



Tennessee Department of Revenue

Headquarters Tax Credit: Qualified Tangible Personal Property

Qualified tangible personal property that is directly related to the creation of 100 new full-time headquarters staff employee jobs may qualify for the headquarters tax credit. Qualified tangible personal property must be purchased or leased during the investment period. Delivery, shipping and handling, and taxable freight charges are part of the taxable sales price of qualified tangible personal property and are eligible for the headquarters tax credit.

Qualified tangible personal property includes the following:

Building Materials

Building materials used exclusively in the qualified headquarters facility, which can include:

- a. asphalt, concrete, and other building materials used in construction of roads, sidewalks, and curbing and signs that are a part of the headquarters facility and parking area / facility,
- b. piping, wiring, conduit, and other materials used in the installation of underground utilities beginning with the point of connection to the public line, and
- c. permanent security fencing and gates.

Note temporary materials, such as lumber and nails used in building concrete forms, which do not become a permanent part of the headquarters facility and parking area / facility, and landscaping materials are not qualified tangible personal property and do not qualify for the tax credit.

Machinery, Equipment, Furniture and Fixtures

Machinery, equipment, furniture and fixtures used exclusively in the qualified headquarters facility, which can include:

- a. furniture, fixtures, and equipment, including vending machines, purchased or leased by the headquarters and used in a daycare, fitness / exercise, or an employee breakroom or cafeteria located within the qualifying headquarters facility building, and
- b. security cameras and monitors used in the headquarters facility, parking areas, and gate / fence areas of the qualified headquarters facility.

Note office décor (e.g., art work, paintings, pictures, sculptures, plants, lamps, and chair mats) are not qualified tangible personal property and do not qualify for the tax credit.

Computer Software

Computer software, including both prewritten and custom, used primarily in the headquarters facility and including any services that are part of the taxable sales price of the software.

Note software license payments paid after the end of the investment period and charges for installation, training, or other services not part of the sale of the software do not qualify for the tax credit.

Non-Qualifying Items

In addition to the items noted above for clarification, the following items do not qualify for the headquarters tax credit:

1. Supplies (e.g., office supplies; breakroom and cafeteria supplies, such as utensils / dishes; safety equipment supplies, such as parking decals / security ID badges; and restroom supplies)
2. Repair parts
3. Lease payments that extend beyond the investment period
4. Materials, machinery, equipment, furniture or fixtures that replace tangible personal property that previously generated a credit
5. Blue prints or transparencies
6. Labor (e.g., construction labor, repair, installation, cleaning services, and training services)
7. Warranty or service contracts covering repair or maintenance of tangible personal property
8. Utilities
9. Purchase or rental of construction machinery or equipment
10. Rental of portable restroom facilities
11. Office machinery and equipment used by the general contractor or subcontractors
12. Food and beverages for construction workers or employees
13. Construction tools (e.g., saws, drills, drill bits, and wrenches)
14. Vehicles