

**TENNESSEE DEPARTMENT OF REVENUE
LETTER RULING # 12-29**

WARNING

Letter rulings are binding on the Department only with respect to the individual taxpayer being addressed in the ruling. This ruling is based on the particular facts and circumstances presented, and is an interpretation of the law at a specific point in time. The law may have changed since this ruling was issued, possibly rendering it obsolete. The presentation of this ruling in a redacted form is provided solely for informational purposes, and is not intended as a statement of Departmental policy. Taxpayers should consult with a tax professional before relying on any aspect of this ruling.

SUBJECT

The application of the Tennessee sales and use tax to a phone replacement program.

SCOPE

This letter ruling is an interpretation and application of the tax law as it relates to a specific set of existing facts furnished to the Department by the taxpayer. The rulings herein are binding upon the Department, and are applicable only to the individual taxpayer being addressed.

This letter ruling may be revoked or modified by the Commissioner at any time. Such revocation or modification shall be effective retroactively unless the following conditions are met, in which case the revocation shall be prospective only:

- (A) The taxpayer must not have misstated or omitted material facts involved in the transaction;
- (B) Facts that develop later must not be materially different from the facts upon which the ruling was based;
- (C) The applicable law must not have been changed or amended;
- (D) The ruling must have been issued originally with respect to a prospective or proposed transaction; and
- (E) The taxpayer directly involved must have acted in good faith in relying upon the ruling; and a retroactive revocation of the ruling must inure to the taxpayer's detriment.

FACTS

[TAXPAYER] and its operating subsidiaries [REDACTED] (collectively, the "Taxpayer") request this letter ruling with respect to taxable periods beginning [DATE]. These operating subsidiaries are licensed to provide, and do provide, wireless telecommunications services in Tennessee (including voice service, data service, and wireless Internet access) under the trade name [TRADE NAME]. [TAXPAYER] is a [NON-TENNESSEE] holding company that is not licensed to, and does not provide, wireless telecommunications services.

The Taxpayer recently introduced a Phone Replacement Program that is included with certain eligible wireless communication plans. The Phone Replacement Program is a combination of a wireless handset service contract and an insurance policy underwritten by [INSURANCE COMPANY]¹ that will, in the case of accidental damage, mechanical breakdown, warranty claims, or lost or stolen phones, provide a replacement phone to customers who have purchased a phone from the Taxpayer in connection with subscribing to an eligible wireless service plan.

The Taxpayer currently offers the Phone Replacement Program as one of many non-optional features it includes in its premium wireless plans (referred to as “Enhanced Plans”). The Phone Replacement Program is not sold separately and is not available with plans other than the Enhanced Plans. For regulatory reasons, the Taxpayer has entered into an agreement (the “Agreement”) arranging for [INSURANCE COMPANY] to provide the coverage under the Phone Replacement Program through a non-contributory group Wireless Equipment Insurance Policy (the “Insurance Policy”) that will cover lost or stolen handsets, and a non-contributory group Wireless Equipment Service Contract (sometimes referred to herein as the “Service Contract”) that covers certain handset mechanical or electric failures, accidental water and certain other specified damages.

The Taxpayer pays [INSURANCE COMPANY] a single premium of a specified amount per month per Phone Replacement Program Subscriber (the exact figure varies depending on the number of total Subscribers) for both the Insurance Policy and the Service Contract. Upon enrollment, a Subscriber becomes (i) a certificate holder (*i.e.*, a beneficiary) of the Insurance Policy, which is underwritten by [INSURANCE COMPANY], and (ii) a direct contracting party with [INSURANCE COMPANY] under the Service Contract. In both cases, the Taxpayer pays the premium (on behalf of the Subscribers, in the case of the Service Contract) – for which no separate charge is ever made to the Subscriber – and [INSURANCE COMPANY] is the obligor.

Under the Insurance Policy, a Subscriber whose phone is lost or stolen pays a \$[AMOUNT X] deductible and receives a new phone (the “Replacement Phone”). Under the Service Contract, the Subscriber is required to exchange the damaged phone for the Replacement Phone.

In both cases, the Replacement Phone will be the same as or similar to the lost, broken, inoperable, or damaged phone. Pursuant to its obligations under the Agreement, the Taxpayer maintains a pool of new and used phones (the “Pool”) from which it provides Replacement Phones to Subscribers. Taxpayer-owned stores maintain a small supply of Replacement Phones for walk-in Subscriber claimants, which phones are treated as part of the Pool. As explained further below, phones turned in by Subscribers pursuant to the Service Contract are refurbished and added to the Pool, to be provided as Replacement Phones.

