TN Department of Revenue

TAXPAYER EDUCATION & OUTREACH

STATE OF TENNESSEE

Tennessee Single Article Sales Tax

September 29th, 2026

Overview

This webinar is on the Single Article Tax and how it applies when reporting individual taxable items on your local tax return. We'll break down what counts as a single article, how the tax is calculated, and why it matters for everyday business purchases. This session is perfect for local business owners, bookkeepers, and anyone involved in preparing or reviewing tax returns.

Topics covered this session

- Single article defined
- Single article rates & jurisdictions
- What qualifies as single article
- How to file examples
- Resources
- Contact

Single Article Defined

The T.C.A. 67-6-702(d) provides a general test and framework to determine single article

- The general test is provided to us in **T.C.A. 67-6-702(d)**
  - A single article is what common understanding regards as a **separate unit**
  - It is **exclusive** of accessories, extra parts, etc.
  - It **must be capable of being sold as an independent unit**, as a common unit of measure, or as a regular billing or other obligation
  - **Sets, lots, and suites sold at a single price are not single articles**, even though each piece would qualify on its own

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Single Article Defined (continued)

The T.C.A. 67-6-702(d) provides a general test and framework to determine single article

Motor vehicles

- Parts installed **at the factory** and delivered as original equipment
- Parts installed by the **dealer or distributor** before the sale, at the sale, or included in the sales price
- **Necessary parts and equipment** installed by the dealer that are essential to the vehicle functioning
- Parts **required by state or federal law** to be installed before sale to the consumer

Boats

- Boat motors and other parts or accessories
- **Freight and labor** are also part of the boat unit
- **Trailers are excluded** — they stay separate

Manufactured homes

- Parts, accessories, and any **additional or incidental items or services** that are part of the sale become part of the unit

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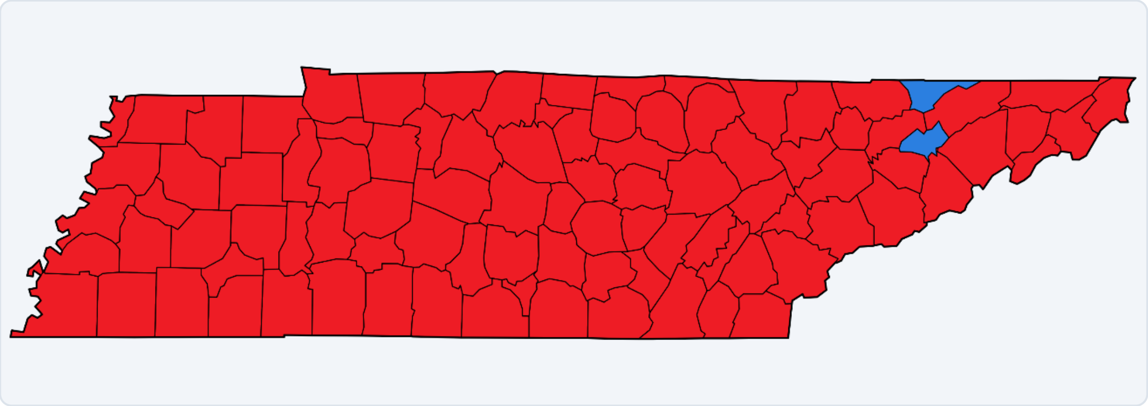
Single Article Jurisdictions

The local tax base a sale must reach before single article applies



**Counties shown in blue use a lower local base.*

- **$1,600**

  93 of 95 counties

  -The standard base

- **$300**

  Hamblen County

  -The city of Morristown stays at $1,600

- **$375**

  Hancock County

Single Article Involves Three Layers of Tax

They stack on top of each other. Each tax with its own rate and its own reach.

State tax

7%

Applies to the ENTIRE sales price of every taxable sale. No cap, no ceiling, 7% all the way up.

Local option tax

2.25% – 2.75%

Set by each county/city. Applies only to the FIRST $1,600* of a single article. The rate varies by location.

