

Marketplace Facilitators

Marketplace Facilitators are Responsible for Sales Tax Collection on Marketplace Sales

Public Chapter 646 (2020), effective October 1, 2020, enacted a marketplace facilitator law whereby a marketplace facilitator is responsible for collecting and remitting Tennessee sales tax on sales made through its marketplace.

Public Chapter 759 (2020), effective October 1, 2020, further amended the state's marketplace facilitator law by establishing a \$100,000 sales threshold.

A Marketplace Facilitator is Liable for Sales Tax if Total Sales in this State Exceed \$100,000

A marketplace facilitator must register in Tennessee to collect and remit sales tax if it made *or* facilitated total sales to consumers in this state of \$100,000 or more during the previous twelve-month period. Marketplace facilitators must register and begin collecting sales tax on the first day of the third month following the month it meets the threshold.

Marketplace Facilitator

A marketplace facilitator is a business that facilitates the sale of taxable tangible personal property, taxable services, or other things subject to sales and use tax through a physical or electronic marketplace on behalf of a marketplace seller. For sales tax purposes, the marketplace facilitator is considered the retailer when facilitating such sales. There are limited circumstances in which a marketplace facilitator is not required to report sales of the marketplace seller. Additional information on these

exceptions may be found in these [frequently asked questions](#).

Marketplace Seller

A marketplace seller is a person who makes sales through any marketplace operated, owned, or controlled by a marketplace facilitator.

Beginning October 1, 2020, an out-of-state marketplace seller is not required to register in Tennessee if all of its taxable sales are facilitated by a marketplace facilitator. However, if the marketplace seller makes any sales other than those through a marketplace facilitator, it may be required to register if it has physical presence in the state or has made \$100,000 or more in sales in the state during the previous twelve-month period.

Sales made through a marketplace facilitator *do not* count as sales of a marketplace seller for the purpose of determining if an out-of-state seller has a registration and collection requirement. Additional information may be found in these [FAQs](#).

Sourcing Sales

A marketplace facilitator must collect sales tax on sales of tangible personal property based on the shipped to or delivered to address of the customer. However, sales tax on taxable services should be reported consistent with other service sourcing provisions. Beginning July 1, 2024, all sales, including taxable services, made through the facilitator's marketplace are sourced where the product is received by the purchaser.

For More Information

Visit the [Department's marketplace facilitator webpage](#) or visit www.tn.gov/revenue and click on Revenue Help to search for answers or to submit an information request to one of our agents.

References

Public Chapter 646 (2020); Public Chapter 787 (2020).
Public Chapter 377 (2024); Tenn. Code Ann. § 67-6-901 – 902.