

**2009 Instructions for the Preparation of the Tennessee Sales and Use  
Tax Return for TV Programming and Telecommunication Services**

**Line 1: Gross sales of TV programming:**

Enter all TV programming sales. Include cash sales, credit sales, conditional sales and sales exempt from tax. Exclude the amount of sales tax collected or accrued.

**Line 2: Gross sales of Telecommunication Services:**

Enter all telecommunications sales. Include cash sales, credit sales, conditional sales and sales exempt from tax. Exclude the amount of sales tax collected or accrued.

**Line 3: Gross sales of Tangible Personal Property and Services:**

Enter all sales including exempt sales for sales of tangible personal property, leases, or rental of tangible personal property, and all sales of taxable services including ancillary services. Do not include TV programming and telecommunication services reported on Line 1 and Line 2.

**Line 4: Use Tax on items obtained from out-of-state or imported into Tennessee for your use:**

Enter the cost of tangible personal property that was purchased from a dealer in Tennessee, without the payment of sales tax and that was not resold, and tangible personal property imported from out-of-state for use and consumption by your business in this state. Do not enter the cost of items remaining in inventory for resale.

**Line 5: Total:**

Add Lines 1, 2, 3, and 4.

**Line 6: Exempt Transactions from Schedule A:**

Enter the total amount from Schedule A, Line A9, Page 2. Exemptions may be disallowed if not detailed as indicated in the appropriate category in Schedule A (see instructions for Schedule A).

**Line 7: Net Taxable Total:**

Subtract Line 6 from Line 5.

**Line 8: Cable and Wireless Cable TV Programming Fees from \$15.01 through \$27.50:**

Enter taxable fees in the amount of \$15.01 up to and including \$27.50 charged to each subscriber for TV programs sold by a qualified cable or wireless cable television programming provider.

**Line 9: Direct to Home Satellite TV Programming Sales:**

Enter total taxable sales of TV programming services sold by a direct-to-home satellite service provider.

**Line 10: State Tax:**

Add Lines 8 and 9 and multiply the total by 8.25%. Enter total.

**Line 11: Sales to Businesses of International and Interstate Telecommunication Services:**

Enter total taxable sales to businesses of international and interstate telecommunication services (defined as telecommunications that originate or are received in Tennessee and are received or originate either outside the United States and its territories or in a state other than Tennessee).

**Line 12: State Tax:**

Multiply Line 11 by 7.5% and enter total.

**Line 13: State Tax:**

Subtract Lines 8, 9, and 11 from Line 7, then multiply the result by 7% and enter here.

**Line 14: State Tax on Single Article:**

Enter the Single Article Amount from Schedule C, Line 2

**Line 15: Local Tax:**

Enter the total amount from Schedule B, Line B13, Page 2. Scheduled B must be completed.

**Line 16:**

Enter any tax collected in excess of state and local taxes shown on Lines 10, 12, 13, and 14.

**Line 17: Total Tax:**

Add Lines 10, 12, 13, 14, 15, and 16.

**Line 18: Credit Memo Balance:**

If your account has a credit balance from an overpayment on a prior return, enter the amount of this line and deduct from Line 17.

**Line 19: Penalty for Late Filing:**

When the return is late at time of filing, enter 5% on Line 17 for 1-30 days late, 10% for 31-60 days late and so on until a maximum of 25% of Line 17 is reached for returns that are more than 120 days late. When a credit balance is shown on a return that is late filed, first deduct Line 18 from Line 17 and calculate the penalty charges on the net amount after the credit deduction. For example, if Line 17 were \$500 and Line 18 were \$100, the penalty would be calculated on \$400. The minimum penalty is \$15.00 even when the return reflects no tax due but is filed late.

**Line 20: Interest for Late Filing:**

Interest is figured at the rate indicated per year on the amount of tax due from Line 17 (or on the net of Line 18 from Line 17 when a credit is present) from the due date of the return until the late-filed return is postmarked.

**Line 21: Total Due:**

When the return is timely filed, deduct the credit balance on Line 18, if any, from Line 17. On late filed returns, deduct Line 18, if applicable, from Line 17, calculate the penalty and interest due on the net amount. Enter the result here.

**SCHEDULE A - EXEMPT TRANSACTIONS**

The law provides for the deduction from gross sales and purchases those items specifically exempt from tax. Schedule A is used to identify these items. Any amount claimed as an exemption on Page 1, Line 6, must be itemized on this schedule.

