Collierville	Shelby (#79)	2.25%	0.50%	2.75%
7. Covington	Tipton (#84)	2.25%	0.50%	2.75%
8. Dover	Stewart (#81)	2.25%	0.50%	2.75%
9. Fairview	Williamson (#94)	2.25%	0.50%	2.75%
10. Germantown	Shelby (#79)	2.25%	0.50%	2.75%
11. Kingsport	Sullivan (#82)	2.25%	0.25%	2.50%
12. Kingston Springs	Cheatham (#11)	2.25%	0.50%	2.75%
13. Lake City	Campbell (#07)	2.25%	0.50%	2.75%
14. Lakeland	Shelby (#79)	2.25%	0.50%	2.75%
15. Loudon	Loudon (#53)	2.00%	0.50%	2.50%
16. Maryville	Blount (#5)	2.25%	0.50%	2.75%
17. Millington	Shelby (#79)	2.25%	0.50%	2.75%

CITIES WITH A LOCAL SALES TAX GREATER THAN THE COUNTY IN WHICH THEY ARE LOCATED.				
CITY	COUNTY LOCATED IN	COUNTY RATE	CITY RATE	TOTAL RATE
18. Oak Ridge	Roane (#73)	2.50%	0.25%	2.75%
19. Oliver Springs	Morgan (#65)	2.00%	0.75%	2.75%
Oliver Springs	Roane (#73)	2.50%	0.25%	2.75%
20. Pegram	Cheatham (#11)	2.25%	0.50%	2.75%
21. Pulaski	Giles (#28)	2.50%	0.25%	2.75%
22. Sunbright	Morgan (#65)	2.00%	0.75%	2.75%
23. Sweetwater	McMinn (#54)	2.00%	0.75%	2.75%
Sweetwater	Monroe (#62)	2.25%	0.50%	2.75%
24. Wartburg	Morgan (#65)	2.00%	0.75%	2.75%
25. White House	Robertson (#74)	2.75%	0	2.75%
White House	Sumner (#83)	2.25%	0.50%	2.75%

CITIES LOCATED IN MULTIPLE COUNTIES WITH VARIOUS LOCAL OPTION COUNTY RATES				
CITY	COUNTY LOCATED IN	COUNTY RATE	CITY RATE	TOTAL RATE
a. Adamsville	McNairy (#55)	2.25%	0	2.25%
Adamsville	Hardin (#36)	2.50%	0	2.50%
b. Ardmore	Giles (#28)	2.50%	0	2.50%
Ardmore	Lincoln (#52)	2.50%	0	2.50%
c. Enville	Chester (#12)	2.75%	0	2.75%
Enville	McNairy (#55)	2.25%	0	2.25%
d. Farragut	Knox (#47)	2.25%	0	2.25%
Farragut	Loudon (#53)	2.00%	0	2.00%
e. Goodlettsville	Sumner (#83)	2.25%	0	2.25%
Goodlettsville	Davidson (#19)	2.25%	0	2.25%
f. Grand Junction	Fayette (#24)	2.25%	0	2.25%
Grand Junction	Hardeman (#35)	2.75%	0	2.75%
g. Humboldt	Madison (#57)	2.75%	0	2.75%
Humboldt	Gibson (#27)	2.75%	0	2.75%
h. Iron City	Lawrence (#50)	2.75%	0	2.75%
Iron City	Wayne (#91)	2.75%	0	2.75%
i. Johnson City	Washington (#90)	2.50%	0	2.50%
Johnson City	Carter (#10)	2.75%	0	2.75%
Johnson City	Sullivan (#82)	2.25%	0	2.25%
j. Kenton	Obion (#66)	2.75%	0	2.75%
Kenton	Gibson (#27)	2.75%	0	2.75%
k. Kingsport	Hawkins (#37)	2.75%	0	2.75%
l. Lake City	Anderson (#01)	2.75%	0	2.75%

