

Instructions for the Application for Industrial Machinery Exemption

Applicants must complete this form in its entirety. Please legibly include all requested information to avoid delays in processing your application.

Items 1 and 2 must be completed by all applicants. If machinery will be installed in a different location than indicated in Item 2, please provide the location of the machinery in Item 3. Section A is to be completed by manufacturers and processors. Section B is to be completed by contractors. Section C is required for all applicants.

Upon receipt of an Industrial Machinery Exemption certificate, a manufacturer may make tax-exempt purchases of, and services for, qualified industrial machinery, as well as reduced or tax-exempt purchases of energy fuel and water, as provided under the law.

Contractors installing qualified tax-exempt industrial machinery for qualified manufacturers must apply to the Department of Revenue for their own industrial machinery authorization number for each project.

Applications may be faxed to the Department of Revenue at (615) 532-9784 or attached to a help ticket at the Department of Revenue's website, www.TN.gov/revenue.

Industrial Machinery Authorization

Industrial Machinery must be used by a taxpayer qualified as a manufacturer/processor and must be necessary to and primarily used for the fabrication or processing of the product for resale and consumption off the premises. Industrial Machinery is defined in Tenn. Code Ann. Section 67-6-102 and in general includes, but is not limited to the following:

- * Machinery, apparatus, and equipment for fabricating/processing
- * Accessories and attachments to industrial machinery
- * Repair parts for industrial machinery
- * Installation and repair services for industrial machinery
- * Hydraulic fluids, lubricating oils, and greases for industrial machinery
- * Pollution control facilities required as a result of fabrication or processing
- * Machinery for generating, producing and distributing utilities
- * Equipment for moving materials to and from fabrication process
- * Machinery for packaging manufactured item
- * Machinery for remanufacture of industrial machinery
- * Machinery for processing photographic film into negatives or prints for resale
- * Machinery, apparatus equipment, and materials for mining
- * Machinery utilized in pre-press and press operations in printing business including plates and cylinders and fluids and chemicals for mechanical and chemical actions or operations of machinery
- * Machinery, apparatus, and equipment for conversion of tangible personal property into taxable specified digital products for resale
- * Machinery, apparatus, and equipment used in fabrication of trusses, windows or door units when primarily engaged in sales of building supplies
- * Machinery, apparatus, and equipment utilized in county or municipality sewage systems and water treatment facilities for water pollution control
- * Machinery for fabrication of asphalt /crushed stone to be used by contractor in roads funded by tax revenues
- * Machinery, apparatus, and equipment for fabricating prescription eyewear, a majority of which is dispensed to patients out of state
- * Computer, computer network, computer software, and computer system used in the operation of a qualified data center

Pollution control machinery and equipment needed to control and/or eliminate air and water pollutants resulting from one's own manufacturing activities are considered industrial machinery and are tax-exempt to qualified manufacturers.

Qualified manufacturers are authorized to make purchases at a reduced state tax rate of 1.5% on all forms of energy fuel used in any manner on the manufacturing site. Such energy is not subject to a local option sales tax. Any energy fuel that comes into direct contact with the product during the manufacturing process and is metered separately is tax-exempt.

Manufacturers are also entitled to a reduced state tax rate of 1% and a local tax rate of 0.33% to 0.5% on water used on the manufacturing site for any purpose. Water that actually contacts the product during the manufacturing process and that is separately metered is also tax-exempt.

For more information, visit www.TN.gov/revenue.