

2020 Sales Tax Holidays

Sales Tax Holiday on the Weekend of July 31 through August 2

Senate Bill 2932 (2020) amends Tennessee's sales tax holiday provisions to expand the list of items eligible to be purchased tax exempt. These changes apply to the 2020 sales tax holiday only.

For the weekend beginning at 12:01 a.m. on July 31 and ending at 11:59 p.m. on August 2, the following goods may be purchased tax free:

- Clothing with a sales price of \$200 or less
- School supplies with a sales price of \$200 or less
- School art supplies with a sales price of \$200 or less
- Electronic devices with a sales price of \$3,000 or less

Eligible electronic devices include computers, tablets, printers, televisions, cell phones, electronic readers, and video game consoles for personal use. Items such as household appliances and individually purchased software are not exempt from sales tax for purposes of the sales tax holiday.

For a listing of exempt items, [click here](#).

Sales Tax Holiday on the Weekend of August 7 through August 9

Senate Bill 2932 (2020) also creates a new sales tax holiday for the weekend beginning at 12:01 a.m. on August 7 and ending at 11:59 p.m. on August 9.

During this period, the retail sale of food and drink by restaurants and limited service restaurants is exempt from sales tax. This is a one-time holiday during 2020 only.

The sales tax holiday provisions adhere to the definitions of "restaurant" and "limited service restaurant" located in Tenn. Code Ann. § 57-4-102.

"Restaurants" are defined in part as establishments that serve meals and drinks to patrons and have a seating capacity of at least 40 patrons. "Limited service restaurants" are defined in part as establishments that sell alcoholic beverages and food and have a seating capacity of at least 40 patrons, with a majority of revenue being derived from the sale of alcoholic beverages.

Businesses who do not meet the definition of either "restaurant" or "limited service restaurant" should collect and remit sales tax on sales during this period.

Reporting Exempt Sales

Exempt sales made during the sales tax holiday should be reported on Schedule A, Line 10 of the Sales and Use Tax Return.

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. § 67-6-393(f)-(g); Tenn. Code Ann. § 57-4-102; Senate Bill 2932 (2020)