

Sales/Use/Indirect:

Tennessee: True Object of Website Design and Consulting is Nontaxable Service Rather than Taxable Software Sale

Letter Ruling No. 24-10, Tenn. Dept. of Rev. (11/26/24). In a letter ruling involving application of Tennessee sales and use tax to certain fees for consulting, startup, and website design, the Tennessee Department of Revenue held that under the totality of the circumstances, the true object of the transactions at issue was the administration of an employee recognition program – which is *not* an enumerated taxable service under Tennessee law – rather than the taxable procurement of software functionality inherent in a website. Accordingly, the fees related to a company’s consulting, startup, and website design and configuration were not subject to Tennessee sales and use tax. Please contact us with any questions.

URL: <https://www.tn.gov/content/dam/tn/revenue/documents/rulings/sales/24-10.pdf>

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