



Hemp-Derived Cannabinoid Products Tax Notice

Notice #26-14

May 2026

Inhalable Liquid Hemp-Derived Cannabinoid Products

Additional Tax is Imposed on Inhalable Liquid Hemp-Derived Cannabinoid Products

Effective July 1, 2026, Public Chapter 1127 (2026) imposes a tax on inhalable liquid hemp-derived cannabinoid products (HDCPs) equal to 10% of the product's wholesale cost.

Inhalable liquid HDCPs are liquid HDCPs that are inhalable in cartridge form. This includes tetrahydrocannabinol (THC) vape pens and cartridges containing liquid HDCP.

The 10% tax on the wholesale cost of inhalable liquid HDCPs applies to these products in addition to the \$4.40 per gallon tax that applies to the sale of HDCPs at wholesale in liquid form. The Department will be updating the HDCP wholesale tax return to include the reporting of inhalable liquid HDCPs.

Only taxpayers subject to licensure by the Alcoholic Beverage Commission, under Title 57, Chapter 7, are subject to this tax. Taxpayers with valid licenses issued by the Department of Agriculture are not subject to this new wholesale tax. However, when the license issued by the Department of Agriculture expires, such taxpayers must obtain a license from the Commission and will be subject to the wholesale tax.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to submit an information request to one of our agents.

References

Tenn. Code Ann. § 57-7-108. Public Chapter 1127 (2026).

Disclaimer: The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.