CITIES LOCATED IN MULTIPLE COUNTIES WITH VARIOUS LOCAL OPTION COUNTY RATES				
CITY	COUNTY LOCATED IN	COUNTY RATE	CITY RATE	TOTAL RATE
m. McKenzie	Carroll (#09)	2.75%	0	2.75%
McKenzie	Henry (#40)	2.25%	0	2.25%
McKenzie	Weakley (#92)	2.75%	0	2.75%
n. Milledgeville	Chester (#12)	2.75%	0	2.75%
Milledgeville	Hardin (#36)	2.50%	0	2.50%
Milledgeville	McNairy (#55)	2.25%	0	2.25%
o. Millersville	Sumner (#83)	2.25%	0	2.25%
Millersville	Sumner (#83)	2.25%	0	2.25%
Millersville	Robertson (#74)	2.75%	0	2.75%
p. Monteagle	Grundy (#31)	2.25%	0	2.25%
Monteagle	Marion (#58)	2.75%	0	2.75%
q. Oak Ridge	Anderson (#01)	2.75%	0	2.75%
r. Oliver Springs	Anderson (#01)	2.75%	0	2.75%
s. Petersburg	Lincoln (#52)	2.50%	0	2.50%
Petersburg	Marshall (#59)	2.25%	0	2.25%
t. Portland	Sumner (#83)	2.25%	0	2.25%
Portland	Robertson (#74)	2.75%	0	2.75%
u. Ridgetop	Davidson (#19)	2.25%	0	2.25%
Ridgetop	Robertson (#74)	2.75%	0	2.75%
v. Scotts Hill	Decatur (#20)	2.50%	0	2.50%
Scotts Hill	Henderson (#39)	2.75%	0	2.75%
w. Silerton	Chester (#12)	2.75%	0	2.75%
Silerton	Hardeman (#35)	2.75%	0	2.75%
x. Spring Hill	Williamson (#94)	2.25%	0	2.25%
Spring Hill	Mauzy (#60)	2.25%	0	2.25%
y. Trimble	Dyer (#23)	2.75%	0	2.75%
Trimble	Obion (#66)	2.75%	0	2.75%
z. Tullahoma	Coffee (#16)	2.75%	0	2.75%
Tullahoma	Franklin (#26)	2.25%	0	2.25%
aa. Watauga	Carter (#10)	2.75%	0	2.75%
Watauga	Washington (#90)	2.50%	0	2.50%
bb. White Pine	Hamblen (#32)	2.75%	0	2.75%
White Pine	Jefferson (#45)	2.75%	0	2.75%

APPENDIX D

Description of Food and Food Ingredients, Candy, Dietary Supplements, Meal Substitutes and Prepared Food

Taken From Sales and Use Tax Guide:

Food and Food Ingredients

The following items meet the requirements to be considered food and food ingredients and are subject to the 5 percent State sales and use tax rate, if not prepared by the seller. This list is not all-inclusive.

Baking powder, baking soda, bread, cakes and pies, cereal, chip dip, chips, cocoa and beverage powders other than dietary supplements, coffee, condiments, cookies, cooking oil, dairy products, fruit (fresh or dried), eggs, fish and meats, flour, frozen meals, fruit juices, gelatin, gravies and sauces, herbs and spices, ice cream, sherbet, frozen yogurt, ice, margarine and shortening, nuts, popcorn, poultry, pumpkins, raisins, relishes, salad dressing, salt and pepper, soft drinks, sugar, sweeteners, vegetables, tea and water.

The following is a partial list of items that are not considered food or food ingredients and are taxed at the 7.0 percent State sales and use tax rate. This list is not all-inclusive.

Baking chips, baking bars, candy-coated items, beer, alcoholic beverages, breath mints, cake decorations, cigarettes and other tobacco items, cough drops and lozenges, dried fruit with sweeteners, gum, herbal supplements, honey-roasted or coated nuts, marshmallows, party trays, vitamins and minerals.

Candy

Examples of items that are considered to be candy (the list is not all-inclusive) are breath mints, candy bars, chocolate chips, fruit roll-ups, marshmallows, caramel corn, caramel apples, chocolate- or carob-covered raisins or nuts, sweet or semi-sweet cooking bars or chips, gum, honey-roasted or beer nuts, trail mix that includes candy, peanut brittle, sugarless candy and yogurt-covered raisins or nuts.

Dietary Supplements

To be considered a “dietary supplement,” a substance must meet all of the following criteria:

Contain one or more of the following dietary ingredients: a vitamin; a mineral; an herb or other botanical; an amino acid; a dietary substance for use by humans to supplement the diet by increasing the total dietary intake; or a concentrate, metabolite, constituent, extract or combination of the ingredients listed;

Be intended for ingestion as a tablet, capsule, powder, softgel, gelcap or liquid form (if it is not intended for ingestion in one of these forms, it is not represented as conventional food and is not represented to be the sole item of a meal or diet) and

Be labeled as a dietary supplement, identifiable by the “Supplement Facts” box found on the label and required by federal regulations. Any item that is required to have a “Supplement Facts” label is taxable at the full 7.0 percent State sales and use tax rate plus the applicable local rate.

Dietary supplements include amino acids, antioxidants, bee pollen, enzymes, garlic capsules, ginseng, herbal supplements, immune supports, lecithin, metabolic supplements, vitamins and minerals and zinc lozenges. This list is not all-inclusive.

Meal Substitutes

Meal substitutes are taxable at the 5 percent State sales and use tax rate and applicable local rate. Meal substitutes are labeled with “Nutrition Facts” and include unsweetened breakfast bars or those containing flour, unsweetened dried fruit snacks, drinks such as Ensure or Boost, Pop-tarts and soup mixes. This list is also not all-inclusive.

Prepared Food

“Prepared food” means food that is sold in a heated state or that is heated by the seller; food where two or more food ingredients are mixed or combined by the seller for sale as a single item; or food sold with eating utensils, provided by the seller, such as plates, knives, forks, spoons, glasses, cups, napkins or straws. The seller may prepare the item where the food is sold or at another location.

Food that is only repackaged, pasteurized or sliced by the seller is not considered to be prepared food. Serving size or quantity does not affect the taxability of a food item.

