

To: Subcontractors for the Spallation Neutron Source (SNS) Project, which includes the First Target Station (FTS), the Second Target Station (STS), and the Proton Power Upgrade (PPU)

Subject: Tennessee Sales & Use Tax Exemption for SNS (including FTS, STS, and PPU) Subcontractors

Tax Exemption Implementation:

Any service, material, or item used exclusively in the building, machinery, equipment, supply, operation, or repair of the Spallation Neutron Source (SNS) facility, which also includes the First Target Station (FTS), the Second Target Station (STS), and the Proton Power Upgrade (PPU), is exempt from Tennessee Sales & 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 with an SNS-specific location ID to be used exclusively for the SNS Project purchases. The process for obtaining a Certificate of Exemption and/or a sales and use tax account number is as follows:

Contractors with an existing TN Sales & Use Tax account number:

- Complete the “Application for Certificate of Exemption for Sales and Use Tax for the Spallation Neutron Source Project.” The only item that may be omitted is an e-mail address. The subcontractor will submit the completed form to the ORNL Tax Accountant, Autumn Worsham at worshama@ornl.gov.
- Register for an additional location ID via TNTAP to be used exclusively for SNS Project purchases. A return is not required to be filed for SNS purchases. Pre-existing SNS location IDs may be used for current contracts.

Contractors without an existing TN Sales & Use Tax account number:

- Complete and provide both the “Application for Certificate of Exemption for Sales and Use Tax for the Spallation Neutron Source Project” and the “Application for Registration” to the ORNL Tax Accountant. Subcontractors using the tax account number exclusively for the SNS Project will NOT be required to file a TN sales and use tax return.

The ORNL Tax Accountant will forward the completed application(s) to the TN Department of Revenue Taxpayer Services. Taxpayer Services will send the Certificate of Exemption and exclusive SNS Project sales and use tax account number/location ID to the subcontractor. Separate tax certificates should be not obtained for each subcontract at SNS; however, realistic end dates should be included on the Application for Certificate of Exemption. It is the responsibility of the holder of the Certificate to return it to the State when it is no longer valid. It is also the responsibility of the holder of the Certificate to ensure it 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 points-of-contact are:

ORNL Tax Accountant: Autumn Worsham

SNS Procurement: Markus Camfield

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