

Physical Fitness Facilities Exemption

New Sales Tax Exemption for Dues or Fees Paid to Physical Fitness Facilities

Public Chapter 159 (2019), effective July 1, 2019, creates a sales tax exemption on the admission, dues, fees, or other charges paid to any person principally engaged in offering services or facilities for the development or preservation of physical fitness.

Examples of exempt facilities include, but are not limited to, gyms, exercise clubs, and facilities offering exercise classes and other fitness conditioning, calorie burning, strength building, or body sculpting classes. Examples of exempt exercise and physical fitness classes offered by fitness facilities include, but are not limited to:

- Aerobic classes (e.g., step or water aerobics, jazz, Latin, world, or other dance-based classes)
- High intensity interval training (HIIT)
- Cross training
- Ballet barre workout classes
- Pilates classes
- Yoga classes
- Spin/indoor cycling classes
- Fitness boot camps
- Boxing and kickboxing fitness classes

Tangible Personal Property Taxable

Physical fitness facilities should continue to collect and remit sales tax on sales of tangible personal property including, but not limited to:

- Clothing
- Sports and recreational equipment (e.g., yoga mats, gloves, or elbow and knee pads)
- Food, beverages and dietary supplements

- Miscellaneous items (e.g., sports water bottles or towels)

Additionally, physical fitness facilities should continue to pay sales or use tax on purchases of fitness equipment and other tangible personal property or taxable services used in the operation of the fitness facility, unless an exemption applies.

Exemption Does Not Apply to Recreational Club Fees

The sales tax exemption does not apply to admissions, membership dues, or other fees paid to clubs or facilities that principally offer recreational activities. Examples of such recreational clubs include, but are not limited to: country clubs, tennis clubs, golf courses, riding clubs, and boat clubs.

Note that under sales tax rules and regulations, fees or charges for instruction in sports or recreational activities are not subject to sales tax. However, if recreational activity that is not essential to or part of the instruction is also provided, the entire charge is subject to tax, unless the charges for instruction are separately billed. For example, fees or charges for playing tennis are subject to sales tax; however, fees or charges for tennis lessons are not subject to sales tax.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers or to submit an information request to one of our agents.

References

Tenn. Code Ann. § 67-6-212; Tenn. Code Ann. § 67-6-330(a)(16); TENN. COMP. R. & REGS. 1320-05-01-.115; TENN. COMP. R. & REGS. 1320-05-01-.116; TENN. COMP. R. & REGS. 1320-05-01-.122; Public Chapter 159 (2019)