

Money Transmission Service

Transmitting Money is Subject to Sales Tax

Public Chapter 1035 (2026), effective January 1, 2027, imposes sales tax on the service of transmitting money from a location originating in Tennessee to a location outside of the United States or its territories. The sales tax only applies to entities licensed under the Tennessee Money Transmission Modernization Act.

The tax rate is \$10 per transaction. If the amount of money transmitted per transaction exceeds \$500, an additional 2% tax applies to the amount transmitted in excess of \$500. For example, transmitting \$1,500 would result in \$30 in tax ($\$10 + (\$1,000 \times 2\%) = \$30$).

Sourcing the Sales

Sales are deemed to originate in Tennessee when:

- For a transaction requested in person, the physical location at which the in-person request is made is within Tennessee; and
- For a transaction requested electronically or by phone, the physical location associated with the customer who transmitted the money is in Tennessee, as determined by the provider of the money transmission. The provider may rely on the customer's residential address, principal place of business, other physical address, such as a P.O. Box, or the account address on file.

To determine whether money is being transmitted to a location outside the United States or its territories, the provider may rely on customer-supplied recipient address information or account records showing a foreign location.

Transmitting Money is Not Subject to Local Sales Tax

The service of transmitting money from a location originating in Tennessee to a location outside of the United States or its territories is not subject to the local option sales tax.

Exempt Entities

The transmission of money by any corporation defined as a financial institution under Tenn. Code Ann. § 67-4-2004 is exempt from the tax, unless the entity is also licensed under the Tennessee Money Transmission Modernization Act.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to submit an information request to one of our agents or see the Department's Sales and Use Tax Manual.

References

Pub. Ch. 1035 (2026), Tenn. Code Ann. §§ 67-6-205, - 715. Tenn. Code Ann. § 45-7-101 *et seq.*