



TENNESSEE SALES & USE TAX

Sales Tax Exemption for Qualified Organizations

February 2021

Qualifications

- ❑ Non-Profit institutions, organizations or historical properties
- ❑ Credit Unions – either chartered 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](#)



THANK YOU