

Other/Miscellaneous:

Tennessee: Updated Business Tax Manual Explains When Sales for Resale are Wholesale Sales

Business Tax Manual, Tenn. Dept. of Rev. (updated 6/24); *Tax Manual Updates*, Tenn. Dept. of Rev. (6/24). The Tennessee Department of Revenue updated its Tennessee business tax manual to include an example explaining when sales for resale are considered “wholesale sales.” Specifically, the manual provides that sales of tangible personal property and services to a retailer “who may make further distributions from a central warehouse or other distribution point to others for resale” are considered wholesale sales, and incorporates the following example:

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

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

Company A contracts with independent sales representatives (“ISRs”) that run individual businesses where they purchase cosmetic products from Company A at a discounted wholesale price and resell the cosmetic products to their customers at retail prices.

In this example, the manual explains that Company A’s sales to the ISRs are considered wholesale sales, and the customers of the ISRs are the end-users of the products. Please contact us with any questions.

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