

Tennessee's Experience with State Digital Filing Mandates

Revenue Commissioner Loren L. Chumley

FTA Annual Meeting
Providence, R.I.

Electronic Commerce Mandates in Tennessee

Electronic Funds Transfer (EFT) Mandate

- Enacted in 1989, applied to any business tax at \$20,000.
- In 1995, amended to apply to any business tax at \$10,000.

Electronic Commerce Mandates in Tennessee

E-file Mandate

- Effective date of legislation was June 2, 2003, for tax periods beginning Jan. 1, 2004.
- Applies to:
 - Sales and use taxpayers averaging \$10,000 or more per return and
 - Motor fuel taxpayers.
- Currently, no additional taxpayers scheduled to be included in the mandate.
- Includes:
 - Approximately 5% of sales and use taxpayers and
 - 100% of motor fuel taxpayers.

E-file Options

- Taxpayers may e-file returns:
 - Through the state of Tennessee's Web portal, www.Tennessee.gov.
 - Via approved software through Electronic Data Interchange (EDI).
 - Using a telefile option for "no money" sales tax returns.

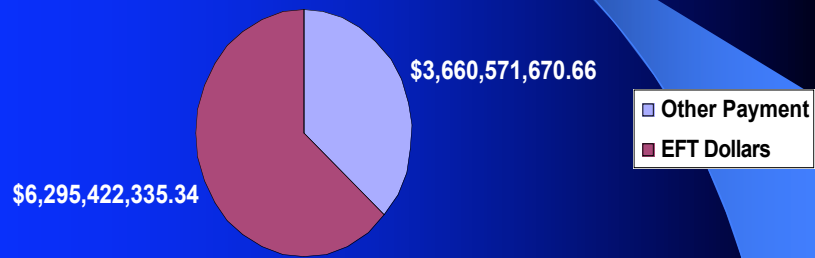
Notification of E-filing Options

- Taxpayers are notified of their e-file options through:
 - News releases
 - Notices issued by the department
 - Postings to the department's Web site
 - Information presented in seminars
 - Responses to taxpayer correspondence

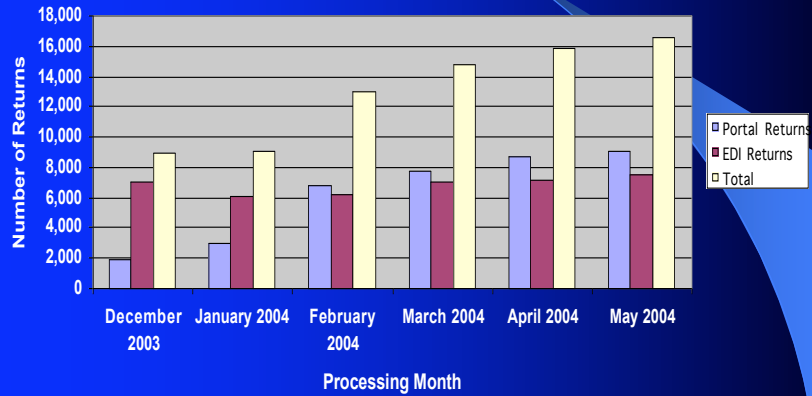
Outcomes

- Positive response from tax practitioners and taxpayers.
- Number of returns filed electronically, both by mandate and voluntarily, increases each month.
- Electronic filing for additional tax types continues to be offered.

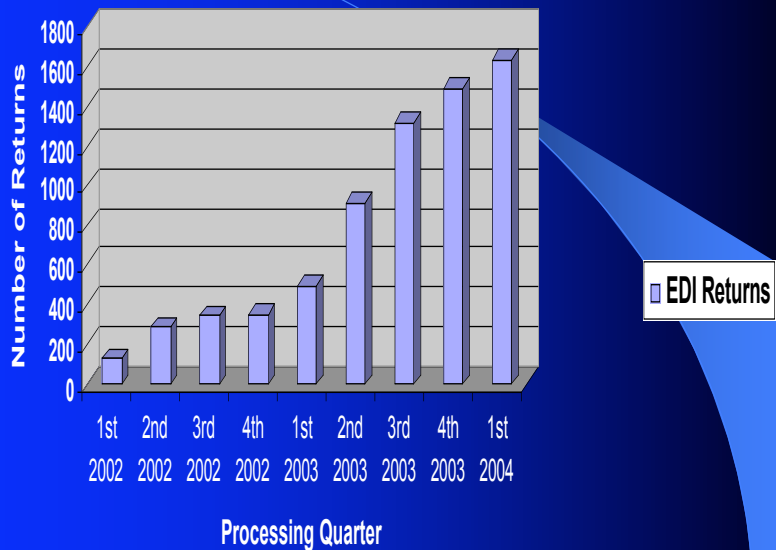
Percent EFT Dollars FY 03 (Total Collections \$9,955,994,006)



Sales Tax Electronic Returns



Motor Fuel EDI Returns



Access Issue

- Approximately 27% of business taxpayers do not have routine access to computers, according to recent survey department conducted.

Solution to Access Issue

- Installed computers in the main office and 5 regional offices for taxpayers to use to file electronically.
- Offer walk-in assistance to taxpayers who want or need to file electronically.
- Assist taxpayers' issues and problems daily through Electronic Commerce Unit.

Web Site

www.Tennessee.gov/revenue