



Sales and Use Tax Notice

Notice #22-07

May 2022 [Updated May 2025]

Tennessee Broadband Investment Maximization Act

Infrastructure Used to Produce Broadband Communications Services or Provide Internet Access is Exempt from Sales and Use Tax for Three Years

Public Chapter 1102 (2022), effective July 1, 2022, creates a sales and use tax exemption for the period beginning July 1, 2022 and ending June 30, 2025, for equipment, machinery, software, ancillary components, appurtenances, accessories, or other infrastructure used by broadband communications service providers or internet access service providers to produce broadband communications services or to provide internet access.

Exemption Period Extended to June 30, 2027

Public Chapter 449 (2025), effective May 9, 2025, extends the sunset on the exemption from sales and use tax for purchases and leases of equipment and infrastructure used to produce broadband communications services or provide internet access from June 30, 2025, to June 30, 2027.

Who Should Apply for Exemption

Service providers eligible for this exemption include providers of telecommunication services, mobile telecommunication services, video programming services, direct-to-home satellite television programming services, and internet access services. Contractors may also apply to purchase items exempt from sales and use tax if a qualifying service provider will use the items to produce broadband communications services or provide internet access.

How to Make Tax-Exempt Purchases

The Department's website has an application for this exemption. Eligible purchasers may obtain an exemption certificate by submitting a completed application. Once approved, the Department will send the taxpayer a certificate authorizing the exempt purchase or lease of items used to produce broadband communications services or provide internet access. The taxpayer must issue this certificate to suppliers of qualifying purchases in lieu of paying sales or use tax on its purchases.

Vendors' Responsibilities

All vendors making exempt sales under this statute must retain a copy of the exemption certificate and properly report such sales. For the July 1, 2022, through June 30, 2027, reporting period, sales should be reported as follows:

1. Report all sales (taxable and non-taxable) on Page 1, Line 1 (Gross Sales) of the sales tax return.
2. Report all sales of exempt broadband items made during the exemption period on Schedule A, Line 10, and Schedule G – Temporary Exemptions.

The information reported on Schedule A, Line 10, is required for the State to reimburse local governments for the loss of local sales tax resulting from the exemption.

This exemption only applies to sales made between July 1, 2022, and June 30, 2027.

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

Public Chapter 1102 (2022), Public Chapter 449 (2025), Tenn. Code Ann. § 67-6-391.