

SUT-35 - Sale for Resale - Drop Shipments to Tennessee Customers

This article is for information purposes only and NOT APPLICABLE BEGINNING JANUARY 10, 2022 due to the repeal of sales and use tax Rule 96.

If a Tennessee supplier sells goods to an out-of-state dealer and drop ships the goods to the out-of-state dealer's Tennessee customer, the Tennessee supplier must collect and remit Tennessee sales tax on the price of the goods sold to the out-of-state dealer. However, the sale would be considered an exempt sale for resale if either of the below apply:

- The out-of-state dealer registers for Tennessee sales tax purposes and provides the Tennessee supplier with a Tennessee resale certificate or Streamlined Sales and Use Tax Certificate of Exemption that includes the out-of-state dealer's Tennessee sales tax account number; or
- The Tennessee customer is also reselling the goods, and the Tennessee supplier obtains the Tennessee customer's Tennessee resale certificate and the out-of-state dealer's home state resale certificate.

To learn more information about drop shipments, please read these publications on our website:

[Important Notice dated December 1998](#), [Letter Ruling #00-45](#), and [Letter Ruling #96-37](#).