- **$300 – Hamblen County*
    - *The city of Morristown stays at $1,600*
- **$375 – Hancock County*

State single article tax

2.75%

A second state tax on just the $1,600–$3,200 slice of one item. Caps out at $44 and never grows.

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How Single Article Works

Every retail sale pays the **7% state tax on the full price**. A **local tax** is added, but only on the **first $1,600*** of any one item. Then a **state single article tax** of 2.75% covers just the slice from **$1,600 to $3,200**. Above that, only the 7% keeps going.

$1,600*

Local tax stops here on a single item

- **$300 – Hamblen County*
    - *The city of Morristown stays at $1,600*
- **$375 – Hancock County*

$3,200

Single article tax stops here

$44

The most the single article tax is ever per item.

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Examples of What Qualifies

A single article is any item considered by common understanding to be a separate unit, capable of being sold as an independent item or common unit of measure.

QUALIFIES

Vehicles and boats
Includes factory or dealer-installed accessories, labor, and freight added at the time of sale.

Boat trailers
Treated as a separate single article and calculated independently from the boat.

Prewritten software
A standalone application or module sold by itself. Bundled packages sold for one price do not.

Tractors and implements
Tractors and attachments such as mowers or plows are priced and taxed as separate units.

DOES NOT QUALIFY
Sets and groupings
Items sold in sets, lots, suites, or groupings — bedroom or dining sets, for example.

DOES NOT QUALIFY
Excluded sales
Taxable services, custom software, amusements, and extended warranties stay fully local.

The Breakdown of a $30,000 Car Sale

Every dollar is taxed, but not every dollar is taxed the same.

Scenario: $30,000 Car Sale in Davidson County - 2.25% local tax rate.

$0 $1,600 $3,200 $30,000

$3,200 → $30,000 · state 7% only

First $1,600
State 7% + Local 2.25%

Next $1,600 ($1,600 → $3,200)
State 7% + Single Article 2.75%

$36.00 local

$44.00 single article

State 7%	$30,000 × 7%	**$2,100.00**
Local 2.25%	$1,600 × 2.25%	**$36.00**
Single article 2.75%	$1,600 × 2.75%	**$44.00**
Total tax		**$2,180.00**

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How to file the Return – Example 1: $30,000

All amounts are rounded to the nearest whole dollar.

Sales

Do you have any sales to report for this period? **Yes** | No

1.	Gross Sales	30,000.00
2.	Cost of Personal Property	0.00
3.	Cost of Out-Of-State Purchases and Property	0.00
4.	Tangible Personal Property	0.00
5.	Total Sales	30,000.00

- **Line 1 — Gross Sales:** Enter the full $30,000 sales price. Gross sales is always the whole price, never reduced or split.
- **Lines 2–4:** Leave at $0.00. Nothing was withdrawn from inventory, and nothing was purchased out of state.

Line 1 · Gross Sales = $30,000
Line 1 is not affected by whether your sale is or is not a single article, you just need to report the gross sales of all sales combined

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Example 1: Schedule B

Schedule A - Exempt Transactions

Do you have any exempt transactions to report? Yes | No

Schedule B - Computation of Local Sales and Use Tax

1.	State Net Taxable Total	30,000.00
2.	Adjustments	0.00
3.	Total With Adjustments	30,000.00
4.	Excess Amount of Single Article Tax Base - $1,600.00	28,400.00
5.	Energy Fuel Sales	0.00
6.	Reduced Rate Local Food Sales	0.00
7.	Other Deductions	0.00
8.	Local Net Taxable Total	1,600.00
9.	Local Sales and Use Tax - 2.25%	36.00

- **Schedule A:** Answer "No" — no exempt transactions in this example.
- **Lines 1–3:** Carry over from the Gross Sales section.
- **Line 4 — Excess Amount:** Deduct everything above the $1,600 local base — here, $28,400. Large deductions are normal on high-price sales.
- **Line 8 — Local Net Taxable Total:** Drops to $1,600. That's the ceiling for local tax on any single article.
- **Line 9:** $1,600 × 2.25% = $36 — Local tax on a single article.