A Subscriber is entitled to a maximum of [NUMBER OF] exchanges (although only one can be for a lost or stolen phone) under the Phone Replacement Program during the [REDACTED] coverage period that begins when a Subscriber receives a new phone.

¹ [INSURANCE COMPANY] is the trade name for a group of affiliated companies that provide service contracts and/or insurance contracts. Depending on the state in which a customer resides, the service contract is provided by [AFFILIATED COMPANIES], and the insurance policy is provided by [OTHER AFFILIATED COMPANIES].

Customer Enrollment and Billing

A [TAXPAYER] wireless customer who purchases a [TAXPAYER] handset and signs up for an Enhanced Plan is automatically enrolled as a “Subscriber” in the Phone Replacement Program. Upon enrollment, a Subscriber receives an enrollment package directly from the program provider, [INSURANCE COMPANY]. It is possible for a wireless customer to decline enrollment, but the customer receives no reduction in the price of his or her (referred to hereafter as “his”) monthly plan for doing so (nor may a customer subscribe to a lower price plan with identical service, other than the Phone Replacement Program, as the Taxpayer does not offer any such plan).

The Phone Replacement Program is listed on the customer’s wireless bill as a feature of the wireless service Enhanced Plan, but the bill is not itemized. There is a single, bundled charge for all of the services included in the Enhanced Plan (the “Wireless Monthly Fee”), including voice, messaging, data, Internet access (if applicable), Phone Replacement, and loyalty points.²

Obligations under the Agreement between the Taxpayer and [INSURANCE COMPANY]

Under the Agreement, the Taxpayer has agreed to provide the following services to [INSURANCE COMPANY]:

- Maintain sufficient quantities of Replacement Phones and components to satisfy claims under the Phone Replacement Program (in the event the Taxpayer is unable to fulfill a claim under the Phone Replacement Program, [INSURANCE COMPANY] will fulfill the claim and be reimbursed by the Taxpayer for its expenses and the cost of the equipment)
- Develop, market, and make available the Phone Replacement Program in its service areas
- Provide training to its employees and agents
- Cooperate with [INSURANCE COMPANY’S] support and administrative services
- Record-keeping

Under the Agreement, [INSURANCE COMPANY] has agreed to provide the following services:

- Track Subscriber enrollment
- Provide Subscribers with notification regarding enrollment, cancellation, privacy policies, and an explanation of benefits
- Claims administration and adjustment

² In its letter ruling request, the Taxpayer acknowledges that the Wireless Monthly Fee, which includes the Phone Replacement Program, is generally subject to the sales tax.

- Report to the Taxpayer regarding operational and administration status

Claims Processing and Handling

A claim under the Service Contract is initiated when a Subscriber submits a request along with his damaged phone at a [TAXPAYER] retail store, or files a claim through the Taxpayer's Customer Service Center over the phone. The claim is then submitted to [INSURANCE COMPANY] for adjudication and administration.

Section [REDACTED] of the Agreement provides:

[The Taxpayer] shall maintain sufficient quantities (to the extent available) of Eligible Products and components to fulfill all claims, which [the Taxpayer] will do only pursuant to instructions received from [INSURANCE COMPANY]. Any new equipment shall be accompanied by a full Product Warranty. [The Taxpayer] agrees that any refurbished equipment will come with a [NUMBER] day mechanical and electrical failure repair or replacement limited warranty.

Assuming the damage is covered under the Service Contract, the Taxpayer will, upon receiving direction from [INSURANCE COMPANY], take the damaged phone from the Subscriber and replace it with a phone from the Pool. If the claim is submitted in person at a [TAXPAYER] store, and is approved by [INSURANCE COMPANY], a Replacement Phone will be given immediately out of the Pool phones at the [TAXPAYER] store (if no Pool phone is available, one is shipped overnight to the Subscriber from the pool maintained at the Taxpayer's third party fulfillment center in [STATE, NOT TENNESSEE]). If the claim is submitted via telephone and approved by [INSURANCE COMPANY], the replacement Pool phone is shipped overnight to the Subscriber. In that case, the Subscriber must ship the broken or damaged phone to the Taxpayer, or be charged the full undiscounted retail price of the Replacement Phone. The Taxpayer gives the Subscriber an invoice showing that the Replacement Phone has been exchanged for the Subscriber's damaged phone, and that no balance is due.