Food ingredients mixed or combined by the seller that contain raw animal foods requiring cooking by the consumer are not considered prepared food. Examples include: marinated raw meats, uncooked meatloaf, marinated raw seafood, combined raw meats and cookie dough containing raw eggs.

The term “seller” means the legal entity that sells the product at retail. If the seller prepares and sells the food item, the item is taxed at the 7.0 percent State sales and use tax rate plus the local option rate. If the seller contracts with another legal entity to prepare the food, the food is not prepared by the seller and is taxed at the 5 percent State sales and use tax rate plus the local option rate, unless the legal entity preparing the food is an agent of the seller.

Examples of prepared food items taxable at the 7.0 percent State sales and use tax rate plus local rate are any food items sold in a heated state, if prepared by the seller; bakery goods made by the seller; cold or frozen meals and soups that are ready to heat and eat; fruit trays, coffee or tea prepared by the seller; ice cream in cones, sundaes or such preparations; party trays; ready-to-eat meats, poultry or fish (cooked, smoked or dried such as summer sausage, beef or venison sticks and smoked fish); rotisserie chicken; salad greens mixed by the seller; salads and other deli dishes; sandwiches; soups, casseroles or meals sold warm and ready to eat; warmed or honey-roasted nuts.

Food that is not prepared by the seller, but is sold with eating utensils provided by the seller, is prepared food and is taxable at the 7.0 percent State sales and use tax rate plus the local rate. Eating utensils include, but are not limited to, plates, knives, forks, spoons, glasses, napkins, cups and straws. A plate does not include a container or packaging used to transport the food. An example is a container or tray that is packaging for a frozen dinner and also serves as a plate.

Box lunches with straws, napkins, plastic forks and other utensils are considered prepared food. If the manufacturer, rather than the seller, provides an eating utensil with the food, that food is not considered prepared food and is taxable at the 5 percent State sales and use tax rate plus the applicable local rate. For example, a box of crackers with cheese spread that comes with a plastic spreader is subject to the 5 percent State sales and use tax plus the applicable local tax because the spreader is not provided by the seller.

Eating utensils other than plates, bowls, glasses or cups necessary for the purchaser to receive the product are “provided by the seller” if the seller’s practice is to: (1) physically give or hand the utensils to the purchaser, or (2) make the utensils, such as napkins or straws, available out on counters and the seller’s percentage of food that is otherwise considered prepared food is greater than 75 percent of all food sales.

APPENDIX F



TENNESSEE DEPARTMENT OF REVENUE APPLICATION FOR REGISTRATION

ANSWER ALL QUESTIONS COMPLETELY. INCOMPLETE AND UNSIGNED APPLICATIONS WILL DELAY PROCESSING. FOR ASSISTANCE YOU MAY CONTACT ANY OF THE TAXPAYER SERVICES OFFICES LISTED ON THE BACK.

1. CHECK ANY OF THE FOLLOWING TAX, PERMIT, OR FEE REQUIREMENTS FOR WHICH YOUR BUSINESS IS LIABLE:

<p>*ALCOHOLIC BEVERAGE TAXES:</p> <p><input type="checkbox"/> Beer Barrelage</p> <p><input type="checkbox"/> Brand Registration</p> <p><input type="checkbox"/> Liquor By The Drink</p> <p><input type="checkbox"/> Wholesale Beer</p> <p><input type="checkbox"/> Wholesale Gallonage</p> <p><input type="checkbox"/> Winery Tax</p>	<p>**BUSINESS TAX</p> <p><input type="checkbox"/> Classification 1</p> <p><input type="checkbox"/> Classification 2</p> <p><input type="checkbox"/> Classification 3</p> <p><input type="checkbox"/> Classification 4</p> <p><input type="checkbox"/> Classification 5</p> <p>GROSS RECEIPTS TAXES:</p> <p><input type="checkbox"/> Bottlers</p> <p><input type="checkbox"/> Mixing Bar</p> <p><input type="checkbox"/> Gas, Water, Electric Power & Light</p>	<p><input type="checkbox"/> FRANCHISE AND EXCISE TAXES</p> <p><input type="checkbox"/> Series LLC (See Instructions)</p> <p>PRIVILEGE TAXES:</p> <p><input type="checkbox"/> Auto Rental Surcharge</p> <p><input type="checkbox"/> Bail Bondsmen</p> <p><input type="checkbox"/> Litigation Tax</p> <p><input type="checkbox"/> Professional Privilege Tax</p> <p><input type="checkbox"/> *PETROLEUM TAXES</p> <p><input type="checkbox"/> SALES AND USE TAX</p>	<p>SEVERANCE TAXES:</p> <p><input type="checkbox"/> Coal</p> <p><input type="checkbox"/> Crude Oil/Natural Gas</p> <p><input type="checkbox"/> Mineral</p> <p>SOLID WASTE TAXES:</p> <p><input type="checkbox"/> Tire</p> <p><input type="checkbox"/> Used Oil</p> <p><input type="checkbox"/> TOBACCO TAX</p> <p><input type="checkbox"/> WINE DIRECT SHIPPER</p>
--	--	---	--

*Requires Bond. **TYPE OF BOND:** 1. SURETY 2. CASH 3. CERTIFICATE OF DEPOSIT

**The local county clerk and designated municipal business tax official in your area also have business tax registration forms.

