



**Jason E. Mumpower, Comptroller of the Treasury**

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## **Tennessee's Retail Accountability Program Produces Sales Tax Compliance**

The Tennessee Comptroller's Office has completed an evaluation of Tennessee's Retail Accountability Program (RAP) which is designed to ensure businesses remit the proper amount of sales tax revenues to the state.

RAP was created by the General Assembly in 2012 to improve sales tax compliance among retailers of beer and tobacco products. The program has since been expanded to include nonalcoholic beverages, soft drinks, candy, and certain nonperishable foods. These expansion products are scheduled to sunset from being inside the program in 2025.



RAP identifies retailers that underreport, either willfully or accidentally, the amount of sales taxes collected and remitted to the state. The Tennessee Department of Revenue compares reported sales of wholesalers to retailers and audits retailers that do not address noncompliance.

From fiscal years 2013-2023, the state has directly collected \$36,597,304 in unpaid taxes, penalties, and interest revenue as a result of the program while costing the Tennessee Department of Revenue \$3,896,089 to administer over that time period.

Additionally, it is probable that more retailers began collecting and remitting the correct amount of sales tax to the state to avoid being identified by RAP. TDOR estimates \$300 million was voluntarily remitted over the past 11 years as a result of RAP.

The Comptroller's Office of Research and Education Accountability (OREA) and Division of State Audit have reviewed the program and produced a legislative brief providing an evaluation of this program since its creation. This legislative brief includes six conclusions and a policy option for the Tennessee Department of Revenue.

To read the full report and Snapshot, please visit the Comptroller's website at: [tncot.cc/orea](https://tncot.cc/orea).

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