

Pipeline and Railroad Components

Pipeline and Railroad Components Excluded from Definition of Tangible Personal Property upon Installation

Public Chapter 86 (2021), effective July 1, 2021, amends the sales and use tax definition of tangible personal property to specifically exclude certain pipeline and railroad components upon installation.

Installation of Pipelines is Not Subject to Sales and Use Tax

The installation of mains, pipes, pipelines, and tanks is not subject to sales and use tax because the new law states that these items are considered realty once they have been attached to a building or other structure, or after they are installed underground to conduct steam, heat, water, wastewater, oil, electricity, gas, or any other product referenced in the [Public Chapter](#).

This list of items that are considered realty upon installation does not include propane tanks for residential use and above-ground storage tanks that can be moved without disassembly and are not affixed to the land. Therefore, the installation of these items, which remain tangible personal property after installation, continues to be subject to sales and use tax.

Installation of Railroads is Not Subject to Sales and Use Tax

The installation of railroads, railroad tracks, railroad components and other railroad structures permitted or authorized to be made in, upon, or under public or private property is not subject to sales and use tax. The installation of these items is not subject to sales tax because these items are considered realty upon installation.

Unattached Pipeline and Railroad Components Remain Subject to Sales Tax and Contractor's Use Tax

The purchase of uninstalled pipeline and railroad components remains subject to sales and use tax. A contractor that installs such components remains liable for contractor's use tax if sales tax is not paid at the time of purchase.

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. § 67-6-102. [Public Chapter 86 \(2021\)](#).