

SUT-172- Warranty Contracts Covering Exempt Farm Equipment are Subject to Tax

This article is for informational purposes only.

The sale of extended warranty or service/maintenance contracts is subject to sales tax, even if the contract covers the repair or maintenance of machinery and equipment that qualifies for the agricultural or farming exemptions. The Department views warranty or maintenance contracts as an independent intangible right to receive service that is taxable under Tenn. Code Ann. § 67-6-208.