Line 4 must show $28,400

$30,000 sale − $1,600 local base

Example 1: Schedule C

Schedule C - State Single Article Tax and Special Rate on Food, Energy, Water, & Specified Digital Products

Do you have any single article sales, aviation fuel sales, or special rates on food, energy, water, vending, or specified digital products to report? **Yes** | No

1.	Taxable Single Article Sales from $1,600 to $3,200	1,600.00
2.	State Single Article Sales Tax - 2.75%	44.00

- **Schedule C:** Answer "Yes." The single article sale is what triggers it - *the food, energy, water, and digital product rates named in the question don't apply here.*
- **Line 1 — Taxable Single Article Sales:** Enter the portion of the price falling between $1,600 and $3,200. For the $30,000 car sale, that’s $1,600.
- **Line 2:** Auto-calculates at 2.75%. $1,600 × 2.75% = $44.

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The Breakdown of a $2,000 Art Sale

Every dollar is taxed, but not every dollar is taxed the same.

Scenario: $2,000 Art Sale in Davidson County - 2.25% local tax rate.

First $1,600
State 7% + Local 2.25%

Next $400
State 7% + Single Article 2.75%

$36.00 local

$11.00 single article

State 7%	$2,000 × 7%	$140.00
Local (capped)	$1,600 × 2.25%	$36.00
Single article	$400 × 2.75%	$11.00
Total tax		**$187.00**

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How to File The Return – Example 2: $2,000

All amounts are rounded to the nearest whole dollar.

Sales

Do you have any sales to report for this period? Yes | No

1.	Gross Sales	2,000.00
2.	Cost of Personal Property	0.00
3.	Cost of Out-Of-State Purchases and Property	0.00
4.	Tangible Personal Property	0.00
5.	Total Sales	2,000.00

- **Line 1 — Gross Sales:** Enter the full $2,000 sales price. Gross sales is always the whole price, never reduced or split.
- **Lines 2–4:** Leave at $0.00. Nothing was withdrawn from inventory, and nothing was purchased out of state.

Line 1 · Gross Sales = $2,000
Line 1 is not affected by whether your sale is or is not a single article, you just need to report the gross sales of all sales combined

Example 2: Schedule B

Schedule A - Exempt Transactions

Do you have any exempt transactions to report? Yes | **No**

Schedule B - Computation of Local Sales and Use Tax

1.	State Net Taxable Total	2,000.00
2.	Adjustments	0.00
3.	Total With Adjustments	2,000.00
4.	Excess Amount of Single Article Tax Base - $1,600.00	400.00
5.	Energy Fuel Sales	0.00
6.	Reduced Rate Local Food Sales	0.00
7.	Other Deductions	0.00
8.	Local Net Taxable Total	1,600.00
9.	Local Sales and Use Tax - 2.25%	36.00

- **Schedule A:** Answer "No" - this example has no exempt transactions.
- **Lines 1–3:** Carry over from the Gross Sales section.
- **Line 4 — Excess Amount:** Enter the portion of the sale above the $1,600 local base. This is a deduction, not an added tax.
- **Line 8 — Local Net Taxable Total:** Drops to $1,600. That's the ceiling for local tax on any single article.
- **Line 9:** $1,600 × 2.25% = $36 in local tax on a single article.

Line 4 must show $400
$2,000 sale − $1,600 local base

Example 2: Schedule C

Schedule C - State Single Article Tax and Special Rate on Food, Energy, Water, & Specified Digital Products

Do you have any single article sales, aviation fuel sales, or special rates on food, energy, water, vending, or specified digital products to report? Yes | No

1.	Taxable Single Article Sales from $1,600 to $3,200	400.00
2.	State Single Article Sales Tax - 2.75%	11.00

- **Schedule C:** Answer "Yes." The single article sale is what triggers it - *the food, energy, water, and digital product rates named in the question don't apply here.*
- **Line 1 — Taxable Single Article Sales:** Enter the portion of the price falling between $1,600 and $3,200. For the $2,000 art sale, that's $400.
- **Line 2:** Auto-calculates at 2.75%. $400 × 2.75% = $11.