**Line A1: Sales for Resale:**

Include all sales made to vendors or other establishments for resale, or for rental or lease. These transactions must be supported by valid certificates of resale that must be retained in your files.

**Line A2: Sales to Exempt Vendees:**

Enter all sales to the federal government, the state of Tennessee, and its political subdivision and sales to qualified institutions such as churches, non-profit schools, hospitals, homes for the aged, and orphanages,

including sales of private communications services to qualified purchasers. These transactions must be supported by proper exemption certificates that must be retained in your files.

**Line A3: Returned Merchandise:**

Include only taxable tangible personal property voluntarily returned by the purchaser which have been included in Gross Sales on this or a previous return and for which full credit is given the purchaser. Do not include repossessions.

**Line A4: Sales in Interstate or Foreign Commerce:**

Deduct only those sales of tangible personal property originating in Tennessee where the purchaser takes possession outside of Tennessee for use or consumption outside of this state.

**Line A5:**

Enter total sales of international and interstate telecommunications to qualified call centers. These transactions must be supported by proper exemption certificates that must be retained in your files.

**Line A6:**

Enter fees in the amount of \$15.00 or less charged to each subscriber for TV programming sold by a qualified cable or wireless cable television provider. Do not include charges to subscribers that have been deducted on Line A2. The \$15.00 minimum exemption does not apply to sales of TV program by a direct-to-home satellite service provider.

**Line A7:**

Enter that portion of the unpaid principal balances due from tangible personal property repossessed from the customer in excess of \$500.00. (See instructions for Schedule B, Lines B2, and B10, below).

**Line A8: Other:**

Any other deductions authorized by law must be entered here. Dealers must keep documentation.

**Line A9:**

Add the amounts appearing on Lines A1 through A8 and enter on this line. This total must also be entered on Line 6, Page 1 of the return.

**SCHEDULE B - COMPUTATION OF LOCAL SALES AND USE TAX BASE**

Use this schedule to calculate the amount of local sales and use tax due. Schedule B **must** be completed.

**Line B1:**

Enter net taxable sales from Line 7, Page 1.

**Line B2:**

From Schedule A, Lines A3 and A7, enter the portion of the amount listed that was not subjected to local tax on a prior tax return.

**Line B3:**

Enter total of Lines 8, 9, and 11 from Page 1.

**Line B4:**

Add Lines B1 and B2, and subtract Line B3. Enter total.

**Line B5:**

Enter total of international and interstate telecommunication services that are subject to 1.5% local tax rate. Amounts subject to the 7.5% tax rate included on Line 11, Page 1 should not be included here.

**Line B6:**

Multiply Line B5 by 1.5% and enter total.

**Line B7:**

Enter total of intrastate telecommunications and ancillary services that are subject to 2.5% local tax rate. Do not include amounts for sales of TV programming, interstate telecommunication services or sales of tangible personal property.

**Line B8:**

Enter the total sales or uses of specified digital products (digital audio-visual goods, digital audio goods, and digital books) that are subject to 2.5% local tax rate,

**Line B9:**

Add Line B7 and B8; multiply the result by 2.5% and enter total.

**Line B10: Sales in Excess of the Maximum Local Tax Base on Single Article Sales or Purchases**

Enter the total of the amounts in excess of the maximum local tax base on each single article sold that have not been deducted elsewhere. Also, enter any amounts in excess of the maximum local tax base per single article purchased and reported for use tax on this return.

**Line B11:**

Enter any other amount of qualified local tax deduction not reported elsewhere in Schedule B of this return. Also enter Dealers must keep documentation to explain deductions.

**Line B12:**

Add Lines B5, B7, B9, B10, and B11 and subtract from Line B4, enter total here.

**Line B13:**

Enter the total local tax amount due for Line B13. This local tax amount must be calculated using the appropriate local rate(s) designated for each location.

**Line B14:**

Add Lines B6, B9, and B13. Enter total here and on Line 15, Page 1 of this return.

**SCHEDULE C – COMPUTATION OF STATE SINGLE ARTICLE**

**Line C1:**

Enter the total sales from \$1,601 through \$3,200 on the sales price of all single articles sold.

**Line C2:**

Multiply the amount on Line 1, Schedule C, by 2.75%. Enter total here and on Line 14, Page 1 of this return.