<p>2. REASON FOR APPLYING:</p> <p><input type="checkbox"/> 1. New business</p> <p><input type="checkbox"/> 2. Additional location</p> <p><input type="checkbox"/> 3. Purchase of existing business</p>	<p>3. WILL YOUR GROSS SALES EXCEED \$4,800 PER YEAR? <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>WILL YOUR TAXABLE SERVICES EXCEED \$1,200 PER YEAR? <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>DO YOU HAVE SUPPLIERS (IN-STATE OR OUT-OF-STATE) WHO DO NOT COLLECT TN. SALES TAX? <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>IF ALL THREE OF THE ABOVE ARE "NO", YOU DO NOT NEED A SALES TAX #.</p>
---	--

<p>4a. DATE BUSINESS BEGAN IN TENNESSEE AT THIS LOCATION _____</p>	<p>5. WILL YOU BE COLLECTING OVER \$200 PER MONTH IN SALES TAX?</p> <p style="text-align: center;"><input type="checkbox"/> YES <input type="checkbox"/> NO</p>	<p>6. HOW MANY MONTHS OF THE YEAR WILL YOU HAVE SALES AND/OR USE TAX TO REPORT? _____</p>
<p>4b. FISCAL YR. END _____ / _____</p> <p style="text-align: center; font-size: small;">MO DAY</p>		

<p>7. BUSINESS NAME AND EXACT LOCATION</p> <p>BUSINESS NAME (ATTACH LIST IF NECESSARY FOR ADDITIONAL LOCATIONS)</p> <p>STREET, HIGHWAY (DO NOT USE P.O. BOX NUMBER OR RURAL ROUTE NUMBER)</p> <p>CITY STATE ZIP CODE COUNTY</p>	<p>8. BUSINESS MAILING ADDRESS</p> <p>NAME (ENTER CORPORATION NAME, IF APPLICABLE)</p> <p>P.O. BOX, STREET, ROUTE, OR HIGHWAY</p> <p>CITY STATE ZIP CODE</p>
--	---

<p>9. IS THIS BUSINESS LOCATED INSIDE ANY TENNESSEE CITY LIMITS? <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>IF YES, WHAT CITY? _____</p>	<p>10. RECORD STORAGE ADDRESS:</p> <p>STREET, HIGHWAY (DO NOT USE P.O. BOX NUMBER)</p> <p>CITY STATE ZIP CODE</p>	<p>11. BUSINESS TELEPHONE #</p> <p>()</p> <p>AREA CODE</p> <p>FAX #</p>
--	--	---

12. ENTER YOUR FEDERAL EMPLOYER'S IDENTIFICATION # APPLIED FOR NOT REQUIRED

<p>13a. BUSINESS CONTACT PERSON:</p>	<p>13b. E-MAIL ADDRESS:</p>
---	------------------------------------

<p>14. TYPE OF OWNERSHIP:</p> <p><input type="checkbox"/> PROPRIETORSHIP <input type="checkbox"/> HUSBAND/WIFE OWNERSHIP <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> LIMITED PARTNERSHIP</p> <p><input type="checkbox"/> LIMITED LIABILITY COMPANY <input type="checkbox"/> PROFESSIONAL LIMITED LIABILITY COMPANY</p> <p><input type="checkbox"/> CORPORATION <input type="checkbox"/> S CORPORATION <input type="checkbox"/> PROFESSIONAL CORPORATION <input type="checkbox"/> OTHER</p> <p>NAME OF CORPORATION _____ SEC. OF STATE # _____</p>	<p>15. CURRENT OR PRIOR TAX NUMBER (SALES TAX, ETC.)</p> <p>_____ / _____</p> <p style="text-align: center;">TAX TYPE ACCOUNT NO.</p>
--	--

16. DESCRIBE THE BUSINESS ACTIVITY AT THIS LOCATION, STATING THE MAJOR PRODUCTS AND/OR SERVICES SOLD.

A. Are your sales 100% over-the-counter sales? _____ Yes _____ No
(Note: If you ever have a sale for which you ship or deliver merchandise, do not check "Yes.")