[INSURANCE COMPANY] pays the Taxpayer a "Handset Reimbursement Fee" in the amount of \$[AMOUNT Y] for each Replacement Phone that the Taxpayer provides to a customer at [INSURANCE COMPANY'S] direction. The Taxpayer retains the broken or damaged phone and refurbishes it. If that is successful, it is added to the Pool; otherwise, it is sold for scrap.

As under the Service Contract, a claim under the Insurance Policy can be initiated by filing a claim at a [TAXPAYER] retail store or over the phone for adjudication and administration by [INSURANCE COMPANY]. If [INSURANCE COMPANY] approves the claim, the Taxpayer will, upon direction from [INSURANCE COMPANY], provide the Subscriber with a Replacement Phone from the Pool.

If an Insurance Policy claim is submitted in person at a [TAXPAYER] store, a Replacement Phone will be given out of the Pool phones at the store (if no Pool phone is available, one is shipped overnight to the Subscriber from the pool maintained at the Taxpayer's third party fulfillment center in [STATE, NOT TENNESSEE]). The Subscriber must pay a \$[AMOUNT X] deductible before the Taxpayer delivers the Replacement Phone to the Subscriber. The Taxpayer invoices [INSURANCE COMPANY] \$[AMOUNT Y] for the Replacement Phone, in

satisfaction of which the Taxpayer retains the \$[AMOUNT X] deductible paid by the Subscriber and [INSURANCE COMPANY] pays to the Taxpayer the balance of \$[AMOUNT Y MINUS AMOUNT X].

RULINGS

1. Is the Taxpayer required to collect and remit Tennessee sales and use tax with respect to the provision of Replacement Phones to Subscribers at the direction of [INSURANCE COMPANY] under the Phone Replacement Program?

Ruling: The provision of Replacement Phones under the Service Contract portion of the Phone Replacement Program is not subject to the Tennessee sales and use tax. However, the Taxpayer is required to collect and remit Tennessee sales and use tax with respect to Replacement Phones provided under the Insurance Policy portion of the Phone Replacement Program.

2. Are the Taxpayer's acquisitions of phones for the Pool exempt from the Tennessee sales and use tax as sales for resale?

Ruling: The Taxpayer's acquisition or use of phones that are placed in the Pool is not subject to the Tennessee sales and use tax, to the extent the phones are used to fulfill warranty obligations under the Service Contract portion of the Phone Replacement Program.

With respect to Replacement Phones provided under the Insurance Policy portion of the Phone Replacement Program, the Taxpayer's acquisition of such phones for the Pool is exempt from the Tennessee sales and use tax as a sale for resale.

ANALYSIS

1. Taxpayer's liability for provision of Replacement Phones to Subscribers

The provision of Replacement Phones under the Service Contract portion of the Phone Replacement Program is not subject to the Tennessee sales and use tax. However, the Taxpayer is required to collect and remit Tennessee sales and use tax with respect to Replacement Phones provided under the Insurance Policy portion of the Phone Replacement Program.

Retail sales in Tennessee of tangible personal property and certain enumerated services and items are subject to the sales and use tax under the Retailers' Sales Tax Act, TENN. CODE ANN. §§ 67-6-101 to -907 (2011), unless an exemption from taxation applies.³

³ TENN. CODE ANN. § 67-6-102(78) (2011) defines a "retail sale" as a "sale, lease, or rental for any purpose other than for resale, sublease, or subrent." TENN. CODE ANN. § 67-6-102(80)(A) defines the term "sale" in pertinent part to mean "any transfer of title or possession, or both, exchange, barter, lease or rental, conditional or otherwise, in any manner or by any means whatsoever of tangible personal property for a consideration." The term "sale" includes "the furnishing of any of the things or services taxable" under the Tennessee sales and use tax laws. TENN. CODE ANN. § 67-6-102(80)(D).

