



To: Subcontractors for the Spallation Neutron Source (SNS) Project

Subject: Tennessee Sales and Use Tax Exemption for SNS Subcontractors

Tax Exemption Implementation: Any service, material or item used exclusively in the building, machinery, equipment, supply, operation, or repair of the SNS facility is exempt from Tennessee Sales and Use Tax (Tenn. Code Ann. § 67-6-384). SNS subcontractors who make purchases that are tax exempt will need a Certificate of Exemption unless they already have a Tennessee Blanket Certificate for Resale. However, all subcontractors who make purchases that are tax exempt will need a Tennessee sales and use tax account number to be used exclusively for the SNS Project. The process for obtaining a Certificate of Exemptions and/or a sales and use tax account number is as follows.

- SNS will provide a SNS Subcontractor Tax Information form that must be fully completed. The only items that may be omitted are an e-mail address and a Tennessee sales and use tax account number if the subcontractor has neither. The SNS Subcontractor Tax Information form can be found on the SNS Procurement web page (<http://neutrons.ornl.gov/pro/formspub.shtml>). The subcontractor will submit the completed information form to the ORNL Acquisition Tax Compliance Specialist's Office, Mark Gallaher, Phone 865-241-4637, Fax 865-241-4042, e-mail gallaherms@ornl.gov. The Acquisition Tax Compliance Specialist's Office will review the information for completeness and prepare an Application for Certification of Exemption which will be submitted to the subcontractor for approval and signature. Subcontractors should review the Application for accuracy and forward the signed Application to Colleen Swinney, Taxpayer Services Division, Nashville, whose address is included on the Application.
- If the subcontractor has a Tennessee sales and use tax account prior to becoming a subcontractor for the SNS Project, the subcontractor must register for an additional sales and use tax number to be used exclusively for the SNS Project. The ORNL Acquisition Tax Compliance Specialist's Office will provide the tax number application to the subcontractor along with the Application for Certificate of Exemption which should be completed and forwarded to Ms. Swinney. Subcontractors using the tax account number exclusively for SNS Project will not be required to file a sales and use tax return for those purchases since another account exists to report miscellaneous items not qualifying for the exemption.
- If the subcontractor does not have a Tennessee sales and use tax account prior to becoming a subcontractor for the SNS Project and the subcontractor applies for the tax exemption, the subcontractor must register for a sales and use tax account to be used exclusively for the SNS Project. The ORNL Acquisition Tax Compliance Specialist's Office will provide the tax number application to the subcontractor along with the Application for Certificate of Exemption for completion and forwarding to Ms. Swinney. Subcontractors using the tax account number exclusively for the SNS Project will not be required to file an annual sales and use tax return.
- Ms. Swinney will send the Certificate of Exemption and exclusive SNS Project sales and use tax account number to the subcontractor. Separate tax certificates should be not obtained for each subcontract at SNS however; realistic end dates should be included on the SNS Subcontractor Tax Information form. It is the responsibility of the holder of the Certificate to return the Certificate to the State when the Certificate is no longer valid. It is also the responsibility of the holder of the Certificate to ensure the Certificate is used appropriately. All transactions and uses of the Certificate are subject to audit. It is in the best interest of a subcontractor to only have a Certificate if needed.

A subcontract clause has been included in terms and conditions issued to SNS subcontractors which includes the tax exemption statute, prohibits payment of taxes that are exempt and provides for liability in the event of improper payment or misuse of the exemption.

If you have additional questions, the ORNL/ SNS points-of-contact are:

ORNL Acquisition Tax Compliance - Mark Gallaher
Phone 865-241-4637
Fax 865-241-4042
E-mail gallaherms@ornl.gov

SNS Procurement - Markus Camfield
Phone 865-241-6119
Fax 865-241-1053
E-mail camfieldma@ornl.gov

Sincerely,

A handwritten signature in blue ink, appearing to read "LeAnne Stribley", is written over a horizontal line.

LeAnne Stribley
Director, ORNL Acquisition Management Services