

Sales/Use/Indirect:

Tennessee DOR Explains New Law Broadening Scope of Exemption for Computer Software Development

Notice No. 22-05, Tenn. Dept. of Rev. (5/22). The Tennessee Department of Revenue issued a notice (Notice No. 22-05) summarizing recently enacted legislation [see H.B. 2378 (2022) for details on this new law] that, effective as of July 1, 2022, broadens Tennessee's sales and use tax exemption for computer software developed by a person for that person's own use to additionally include fabrication, installation, and repair of computer software performed by an agent of the business. According to Notice No. 22-05, although such an agent is not a traditional employee, "the business would control an agent's actions and day-to-day activities in a manner similar to its control over an employee" (for example, an individual employed by a temporary staffing agency who is assigned to a position within the information technology (IT) department of the staffing agency's client would be an agent of that client for purposes of this exemption). Furthermore, Notice No. 22-05 explains that effective as of July 1, 2022, Tennessee's exemption for access and use of software remaining in the possession of the dealer for the purpose of fabricating other software for personal use also is broadened to include the person's agent. Please contact us with any questions.

URL: <https://www.tn.gov/content/dam/tn/revenue/documents/notices/sales/sales22-05.pdf>

URL: <https://wapp.capitol.tn.gov/apps/Billinfo/default.aspx?BillNumber=HB2378&ga=112>

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