TENN. CODE ANN. § 67-6-230(b) (2011) imposes the sales tax on the sale of a warranty or service contract covering the repair or maintenance of tangible personal property at the time of the sale of the contract. No additional tax is due on any repairs to the extent they are covered by the contract. *Id.* TENN. COMP. R. & REGS. 1320-5-1-.04 (1974) (“Rule 4”) explains the application of the Tennessee sales and use tax to transactions involving sales, warranty, or guarantee contracts. Rule 4(1) provides that “[w]hen an item of tangible personal property, or any part thereof, is returned to a dealer pursuant to a sales, warranty, or guarantee agreement for repair or replacement, and no charge is made to the customer for the repair or replacement, there is no Sales or Use Tax due.” However, “in the event any charge for labor or a part or parts is made to the customer for the repair or replacement, the charge that is actually made to the customer” is subject to taxation. *Id.*

Thus, the provision of a Replacement Phone to a Subscriber in Tennessee will not be subject to the sales and use tax if the following requirements are met: 1) the transaction is undertaken pursuant to a sales, warranty, or guarantee contract, upon which sales tax was paid, covering the repair or replacement of tangible personal property; 2) the phone that is covered by the sales, warranty, or guarantee contract is returned to the Taxpayer for repair or replacement; and 3) no charge is made to the Subscriber for the repair or replacement.

Service Contract

The provision of Replacement Phones to Subscribers under the Service Contract portion of the Phone Replacement Program is not subject to the Tennessee sales and use tax, because the transaction meets the requirements set forth under Rule 4(1).

First, the Service Contract portion of the Phone Replacement Program is properly characterized as a sales, warranty, or guarantee contract covering the repair or replacement of tangible personal property.⁴ The Taxpayer has indicated that the Service Contract is a contract whereby the Taxpayer, in the case of certain handset mechanical or electrical failures, accidental water damage, and certain other specified damages, will provide a replacement phone to customers who have purchased a phone from the Taxpayer in connection with subscribing to an eligible wireless service plan.

The terms “warranty” and “guarantee” are not defined for purposes of the Tennessee sales and use tax. The Tennessee Supreme Court has stated that when a statute does not define a term, it is proper to look to common usage to determine the term’s meaning. *See, e.g., Beare Co. v. Tenn. Dep’t of Revenue*, 858 S.W.2d 906, 908 (Tenn. 1993); *Tenn. Farmers Assurance Co. v. Chumley*, 197 S.W.3d 767, 782-83 (Tenn. Ct. App. 2006). BLACK’S LAW DICTIONARY 1725 (9th ed. 2009) defines a “warranty” as an “express or implied promise that something in furtherance of the contract is guaranteed by one of the contracting parties; esp., a seller’s promise that the thing being sold is as represented or promised.” Similarly, a “guarantee” is such a promise “in the context of consumer warranties or other assurances of quality or performance.” *Id.* at 772.

⁴ The Taxpayer acknowledges that the Wireless Monthly Fee, which includes the Phone Replacement Program, is generally subject to the Tennessee sales tax. It is assumed for purposes of this letter ruling that the Taxpayer has in fact collected and remitted sales tax on the Wireless Monthly Fee.

Here, the Service Contract is properly characterized as a warranty or guarantee contract because it is a promise that the purchased phone is as represented or promised. The Taxpayer guarantees the quality and performance of the phone by agreeing to replace the device in the event of a mechanical or electrical failure, or failure to perform correctly due to water or other damage.

Second, the damaged phone that is covered by the Service Contract is returned to the Taxpayer for replacement. Third, no charge is made to the Subscriber for the repair or replacement of a damaged phone under the Service Contract.

Accordingly, the provision of Replacement Phones to Subscribers under the Service Contract portion of the Phone Replacement Program is not subject to the Tennessee sales and use tax.

Insurance Policy

The Taxpayer is required to collect and remit Tennessee sales and use tax with respect to Replacement Phones provided under the Insurance Policy portion of the Phone Replacement Program.

First, Rule 4(1) does not apply with respect to the Insurance Policy, because the Insurance Policy is not a sales, warranty, or guarantee contract. As discussed above, a warranty is an “express or implied promise that something in furtherance of the contract is guaranteed by one of the contracting parties; esp., a seller’s promise that the thing being sold is as represented or promised.”⁵ Similarly, a “guarantee” is such a promise “in the context of consumer warranties or other assurances of quality or performance.”⁶

The Tennessee Court of Appeals has distinguished product warranties from insurance policies.⁷ To determine whether a contract is a warranty or an insurance policy, one must determine whether the contract is primarily a guarantee or whether it is a promise of indemnity. *H & R Block E. Tax Servs., Inc. v. Dep’t of Commerce & Ins.*, 267 S.W.3d 848, 863 (Tenn. Ct. App. 2008) (holding that a guarantee of the accuracy of tax preparation services was not insurance). A guarantee is “inextricably linked” to an underlying purchase and is an assurance that the item or service purchased is as promised. *See id.* Significantly, a contract is more likely to be considered insurance if it covers more than just the seller’s own errors or product defects; the element of contingency, central to any common-sense definition of insurance, is missing where the customer is “insured” only against losses caused directly by the “insurer.” *Id.* at 865.

