



SNAPSHOT

RETAIL ACCOUNTABILITY PROGRAM OVERVIEW

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The Retail Accountability Program (RAP) was created by legislation in 2012 for the purpose of improving sales tax compliance among retailers of beer and tobacco products.

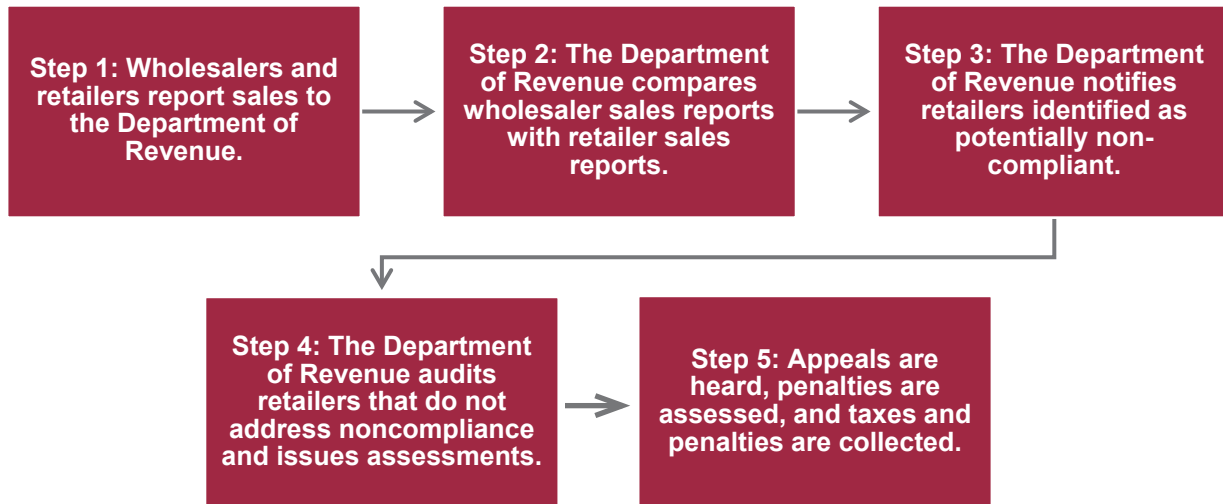
In 2015, the General Assembly widened the program’s scope beyond beer and tobacco sales to include nonalcoholic beverages, soft drinks, candy, and certain nonperishable foods likely to be sold at convenience stores and gas stations.

This publication provides a legislative history and overview of RAP. The Comptroller’s Office will also publish an efficiency and effectiveness review of the program as required by state law. The review is due by November 1, 2024.

Key points

The program identifies retailers that underreport, either willfully or accidentally, the amount of sales taxes collected and remitted to the state. Through the program, the reported sales of wholesalers to retailers are compared with retailers’ reported sales. The amount of sales taxes that should have been collected by a retailer, based on a conservative estimate and thresholds set by the Tennessee Department of Revenue (TDOR), is compared with the actual amount collected to identify underreporting.

Exhibit 1: The Retail Accountability Program process involves five key steps



Source: OREA.

The total amount of funds collected through the first 11 years of the program was \$36,597,304. In fiscal years 2013-14 and 2014-15, the program collected \$11.65 million and \$7.96 million, respectively. Retailers have remitted approximately \$2 million each year since then. In FY 2022-23, the program collected \$1,925,230 in taxes and penalties.

To read the full report, visit the Comptroller’s OREA website at tncot.cc/orea.