

Sales and Use Taxability for Sales, Installation and Repair of Used Manufactured Structures

Sales & Use tax notice

Tenn. Code Ann. Section 67-6-336 provides that the sale of a used manufactured structure is exempt from Tennessee sales and use tax to the extent that tax on such structure was paid at the time of its initial sale or use in Tennessee. This exemption applies to all used factory manufactured structures including but not limited to manufactured homes. The sale of a used factory manufactured structure is taxable if the initial sale of that structure was not subject to Tennessee sales and use tax.

When a used manufactured structure is sold, the sale will often include new accessories such as skirting, blocks, parts for electrical and plumbing hook-up, or new furniture and appliances to replace worn out or damaged furniture and appliances. These new accessories, parts, furniture, appliances, and other items that are included in the sale of a used manufactured structure but were not a part of the manufactured structure when it was originally sold are subject to tax because no tax would have previously been paid on such items. If these items are to be included in the sale of a used manufactured structure that is exempt from tax pursuant to Tenn. Code Ann. Section 67-6-336, the dealer should pay sales tax to the vendor at the 7% state rate plus the applicable local rate of tax at the time the dealer purchases the accessories, parts, furniture, and appliances that will be included in the sale. If the dealer purchased these items without the payment of tax, the dealer

must remit use tax at the 7% state rate plus applicable local rate of tax on the cost price of the items withdrawn from inventory and included in the tax-exempt sale of a used manufactured structure.

Similarly, materials that the dealer uses to refurbish or repair the used manufactured structure are not exempt from sales and use tax. Examples of materials used to refurbish a used manufactured structure include such items as paneling, carpet, and bathroom fixtures. These materials were not part of the original sale of the used manufactured structure and therefore would not have been subjected to the sales or use tax. The dealer must pay sales tax at the 7% state rate plus applicable local rate of tax at the time the materials are purchased or remit use tax when the materials are withdrawn from inventory and used to repair or refurbish a tax-exempt used manufactured structure.

In the same manner, any materials and supplies used to install a used manufactured structure are not exempt from sales and use tax. These materials were not part of the original sale and, therefore, would not have been subjected to the sales or use tax. The dealer or contractor installing a used manufactured structure must pay sales tax to its vendor or remit use tax to the department, at the 7% state rate plus applicable local rate of tax on the sales price of the materials or on the cost price

of the materials withdrawn from inventory and used in the installation of a tax-exempt used manufactured structure.

Dealers removing from a used factory manufactured structure used items such as furniture, appliances, bathroom fixtures, parts, etc., for installation in another used factory manufactured structure are not liable for use tax on the used furniture, appliances bathroom fixtures, and parts.

If the accessories, furniture, appliances, parts, and the materials for repair and installation are to be included in the gross proceeds of a taxable sale of a

used manufactured structure, the dealer and/or contractor may purchase these items without the payment of tax.

Pursuant to Tenn. Code Ann. Section 67-6-216, the dealer must then collect sales tax at the reduced state rate of tax, currently 3.5%, on the total gross proceeds from the sale of the used manufactured structure, including any amounts for accessories, furniture, appliances, parts and repairs or installation charges by a contractor.

Have questions or comments? Please let us know. [Contact us.](#)