B. If not 100% over-the-counter sales, how many cities or counties in Tennessee, other than the location of your business do you ship or deliver merchandise to in an average month? _____

- C. Do you use/have access to: (a) Automated systems ____ Yes (b) Computers ____ Yes (c) Internet ____ Yes?
- D. Do you lease tangible personal property in one location for use in another? ____ Yes ____ No
- E. Do you lease space in a business location to another company? ____ Yes ____ No
- F. Do you sell at retail? ____ Yes ____ No Wholesale? ____ Yes ____ No Both? ____ Yes ____ No
- G. If you are a contractor, do you perform contracts in the city or county where your business is located? ____ Yes ____ No
- H. If you are a contractor, do you perform contracts in a city or county where your business is not located? ____ Yes ____ No
- I. If you are a contractor, do you install everything you sell? ____ Yes ____ No

17. **ED/EFT** DO YOU CURRENTLY FILE YOUR RETURN BY EDI? YES NO DO YOU CURRENTLY REMIT PAYMENT BY EFT? YES NO
 WOULD YOU LIKE TO RECEIVE INFORMATION ABOUT THE FOLLOWING: EDI EFT

18. IDENTIFY OWNERS, OFFICERS, MEMBERS, OR PARTNERS (ATTACH ADDITIONAL NAMES ON SEPARATE SHEET).

<small>(1) NAME</small>	<small>HOME TELEPHONE #</small>	<input type="checkbox"/> <small>SOCIAL SECURITY #</small>	<input type="checkbox"/> <small>FEDERAL EIN</small>
<small>HOME ADDRESS (DO NOT USE P.O. BOX #)</small>	<small>CITY</small>	<small>STATE</small>	<small>ZIP CODE</small>
<input type="checkbox"/> Member <input type="checkbox"/> Officer <input type="checkbox"/> Partner <input type="checkbox"/> Owner - Individual <input type="checkbox"/> Owner - Company			
<small>(2) NAME</small>	<small>HOME TELEPHONE #</small>	<input type="checkbox"/> <small>SOCIAL SECURITY #</small>	<input type="checkbox"/> <small>FEDERAL EIN</small>
<small>HOME ADDRESS (DO NOT USE P.O. BOX #)</small>	<small>CITY</small>	<small>STATE</small>	<small>ZIP CODE</small>
<input type="checkbox"/> Member <input type="checkbox"/> Officer <input type="checkbox"/> Partner <input type="checkbox"/> Owner - Individual <input type="checkbox"/> Owner - Company			
<small>(3) NAME</small>	<small>HOME TELEPHONE #</small>	<input type="checkbox"/> <small>SOCIAL SECURITY #</small>	<input type="checkbox"/> <small>FEDERAL EIN</small>
<small>HOME ADDRESS (DO NOT USE P.O. BOX #)</small>	<small>CITY</small>	<small>STATE</small>	<small>ZIP CODE</small>
<input type="checkbox"/> Member <input type="checkbox"/> Officer <input type="checkbox"/> Partner <input type="checkbox"/> Owner - Individual <input type="checkbox"/> Owner - Company			
<small>PREVIOUS BUSINESS NAME</small>	<small>PREVIOUS OWNER'S TELEPHONE #</small>	<small>STILL IN BUSINESS?</small>	
<small>PREVIOUS OWNER'S NAME AND ADDRESS</small>	<small>()</small>	<input type="checkbox"/> YES <input type="checkbox"/> NO	

19. IF YOU ARE AN **OUT-OF-STATE BUSINESS THAT WILL BE DOING BUSINESS IN TENNESSEE**, PLEASE ANSWER THE FOLLOWING QUESTION.
 DO YOU HAVE A LOCATION OR OFFICE IN TENNESSEE? YES NO IF YES, NAME LOCATION:

20. THE STATEMENTS MADE ON THIS APPLICATION ARE TRUE TO THE BEST OF MY KNOWLEDGE AND BELIEF. (THIS APPLICATION MUST BE SIGNED BY THE INDIVIDUAL OWNER, A PARTNER, OR AN OFFICER OF THE CORPORATION LISTED IN ITEM 17.)

SIGN HERE: _____
OWNER, PARTNER, OR OFFICER (DO NOT PRINT OR USE STAMP)

FOR DEPARTMENT USE ONLY

For additional information, contact the Taxpayer Services Division in one of our Department of Revenue Offices:					
Chattanooga	Jackson	Johnson City	Knoxville	Memphis	Nashville
(423) 634-6266	(731) 423-5747	(423) 854-5321	(865) 594-6100	(901) 213-1400	(615) 253-0600
Suite 350	Suite 340	204 High Point Drive	Room 606	3150 Appaling Road	3rd Floor
State Office Building	Lowell Thomas Building	PO Box 2365	State Office Building	Bartlett, TN 38133	Andrew Jackson Building
540 McCallie Avenue	225 Martin Luther King Blvd.	Johnson City, TN 37605-2365	531 Henley Street		500 Deaderick Street
Chattanooga, TN 37402	Jackson, TN 38301		Knoxville, TN 37901		Nashville, TN 37242
Tennessee residents can also call our statewide toll free number at 1-800-342-1003. Out-of-state callers must dial (615) 253-0600.					

APPENDIX E

Streamlined Sales and Use Tax Certificate of Exemption

This is a multistate form. Not all states allow all exemptions listed on this form. Purchasers are responsible for knowing if they qualify to claim exemption from tax in the state that would otherwise be due tax on this sale. The seller may be required to provide this exemption certificate (or the data elements required on the form) to a state that would otherwise be due tax on this sale.

