



# STATE OF TENNESSEE

Pollution Control Exemption

April 2021

# LAWS/RULES: Pollution Control Exemption

Tenn. Code Ann.  
§ 67-6-346

Exemption for pollution control equipment, devices, appliances, accessories used in any system, method, improvement or structure required by law to control pollution created by purchaser, repair and installation

Tenn. Code Ann.  
§ 67-6-507(i)

Exemption for equipment purchased by automobile body paint shops to comply with emission control standards

Tenn. Code Ann.  
§ 67-6-507(j)

Exemption for 50% of tax on replacement equipment purchased by dry cleaners to comply with emission control standards

# WHAT IS EXEMPT:

- ✓ Any pollution control **system, method, improvement, structure, device, or appliance** that is required and primarily used to bring the purchaser into compliance with the federal, state, or local pollution control laws or regulations
- ✓ **Repairs, repair parts** and **installation services** for a pollution control system, method, improvement, structure, device or appliance that is required and primarily used for pollution control

# WHAT IS EXEMPT: Automobile Body Paint Shop

- ✓ Equipment, devices, appliances, accessories required and primarily used for pollution control
- ✓ **Auto body paint shop** equipment used in the course of business that is purchased to comply with emission control standards and regulations



## Summary of Regulations Controlling Air Emissions from

### PAINT STRIPPING AND MISCELLANEOUS SURFACE COATING OPERATIONS



# WHAT IS EXEMPT: Dry Cleaners

- ✓ Equipment, devices, appliances, accessories required and primarily used for pollution control
- ✓ 50% of the tax on **replacement dry cleaning equipment** used in the course of business that is purchased to comply with emission control standards and regulations



# WHO QUALIFIES?



Available only to entities that create pollution in the course of regular business activities and are required to comply with pollution control laws and regulations



Entities that process, treat or control pollution created by others are not eligible for this exemption

# ADDITIONAL EXEMPTION

- ✓ Air and water pollution control chemicals are exempt from sales and use tax
- ✓ No exemption certificate is needed to make tax exempt purchases for these products

# MANUFACTURERS

- ✓ Industrial machinery exemption for manufacturers principally (at least 51%) engaged in fabricating or processing tangible personal property for resale and consumption off the premises includes **pollution control facilities for eliminating, preventing, treating pollutants created as a result of the fabricating or processing.**

Pollution control facilities include:

- any system, method, improvement, structure, device or appliance used for the primary purpose of eliminating, preventing or reducing air or water pollution or
  - for treating, pretreating, recycling, or disposing of hazardous or toxic waste
- ✓ In addition, manufacturers may apply for and receive the pollution control exemption for pollution created in the course of regular business activities that is not the result of fabricating or processing.



# APPLICATION: Process

- ✓ Business must have a sales tax account with a location ID for the location of the pollution control project
- ✓ The business must complete the application entirely, submitting all information requested, including:
  - citations/copies of pollution control laws or regulations
  - documentation showing the equipment was necessary for compliance with laws or regulations



# APPLICATION: Process

Pollution control exemptions have **expiration dates**.

- ✓ If applying for a **specific pollution control project**, the application should show a start date and end date for the project. A separate application must be submitted for each pollution control project.
- ✓ If business has an **ongoing need for the pollution control** exemption, such as annual inspections and repair of pollution control equipment, include the start date and an explanation of the ongoing pollution control needs. In this case, the certificate may be issued for up to 3 years.



# APPLICATION: Contractor Information

- ✓ If hiring a contractor to provide or install pollution control items, an exemption certificate can be issued to the contractor if the pollution control items will be owned or leased by the business.
- ✓ The business' application must include the contractor's information and copy of the contract.
- ✓ For projects with multiple contractors, attach a list of each contractor's information and include copies of all contracts.
- ✓ The business and contractor's exemption certificates will be valid only for the business' specific pollution control project.
- ✓ A business may send a letter to the Department to add additional contractors to the project.



# APPLICATION: Where to Find

<https://www.tn.gov/content/dam/tn/revenue/documents/forms/sales/f1303201.pdf>



Instructions Print Reset

TENNESSEE DEPARTMENT OF REVENUE  
Application for Pollution Control  
Sales and Use Tax Exemption

1. Pollution Control Purchaser Name \_\_\_\_\_ FEIN or SSN \_\_\_\_\_

2. Mailing Address \_\_\_\_\_  
Street City State ZIP Code

3. Sales Tax Account No. \_\_\_\_\_ Location Identifier \_\_\_\_\_

4. Location of Pollution Control Project \_\_\_\_\_  
Street City County

5. Purchaser Contact: \_\_\_\_\_  
Name Phone Number (Required) Email Address

6. Application is for authorization to (Check one):  
a.  purchase qualified pollution control items exempt from sales and use tax  
b.  receive a refund or credit for sales and use tax paid on purchases of qualified pollution control items

7. Describe the purchaser's business activities, and list pollution created in the course of conducting the activities.

8. List the federal, state, or local pollution control laws or regulations with which purchaser must comply. Attach

## Application for Pollution Control Exemption



# CERTIFICATES



## STATE OF TENNESSEE DEPARTMENT OF REVENUE

Taxpayer Name  
Address  
City State Zip Code

Effective Date: January 1, 2015  
Expiration Date: January 31, 2018  
Account No: 1XXXXXXXXX-SLC  
Exemption No: XXXXXXXXXX  
Facility Address:  
Address  
City State Zip Code

### Pollution Control Sales and Use Tax Certificate of Exemption

The taxpayer creates pollution or waste in the course of its regular business activities and must comply with pollution control laws and, therefore, may purchase tax exempt: pollution control equipment, devices, appliances, and accessories used in a pollution control system, method, improvement, or structure to comply with pollution control laws; repair parts and repair and installation service for qualifying pollution control equipment, devices or appliances.

This exemption certificate may not be used to make untaxed purchases for use at other locations. Authorization for exemption is not valid for purchases made on or after the expiration date.

Seller's Name

Seller's Address (City & State)

I, \_\_\_\_\_, as an authorized representative of the taxpayer named above, affirm that the purchases qualify for the exemption and will be used at the location of the facility address referenced above. Under penalty of perjury, I affirm this to be a true and correct statement.

Print Name of Authorized Representative

Signature of Authorized Representative

Date

**Issued by mail  
and on TNTAP  
upon application  
approval**



# IMPORTANT TO NOTE: Refund or Credit



If the sales and use taxes has already been paid, the following must be submitted in order to receive a refund or credit:

- PC application with contractor information
- PC exemption certificate issued by TDOR
- Completed TDOR **Claim For Refund** form
- Copies of purchase invoices showing tax paid

A refund or credit may be issued directly to the business or contractor for tax paid on qualifying purchases made prior to issuance of the exemption certificate.



**THANK YOU**