

## Business Tax Wholesaler/Retailer Certificate

### **New Wholesaler/Retailer Certificate available January 1, 2023**

The business tax rate for Classification 1-3 taxpayers depends on whether the taxpayer is a wholesaler or retailer. Generally, a taxpayer is a wholesaler and subject to the wholesale rate on all its taxable sales when more than 50% of its gross sales are to retailers for resale. A taxpayer is a retailer and subject to the retail rate on all its taxable sales when at least 50% of its gross sales are to consumers. Therefore, it is important for taxpayers to know whether their customer is a wholesaler, retailer, or consumer.

To help taxpayers determine their applicable rate and business tax liability, Public Chapter 683 (2022), effective January 1, 2023, requires the Department of Revenue ("Department") to make available to each taxpayer that files a business tax return a certificate that indicates whether the taxpayer filed a business tax return at the wholesale rate or at the retail rate, for each of a taxpayer's locations.

These certificates are valid for one year, beginning on the original date of the taxpayer's return and expiring on the due date of the taxpayer's next return.

### **Accessing the Business Tax Wholesaler/Retailer Certificate**

The certificates will be made available annually to taxpayers through the Department's TNTAP portal

upon filing their business tax return. Taxpayers will be able to print the certificate at any time to provide to their vendors.

### **Use of the Certificate**

Vendors may request the certificate from their customers to verify whether the customer filed business tax as a wholesaler or a retailer for a given location.

Vendors that receive a certificate from a customer may rely on the certificate for transactions occurring during the certificate's effective period for purposes of determining their business tax liability.

### **Retroactive Changes to a Taxpayer's Wholesaler or Retailer Status**

Vendors that receive a certificate from a customer will not owe additional tax and will not receive a refund of tax based on a retroactive change in the customer's status as a wholesaler or a retailer for the period covered by the certificate.

### **For More Information**

Visit [www.tn.gov/revenue](http://www.tn.gov/revenue). Click on Revenue Help to search for answers or to submit an information request to one of our agents.

### **References**

Public Chapter 683 (2022). Tenn. Code Ann. §§ 67-4-702, 67-4-708, 67-4-709.