

What is a Sales Tax Holiday?

When is Tennessee's Sales Tax Holiday?

Sales Tax Holidays begin every year at 12:01 a.m. on the first Friday in August and end at 11:59 p.m. the following Sunday. During this time, Tennesseans can enjoy tax-free purchases on certain clothing, school and art supplies and computers.

What's Tax-Free?

Tax-free items include clothing with a price of \$100 or less per item, school and school art supplies with a price of \$100 or less per item and computers with a price of \$1,500 or less. These items are exempt from state and local sales tax in Tennessee during the holiday. Local governments are held harmless and are reimbursed lost sales tax revenues by the state.

Who Can Participate?

Any individual can make a tax-free purchase during the holiday. However, items purchased for use by a trade or business are not exempt.

Can I Order by Mail, Telephone, E-Mail or Internet?

The holiday also includes purchases of qualified items sold via mail, telephone, e-mail or Internet if the customer orders and pays for the item and the retailer accepts the order during the holiday for immediate shipment, even if delivery is made after the exemption period.

What if the Item is Backlogged or on Backorder?

If a customer wishes to order a certain tax-free item during the holiday and it is not in stock, the item remains tax-free upon delivery. In other words, backlogs and backorders outside the buyer's control will not affect the exempt status of tax-free items. Intentionally delayed sales are taxable.

What if I Want to Place an Item on Layaway or Pay for an Item That is Currently On Layaway?

Qualified items previously placed on layaway are exempt when the final payment is made during the holiday. Items are also exempt if placed on layaway during the holiday and the final payment is made after the exemption period.

When Did Sales Tax Holidays Start in Tennessee?

Tennessee Code Annotated 67-6-393 established annual sales tax holidays in Tennessee in 2006. The first Sales Tax Holiday was August 4-6, 2006, saving Tennesseans about \$15 million. Since then, Tennesseans have enjoyed \$8 to \$10 million in tax savings each holiday.



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**For more information, contact the
Tennessee Department of Revenue.**

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