The purchaser will be held liable for any tax and interest, and possibly civil and criminal penalties imposed by the member state, if the purchaser is not eligible to claim this exemption. A seller may not accept a certificate of exemption for an entity-based exemption on a sale made at a location operated by the seller within the designated state if the state does not allow such an entity-based exemption.

1. Check if you are attaching the Multistate Supplemental form.
 If not, enter the two-letter postal abbreviation for the state under whose laws you are claiming exemption.

2. Check if this certificate is for a single purchase and enter the related invoice/purchase order # _____.

3. **Please Print:** _____
Name of Purchaser

Business Address **City** **State** **Zip Code**

Purchaser's Tax ID Number		State of Issue	Country of Issue
If no Tax ID Number:	1) FEIN	2) Driver's License Number or State Issued ID Number	3) Foreign Diplomat Number
Enter one of the following:		State _____ No. _____	

Please Print: _____
Name of seller from whom you are purchasing, leasing or renting

Seller's address **City** **State** **Zip code**

4. **Type of business.** Circle the number that describes your business

- | | |
|---|---|
| <p>01 Accommodation and food services
 02 Agricultural, forestry, fishing, hunting
 03 Construction
 04 Finance and insurance
 05 Information, publishing and communications
 06 Manufacturing
 07 Mining
 08 Real estate
 09 Rental and leasing
 10 Retail trade</p> | <p>11 Transportation and warehousing
 12 Utilities
 13 Wholesale trade
 14 Business services
 15 Professional services
 16 Education and health-care services
 17 Nonprofit organization
 18 Government
 19 Not a business
 20 Other (<i>explain</i>) _____</p> |
|---|---|

5. **Reason for exemption.** Circle the letter that identifies the reason for the exemption.

- | | |
|--|--|
| <p>A Federal government (<i>department</i>) _____
 B State or local government (<i>name</i>) _____
 C Tribal government (<i>name</i>) _____
 D Foreign diplomat # _____
 E Charitable organization # _____
 F Religious or educational organization _____
 G Resale _____</p> | <p>H Agricultural production # _____
 I Industrial production/manufacturing # _____
 J Direct pay permit # _____
 K _____
 L Other (<i>explain</i>) _____</p> |
|--|--|

6. Sign here. *I declare that the information on this certificate is correct and complete to the best of my knowledge and belief.*

Signature of Authorized Purchaser **Print Name** **Title** **Date**

**Streamlined Sales and Use Tax
Certificate of Exemption
Multistate Supplemental**

Name of Purchaser _____

STATE	Reason for Exemption	Identification Number (If Required)
AR	_____	_____
GA	_____	_____
IA	_____	_____
IN	_____	_____
KS	_____	_____
KY	_____	_____
MI	_____	_____
MN	_____	_____
NC	_____	_____
ND	_____	_____
NE	_____	_____
NJ	_____	_____
NV	_____	_____
OH	_____	_____
OK	_____	_____
RI	_____	_____
SD	_____	_____
TN*	_____	_____
UT	_____	_____
VT	_____	_____
WA	_____	_____
WV	_____	_____
WY	_____	_____

SSUTA Direct Mail provisions are not in effect for Tennessee.

The following nonmember states will accept this certificate for exemption claims that are valid in their respective state. SSUTA Direct Mail provisions do not apply in these states.

XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____
XX	_____	_____

APPENDIX G



TENNESSEE DEPARTMENT OF REVENUE APPLICATION FOR REGISTRATION AGRICULTURAL SALES AND USE TAX CERTIFICATE OF EXEMPTION

Instructions: This application for registration is to be used to obtain a Tennessee agricultural sales or use tax exemption certificate. This certificate must be used to make qualified agricultural purchases exempt from sales and use tax. You must complete the front of this application and submit with copies of any requested documents.

