

## Sales/Use/Indirect:

### Tennessee Ruling Explains New Sourcing Provisions as Applied to In-State Repair Services on Equipment Shipped Out-of-State

*Letter Ruling No. 24-05*, Tenn. Dept. of Rev. (6/4/24). In a letter ruling involving application of Tennessee sales and use tax to repair services performed in Tennessee on equipment that was then shipped to customers out-of-state, the Tennessee Department of Revenue held that while such repair services generally are taxable under Tennessee law, pursuant to a law change from 2023 [see H.B. 323 (2023), and previously issued Multistate Tax Alert for details on Tennessee sales and use tax law changes relating to sourcing sales], beginning July 1, 2024, if the service is performed in Tennessee and the serviced property or software is then shipped or delivered by the seller to the purchaser outside Tennessee, “the sale is no longer sourced to Tennessee and reported as an exempt interstate sale.” Specifically, the ruling explains that beginning July 1, 2024, the repair of tangible personal property, for sales tax purposes, is not sourced to Tennessee when the sale is made from a place of business within the physical limits of Tennessee, and where the serviced tangible personal property is delivered by the seller to the purchaser or the purchaser’s designee outside the physical limits of Tennessee or to a carrier for delivery to a place outside the physical limits of Tennessee. Please contact us with any questions.

**URL:** <https://www.tn.gov/content/dam/tn/revenue/documents/rulings/sales/24-05.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>

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