



# STATE OF TENNESSEE

Legislative Updates 2022

07/22/2022

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## Download a copy of today's presentation!

**tn.gov/revenue > Taxpayer Education > Tax Webinars**

<https://www.tn.gov/revenue/taxpayer-education/tax-webinars.html>

The webinar recording will be posted in the "Webinar Video Library" on the day after the event.

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- [www.tn.gov/Revenue](http://www.tn.gov/Revenue)
- [Revenue.support@tn.gov](mailto:Revenue.support@tn.gov)
- 615.253.0600 (M-F 8-4:30 CST)



# Legislative Update

## The 112th General Assembly

- **The 2022 session of the 112<sup>th</sup> General Assembly adjourned on Thursday, April 28, 2022.**
- **Primary Legislation that Impacts the Department of Revenue:**
  - Sales and Use Tax Law Changes
  - F&E Law Changes
  - Business Tax Law Updates
  - Privilege Tax updates
  - Administrative Updates
- **Title & Registration law changes are not covered in this presentation.**
- **Additional Legislative Summaries are available on the Department's website:**  
<https://www.tn.gov/revenue/tax-resources/legal-resources/legislative-summaries.html>

# Legislative Update

## Sales Tax Exemptions

- **Public Chapter 1104** - Revamps the Agricultural Exemption by replacing the list of enumerated exempt property and instead broadly stating that no tax is due on tangible personal property (TPP), repair service, labor, warranty, and software used in agricultural operations.
  - The exemption continues not to apply to autos, trucks, and gas or diesel used in vehicles operated on the public roads.
  - States that TPP or labor subject to the contractor's use tax is not exempt.

Effective date: Jan. 1, 2023

# Legislative Update

## Sales Tax Exemptions

- **Public Chapter 1065** – Extends the exemption for computer software developed for personal use to include the fabrication, installation and repair of software by an “agent” of the business.
  - Prior law required that the person fabricating, installing, or repairing be a “direct employee” of the business for W2 purposes.
  - This public chapter represents a return to law as it was under *TekSystems v. Farr*, 2009 WL 1312835 (Tenn. Ct. App.).

Effective date: July 1, 2022

# Legislative Update

## Sales Tax Exemptions

- **Public Chapter 1102** - Creates a three-year exemption for purchases/leases of machinery, equipment, and other infrastructure used in whole or in part by a broadband communications service provider or internet access service provider to furnish those services.

Effective dates: July 1, 2022 – June 30, 2025

# Legislative Update

## Sales Tax Vendor Compensation Deduction

- **Public Chapter 1082** – Provides a deduction for dealers registered in TN to compensate them for the cost of reporting the tax.
  - The deduction is 2% of the state tax due on the return but cannot exceed \$25 per return.

Effective dates: July 1, 2022 – June 30, 2023

# Legislative Update

## Marketplace Facilitator

- **Public Chapter 783** – Provides that licensed auctioneers are not marketplace facilitators and thus have no duty to collect and remit under that law.

Effective date: April 8, 2022



# Legislative Update

## Sales Tax Holidays

- **Public Chapter 1131** – Provides a sales tax holiday on food and food ingredients from August 1-31, 2022.

Effective date: July 1, 2022

- **Public Chapter 1053** – Extends the sales tax holiday on gun safes and gun safety devices until June 30, 2023.

Effective date: May 25, 2022

# Legislative Update

## Franchise & Excise Tax

- **Public Chapter 743** – Provides that for tax years beginning Jan. 1, 2022, I.R.C. § 174 must be applied as it was prior to the enactment of the Tax Cuts and Jobs Act.

Effective date: March 24, 2022

# Legislative Update

## Business Tax

- **Public Chapter 683** – Requires TDOR to make available to a TP a certificate that shows whether the TP reported tax at the wholesale or retail rate.
  - Taxpayer can then provide the certificate to vendors to assist them in determining whether they are retailers or wholesalers for purposes of business tax.

Effective date: January 1, 2023

# Legislative Update

## Professional Privilege Tax

- **Public Chapter 1083** – Provides that physicians and osteopathic physicians are not longer subject to the tax due after May 31, 2023.

Effective date: May 27, 2022

# Legislative Update

## Recordation Tax

- **Public Chapter 834** – Affirms that the tax base for quitclaim deeds is the actual consideration
  - Clarifies what constitutes a quitclaim deed, as opposed to a general warranty deed, by referencing the statutory definitions

Effective date: April 19, 2022

# Legislative Update Administration

- **Public Chapter 681** – Provides that in addition to deeds of trust, deeds that are filed prior to the recordation of a state tax lien have priority over the state tax lien.