<p>1. REASON FOR APPLICATION</p> <p><input type="checkbox"/> New Registration</p> <p><input type="checkbox"/> Registration Renewal</p>	<p>2. TYPE ENTITY - Check one</p> <p><input type="checkbox"/> Farmer</p> <p><input type="checkbox"/> Timber Harvester</p> <p><input type="checkbox"/> Nursery Operator</p>	<p>3. LEGAL NAME AND ADDRESS</p> <p>Name: _____</p> <p>Street: _____</p> <p>City, State, Zip: _____</p>									
<p>4. PRIMARY MAILING ADDRESS</p> <p>Name: _____</p> <p>Street: _____</p> <p>City, State, Zip: _____</p>		<p>5. PHONE NUMBER AND EMAIL ADDRESS</p> <p>Phone Number: _____</p> <p>Fax: _____</p> <p>E-mail Address: _____</p>									
<p>6. PRIMARY SSN: _____</p> <p>FEIN (IF APPLICABLE): _____</p>											
<p>7. TYPE OF OWNERSHIP:</p> <table style="width: 100%; border: none;"> <tr> <td><input type="checkbox"/> PARTNERSHIP</td> <td><input type="checkbox"/> PROPRIETORSHIP</td> <td><input type="checkbox"/> HUSBAND/WIFE OWNERSHIP</td> </tr> <tr> <td><input type="checkbox"/> PROFESSIONAL LIMITED LIABILITY COMPANY</td> <td><input type="checkbox"/> LIMITED PARTNERSHIP</td> <td><input type="checkbox"/> LIMITED LIABILITY COMPANY</td> </tr> <tr> <td><input type="checkbox"/> S CORPORATION</td> <td><input type="checkbox"/> OTHER PROFESSIONAL CORPORATION</td> <td><input type="checkbox"/> CORPORATION</td> </tr> </table>			<input type="checkbox"/> PARTNERSHIP	<input type="checkbox"/> PROPRIETORSHIP	<input type="checkbox"/> HUSBAND/WIFE OWNERSHIP	<input type="checkbox"/> PROFESSIONAL LIMITED LIABILITY COMPANY	<input type="checkbox"/> LIMITED PARTNERSHIP	<input type="checkbox"/> LIMITED LIABILITY COMPANY	<input type="checkbox"/> S CORPORATION	<input type="checkbox"/> OTHER PROFESSIONAL CORPORATION	<input type="checkbox"/> CORPORATION
<input type="checkbox"/> PARTNERSHIP	<input type="checkbox"/> PROPRIETORSHIP	<input type="checkbox"/> HUSBAND/WIFE OWNERSHIP									
<input type="checkbox"/> PROFESSIONAL LIMITED LIABILITY COMPANY	<input type="checkbox"/> LIMITED PARTNERSHIP	<input type="checkbox"/> LIMITED LIABILITY COMPANY									
<input type="checkbox"/> S CORPORATION	<input type="checkbox"/> OTHER PROFESSIONAL CORPORATION	<input type="checkbox"/> CORPORATION									
<p>8. NAME OF BUSINESS _____ SEC. OF STATE # _____</p>											
<p>9. Applicant must meet at least one of the following criteria for agricultural exemption. (Check all boxes that apply.)</p> <p><input type="checkbox"/> The owner or lessee of agricultural land from which \$1,000 or more of agricultural products were produced or sold during the year, including payments from government sources. (Provide proof of government payments and/or copies of tax returns reflecting income information.)</p> <p><input type="checkbox"/> In the business of providing for-hire custom agricultural services for the plowing, planting, harvesting, growing, raising, or processing of agricultural products or for the maintenance of agricultural land. (Provide copies of Form 1099.)</p> <p><input type="checkbox"/> The owner of land that qualifies for taxation under the provisions of the Agricultural Forest and Open Space Land Act of 1976, compiled in Tenn. Code Ann. Title 67, Chapter 5, Part 10. (Provide copy of qualification of land under this provision.)</p> <p><input type="checkbox"/> Have a federal income tax return that contains one or more of the following:</p> <p style="margin-left: 20px;"><input type="checkbox"/> Business activity on IRS Schedule F (Profit or Loss From Farming) (Provide copy of Schedule F), and/or</p> <p style="margin-left: 20px;"><input type="checkbox"/> Farm rental activity on IRS Form 4835 (Farm Rental Income and Expenses) or Schedule E (Supplemental Income and Loss) (Provide copy of Form 4835 or Schedule E)</p> <p><input type="checkbox"/> Otherwise establish to the satisfaction of the Commissioner of Revenue that you are actively engaged in the business of raising, harvesting or otherwise producing agricultural commodities as defined in Tenn. Code Ann. Section 67-6-301(c)(2). (Provide a written statement detailing why you should qualify for the agricultural exemptions if you do not meet one of the other criteria.)</p>											
<p>10. I declare that the information on this application is correct and complete to the best of my knowledge and belief.</p> <p>Print Name: _____</p> <p>Sign Here: _____</p> <p>Date: _____</p>	<p>DEPARTMENT USE ONLY</p>										

Instructions
Application for Registration
Agricultural Sales and Use Tax Certificate of Exemption

Instructions:

- Item 1:** Indicate whether application is being submitted for a new exemption certificate or to renew an existing certificate.
- Item 2:** Indicate whether you are a farmer, timber harvester, or nursery operator.
- Item 3:** Provide the legal name and address of the business for which exemption is requested. If requesting for yourself as an individual, please enter your name and your location address.
- Item 4:** Provide the primary mailing address where correspondence regarding this exemption should be mailed.
- Item 5:** Provide the telephone number, fax number, and e-mail address of the person or business being registered.
- Item 6:** Enter the social security number of the individual or federal employer identification number (FEIN) of the business.
- Item 7:** Indicate the legal form of the person or business for whom the exemption is requested.
- Item 8:** If the business for which exemption is being requested is not a sole proprietor, husband and wife ownership, or general partnership, enter the name of the business, as registered with the Tennessee Secretary of State (SOS), and the SOS number.
- Item 9:** You must meet one or more of the criteria listed on the front of this application to be eligible for an agricultural sales and use tax exemption as a farmer, timber harvester, or nursery operator. Check the block in Item 9 next to the qualification under which the individual or business qualifies for exemption. Supporting documentation of exemption authorization must be submitted with this application as indicated.
- Item 10:** The individual or the primary member of the business for which exemption is being requested must provide the person's printed name, sign the application form, and provide the date on which the application is being submitted.