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Resources Available on Our Website

- Sales and Use Tax Manual
- State Sales and Use Tax Rules
- TCA §§ 67-6-702 (d)

Questions

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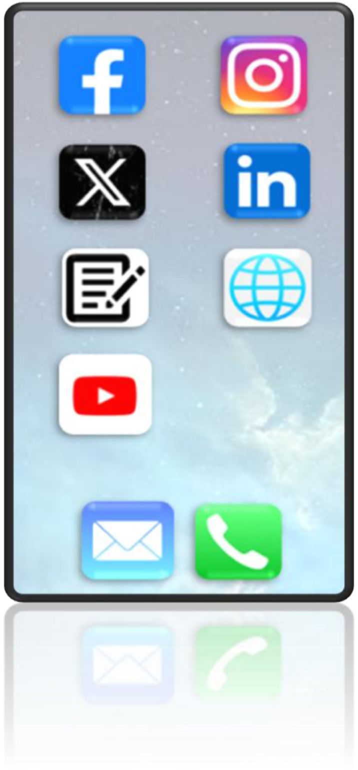

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SUPPORT STAFF AVAILABLE TO ASSIST YOU M-F 8am – 4:30pm

All Dept. of Revenue Contact Numbers and Office Locations

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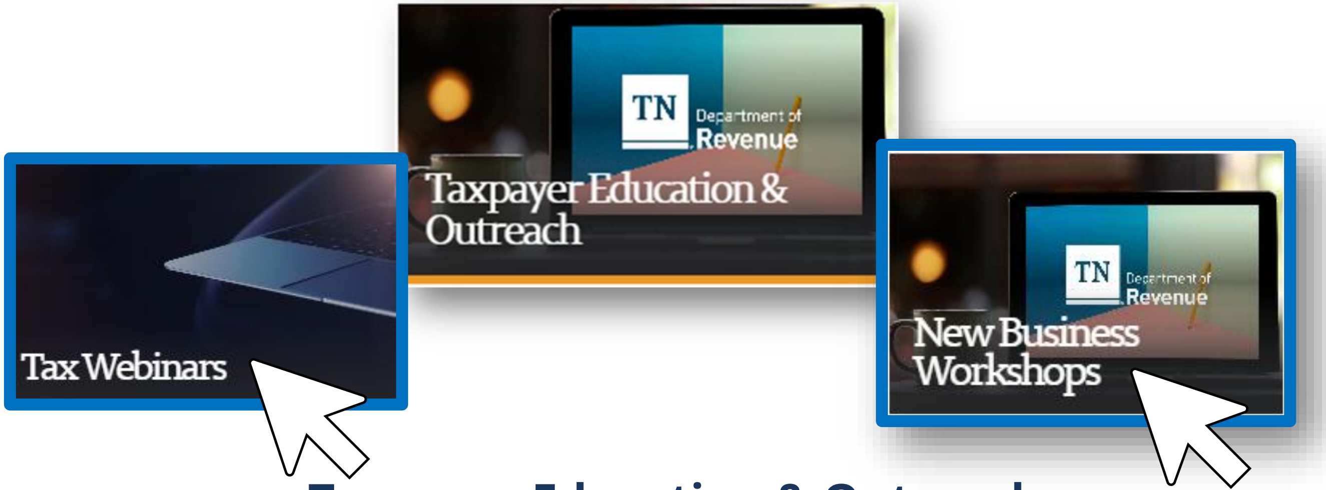
Up Next!

- Upcoming Webinars
  - 10/27/2026 – F&E FONCE Exemption

- New Business Workshop: 10/7/2026



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THANK YOU