Effective date: March 28, 2022

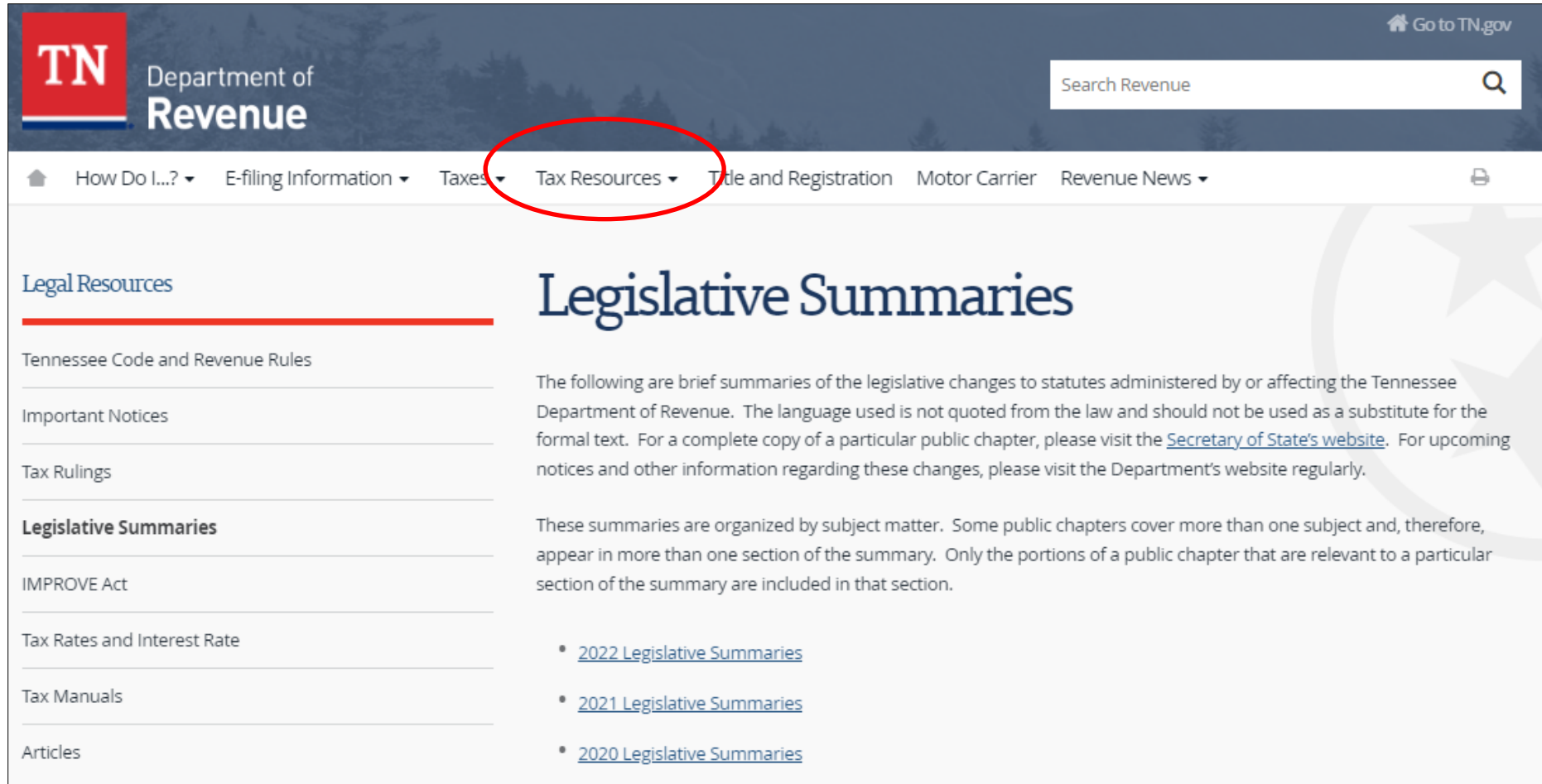
# Legislative Update Administration

- **Public Chapter 607** – Provides for the continued existence of TDOR until 2027.

Effective date: February 28, 2022

# Legislative Update

<https://www.tn.gov/revenue/tax-resources/legal-resources/legislative-summaries.html>



The screenshot shows the Tennessee Department of Revenue website. The header includes the TN logo and the text 'Department of Revenue'. A search bar is located in the top right corner. The navigation menu includes 'How Do I...?', 'E-filing Information', 'Taxes', 'Tax Resources', 'Title and Registration', 'Motor Carrier', and 'Revenue News'. The 'Tax Resources' menu item is circled in red. The main content area is titled 'Legislative Summaries' and contains the following text:

**Legal Resources**

- Tennessee Code and Revenue Rules
- Important Notices
- Tax Rulings
- Legislative Summaries**
- IMPROVE Act
- Tax Rates and Interest Rate
- Tax Manuals
- Articles

**Legislative Summaries**

The following are brief summaries of the legislative changes to statutes administered by or affecting the Tennessee Department of Revenue. The language used is not quoted from the law and should not be used as a substitute for the formal text. For a complete copy of a particular public chapter, please visit the [Secretary of State's website](#). For upcoming notices and other information regarding these changes, please visit the Department's website regularly.

These summaries are organized by subject matter. Some public chapters cover more than one subject and, therefore, appear in more than one section of the summary. Only the portions of a public chapter that are relevant to a particular section of the summary are included in that section.

- [2022 Legislative Summaries](#)
- [2021 Legislative Summaries](#)
- [2020 Legislative Summaries](#)



# Legislative Update

**The General Assembly will reconvene at 12:00 noon (CST) on Tuesday, January 10, 2023.**

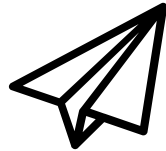
Any Questions?

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