

BUS-42 – Qualifying for the Manufacturing Exemption

This article is for informational purposes only.

For a business to qualify as an exempt manufacturer at a particular location for business tax purposes, it must meet all of the following requirements:

- The business must be engaged in one of the activities described under Division D of the Standard Industrial Classification index at the location.
- Over 50% of the business's gross receipts at that location must be derived from manufacturing.
- Sales of the manufactured products must be made from the manufacturing location.

If the business qualifies as an exempt manufacturer, all of its gross sales at that location are exempt from the business tax. Under these circumstances, the business will not register the location or get a business tax license for the location.

Reference: Tenn. Code Ann. § 67-4-712(b)(2).