

SUT-48 – Short-Term Rentals – Reporting Requirements

This article is for informational purposes only.

Short-term rental properties are subject to various taxes in Tennessee. The following is a summary of these potential taxes:

Sales Tax

If an online company or internet-based platform (i.e. a marketplace facilitator) is required to collect Tennessee sales tax, you, as the host, are **not** responsible for paying sales tax that is collected from customers on bookings made through that platform. You also do not report the taxes or sales on your sales tax return. In these instances, the online company will remit the collected sales tax on your behalf. As a host, you must still maintain records to document that the online company reported and paid sales tax on your behalf. Please remember that if you rent your property directly outside one of these online platforms or sell other items yourself to guests, such as firewood or the rental of recreation equipment, you must continue to collect and remit the sales tax on these bookings and items.

Additional information about collecting and remitting sales tax for the rental of your home can be found [here](#).

Use Tax

You will continue to be responsible for paying use tax on any items used in providing the accommodations on which no Tennessee sales tax has been paid. For example, if you purchase furniture from an out-of-state seller that does not charge Tennessee sales tax, you must pay Tennessee use tax on the purchase.

Business Tax

If your total taxable gross receipts (including rental receipts on all accommodations in a jurisdiction, regardless of who collects the receipts, as well as the receipts from the rental or sale of any other tangible personal property) in a jurisdiction (county and city) are \$10,000 or more, you must register for and pay business tax to the Department and obtain a business license from the county and, if applicable, city in which the property is located. Even if your gross receipts within a jurisdiction are between \$3,000 and \$10,000, you must obtain a minimal activity license from your local county, and if applicable, your local city. Business licensing and the payment of business tax are not done through a marketplace facilitator - this is the responsibility of the property owner.

Franchise and Excise Taxes

If you are an entity that provides your owners limited liability protection (corporation, LLC, etc.), then you also may be liable for franchise and excise taxes. Note that sole proprietors and general partnerships would not be subject to these particular taxes.



Sales and Use Tax

Occupancy Taxes

Many cities and counties in Tennessee impose local occupancy taxes. These must be remitted to local governments directly. However, beginning in January 2021, short-term rental unit marketplaces must collect occupancy taxes based on the location of the properties they book. These marketplaces will remit these collections directly to the Department of Revenue. You as the property owner need only to remit the occupancy taxes to local governments that are based on rentals not handled directly by these marketplaces. Please contact local city and county government officials for details and more information on these local occupancy taxes.