WARNING: Persons qualifying for this exemption will be liable for tax, penalty, and interest on purchases made without the payment of tax if such purchases are not used directly and principally in producing agricultural products for sale and consumption off the premises or if they allow other persons to use their exemption certificate or number to make tax-exempt purchases. For more information concerning the types of purchases that can be made by qualifying farmers, timber harvesters, and nursery operators, please visit the department's web site or call the department at the numbers listed below.

Return this application and appropriate documents to the Tennessee Department of Revenue, Taxpayer Services Division, Andrew Jackson State Office Building, 500 Deaderick Street, Nashville Tennessee 37242. You can fax the application to the Department at (615) 532-9784. If you have questions or need to assistance, you can call the Department at (615) 253-0600. Callers within Tennessee but outside the Nashville calling area call 1-800-342-1003. You must also e-mail the department at Tn.Revenue@tn.gov. Our web site address in www.Tennessee.gov/revenue.

APPENDIX H

SALES AND USE TAX APPLICATION TO FARMING, TIMBER HARVESTING, NURSERY OPERATIONS, AND AGRITOURISM

N0026101

3006302080116



TENNESSEE DEPARTMENT OF REVENUE

Tennessee Agricultural Sales and Use Tax Certificate of Exemption

JOHN DOE
ATTN: SAMPLE
100 FARMERS WAY
SOMEWHERE TN 37777

Effective Date: January 1, 2008
Account Type: Sales and Use - Agricultural
Account No: 783793488
Expiration Date: December 31, 2011

SAMPLE

The Tennessee Department of Revenue grants the holder of this certificate authority to make purchases for qualified agricultural purposes exempt from sales or use tax under Tenn. Code Ann. Section 67-6-207.

The purchaser must furnish its suppliers of qualified goods and services with one of the following: (1) a **COPY** of this exemption certificate, (2) a **COPY** of the wallet-sized exemption card that can be found on the bottom of this certificate, or (3) the Streamlined Sales Tax certificate of exemption, which must include the exempt account number shown above. The supplier must retain a copy of the exemption certificate, card, or the Streamlined Sales Tax certificate of exemption for audit purposes. Later purchases do not require the submission of the exemption certificate, card, or Streamlined Sales Tax certificate of exemption. Invoices must contain the name of the farmer, timber harvester, or nursery operator presenting this certificate to make exempt purchases.

IF YOU CEASE FARMING, TIMBER HARVESTING, OR NURSERY OPERATIONS, MOVE, OR IN ANY WAY CHANGE STATUS FROM YOUR PRESENT FORM, YOU MUST NOTIFY THE DEPARTMENT IMMEDIATELY. THIS EXEMPTION CERTIFICATE IS VALID FOR FOUR YEARS FROM THE DATE OF ISSUE AND MUST BE RENEWED BY THE TAXPAYER PRIOR TO THE EXPIRATION DATE.


Reagan Farr
Commissioner of Revenue

CERTIFICATE OF EXEMPTION FROM SALES AND USE TAX
FOR TENNESSEE AGRICULTURAL EXEMPTIONS

Name: JOHN DOE
Account Identification Number: 783793488
Type of Exemption: Sales and Use Tax- Agricultural
Effective Date: January 1, 2008
Expiration Date: December 31, 2011

I certify that all purchases of agricultural related goods and services made by me, unless otherwise specified on any order or invoice, are used directly and principally for the purpose of producing agricultural products, including nursery products, for sale and use or consumption off the premises.

Signature of purchaser: _____

CERTIFICATE OF EXEMPTION FROM SALES AND USE TAX
FOR TENNESSEE AGRICULTURAL EXEMPTIONS

Name: JOHN DOE
Account Identification Number: 783793488
Type of Exemption: Sales and Use Tax- Agricultural
Effective Date: January 1, 2008
Expiration Date: December 31, 2011

I certify that all purchases of agricultural related goods and services made by me, unless otherwise specified on any order or invoice, are used directly and principally for the purpose of producing agricultural products, including nursery products, for sale and use or consumption off the premises.

Signature of purchaser: _____

Apple Prices

0 - 15 lb	\$1.39/lb
15+ - 22 lbs	\$1.19/lb
22 + lbs	\$.89/lb
Half-Peck	\$8.00
Peck	\$14.00
1/2 Bushel	\$20.00
Bushel	\$34.00

MITSU
Crisp, Sweet
great for fresh
eat!

Cameo
Sweet, Crisp
great for eating

HONEYCRISP - \$2.00/lb
Pears - \$2.00/lb





THE UNIVERSITY of TENNESSEE **UT**
INSTITUTE of AGRICULTURE

ag.tennessee.edu

14-0144 (Rev.) 2/14

Programs in agriculture and natural resources, 4-H youth development, family and consumer sciences, and resource development.
University of Tennessee Institute of Agriculture, U.S. Department of Agriculture and county governments cooperating.
UT Extension provides equal opportunities in programs and employment.

