

Sales/Use/Indirect:

Tennessee: Notice Reflects Adoption of Streamlined Sales Tax Sourcing Provisions Effective July 1

Notice No. 24-08, Tenn. Dept. of Rev. (5/24). The Tennessee Department of Revenue (Department) issued a notice reflecting legislation enacted in 2023 and scheduled to become effective on July 1, 2024 that, among other sales and use tax law changes, adopts “a majority of the sourcing provisions consistent with the Streamlined Sales and Use Tax Agreement” [see H.B. 323 (2023), and previously issued Multistate Tax Alert for details on sales and use tax law changes in the bill relating to sourcing sales]. According to the notice, some of these law changes include the following:

URL: <https://www.tn.gov/content/dam/tn/revenue/documents/notices/sales/sales24-08.pdf>

URL: <https://wapp.capitol.tn.gov/apps/BillInfo/Default.aspx?BillNumber=HB0323&GA=113>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-tennessee-enacts-changes-to-sales-and-use-tax-laws.pdf>

- Destination sourcing for interstate sales of services performed on tangible personal property and computer software;
- Destination sourcing for leased property, including licensed computer software or specified digital products, where the primary property location moves out of Tennessee during the lease period;
- For all sales, including services, made through a marketplace facilitator’s marketplace, sourcing based on where the product is received by the purchaser; and
- Destination sourcing for sales of “direct mail” distributed to mail recipients outside Tennessee.

The notice explains that these new sourcing rules help clarify for sellers “which state’s tax is due on a sale into or outside the state.” Note that an updated “Sales and Use Tax Manual” similarly reflects these various sales and use tax law changes [see *Sales and Use Tax Manual*, Tenn. Dept. of Rev. (updated 5/24) for details]. Please contact us with any questions.

URL: https://www.tn.gov/content/dam/tn/revenue/documents/tax_manuals/June-2024/Sales-Use-Tax-Manual.pdf

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