TENNESSEE
SALES & USE TAX
Sales Tax Exemption for Qualified Organizations

February 2021
Qualifications

- Non-Profit institutions, organizations or historical properties
- Credit Unions – either charted in Tennessee or those that are federally chartered
- An application for exemption must be submitted with required documentation
- Other than out-of-state IRS 501(c)(3) letters, Tennessee does not accept nonprofit or charitable exemption documents issued by other states
Exempt Organizations

- 501(c)(3)- (located in TN) may apply for TN issued non-profit exemptions
- All 501(c)(3)'s are accepted by TN vendors
- 501(c)(4)- War-Time Veterans Organizations
- 501(c)(5)- Labor Organization
- 501(c)(8)- Fraternal Benefit Organizations
- 501(c)(13)- Non-for-Profit Cemetery Company
- 501(c)(19)- Veterans Orgs
- Org listed under Tenn. Code Ann. § 67-6-322(a)
- Federally Chartered Credit Union
- TN Chartered Credit Union
- TN Historic Property Preservation or Rehabilitation Entity
Examples of Non-Profits

- Church, temple, synagogue, or mosque
- University, including the Agricultural Foundation for Tennessee Tech, Inc.
- Colleges and Schools
- Orphanage
- Boys’ or Girls’ club
- Community health council
- Volunteer fire department
- Home for the aged
- Senior citizen service centers
- Institution whose primary purpose is placing homeless children in foster homes
- Hospital
- Organ bank for transplantable tissue
- Organization whose primary objective is promoting the spiritual and recreational environment for armed forces members
- State-owned historical property
- Nonprofit community blood bank
- Certain nonprofit talent and beauty contest corporations
Application

- To receive an exemption certificate, an Application for Exempt Organizations or Institutions Sales and Use Tax Exemption and documentation must be submitted.
- Documentation requirements are detailed on page 2.
- An application must be completed for each location.
- After the application is approved, a certificate is mailed.
Exemption Certificates

- May be used to purchase tangible personal property, computer software, or taxable services sold, given, or donated
- Cannot be used to purchase items for resale
- Certificates have an expiration date
- Renewals are issued automatically to previously qualified certificate holders
- Inform the Department of Revenue regarding any address changes – returned mail will cause your exemption to cease
Using Exemption Certificates

- The sale must be made directly to the exempt organization
- Must be paid for with the exempt organization’s funds
- An individual, representative or employee of the organization paying with their own personal funds may not receive the exemption, even if they will be reimbursed for the purchase
- The exemption does not apply to sales made by exempt organizations
Resources

- More information on Exempt Entities can be found in the *Sales and Use Tax Guide*
- Application for Exempt Organizations or Institutions Sales and Use Tax Exemption
- Tenn. Code Ann. § 67-6-322