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Tenn. Comp. R. & Regs. 1320-05-01-.27 Installation Sales.

State & Local Regulations

1320-05-01-.27. Installation Sales.

(1) Charges for installing tangible personal property that remains tangible personal property after installation are subject to sales and use tax. The tax is due from the dealer regardless of whether the dealer or someone acting on the dealer's behalf installs the property.

(2) Installation services that are provided in connection with the sale of tangible personal property are a part of the sales price of the tangible personal property sold. If a dealer provides installation services in connection with the sale of tangible personal property, such installation services are subject to sales and use tax if the tangible personal property being installed is subject to sales and use tax. Installation services that are sold in transactions unrelated to the sale of the tangible personal property are subject to sales and use tax regardless of the taxability of the tangible personal property installed unless the installation services are otherwise exempt from tax.

(3) Tangible personal property which is sold and attached to real property, but which will ordinarily be removed by the owner or tenant, such as window air conditioning units, curtain and drapery rods, gasoline pumps, etc., shall be deemed to be personal property and the installation charges therefor shall be subject to the sales and use tax.

(4) Charges made for installing tangible personal property which becomes a part of real property, are not subject to sales and use tax. The person so installing the property shall be liable for any sales and use tax that may be due, if any, on the property bought and/or used in making the installation.

Authority: T.C.A. §§ 67-1-102, 67-6-102, 67-6-205 , and 67-6-402.

(Revised eff. 9-26-2016.)

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