In the Taxpayer’s case, the Insurance Policy is not properly characterized as a warranty or guarantee contract because it is not a promise that the purchased phone is as represented or promised, nor does it guarantee the quality or performance of the phone. Rather, it indemnifies the Subscriber against theft or loss. Additionally, the Insurance Policy covers something other than the Taxpayer’s own errors or product defects; it insures against the contingency of loss or theft. As a result, the Insurance Policy is most properly characterized as a contract of insurance.

⁵ BLACK’S LAW DICTIONARY 1725 (9th ed. 2009).

⁶ *Id.* at 772.

⁷ The Tennessee Attorney General has also drawn this distinction, opining that a warranty or service contract is not insurance. *See* Tenn. Op. Att’y Gen. No. 85-038 (February 19, 1986).

Because the Insurance Policy is not a sales, warranty, or guarantee contract, Rule 4(1) does not apply.

Rather, the facts indicate that the Taxpayer makes retail sales of Replacement Phones to [INSURANCE COMPANY].

TENN. CODE ANN. § 67-6-102(78) defines a “retail sale” as a “sale, lease, or rental for any purpose other than for resale, sublease, or subrent.” TENN. CODE ANN. § 67-6-102(80)(A) defines the term “sale” in pertinent part to mean “any transfer of title or possession, or both, exchange, barter, lease or rental, conditional or otherwise, in any manner or by any means whatsoever of tangible personal property for a consideration.” The term “sale” includes “the furnishing of any of the things or services taxable” under the Tennessee sales and use tax laws. TENN. CODE ANN. § 67-6-102(80)(D).

Here, the Taxpayer makes sales of Replacement Phones to [INSURANCE COMPANY], which uses the phones in fulfillment of its contractual obligations under the Insurance Policy. [INSURANCE COMPANY] adjudicates and administers claims filed by a Subscriber under the Insurance Policy. If [INSURANCE COMPANY] approves a claim, the Taxpayer will, upon direction from [INSURANCE COMPANY], provide the Subscriber with a Replacement Phone from the Pool. The Taxpayer invoices [INSURANCE COMPANY], and [INSURANCE COMPANY] pays the Taxpayer \$[AMOUNT Y] for each such phone.

Because [INSURANCE COMPANY] purchases the Replacement Phone from the Taxpayer, but does not itself resell the phone, the sale of a Replacement Phone by the Taxpayer to [INSURANCE COMPANY] constitutes a taxable retail sale in Tennessee when title to and possession of the phone are transferred to a Subscriber in Tennessee on behalf of [INSURANCE COMPANY]. *See* TENN. CODE ANN. § 67-6-102(78).

TENN. CODE ANN. § 67-6-202(a) (2011) imposes the sales tax on the “sales price” of each item or article of tangible personal property when sold at retail in Tennessee. TENN. CODE ANN. § 67-6-102(81) defines the term “sales price” in pertinent part as “the total amount of consideration, including cash, credit, property, and services, for which personal property or services are sold, leased, or rented, valued in money, whether received in money or otherwise,” without any deduction for items such as the seller’s cost of the property sold.

The sales price of the Replacement Phone therefore equals the total amount paid by [INSURANCE COMPANY] to the Taxpayer for the phone. Here, the Taxpayer invoices [INSURANCE COMPANY] \$[AMOUNT Y] for the Replacement Phone. In satisfaction of this charge, the Taxpayer retains the \$[AMOUNT X] deductible paid by the Subscriber; [INSURANCE COMPANY] pays to the Taxpayer the balance of \$[AMOUNT Y MINUS AMOUNT X]. The sales price of the Replacement Phone therefore equals the deductible retained by the Taxpayer, plus the Handset Reimbursement Fee, which together total \$[AMOUNT Y].

Accordingly, the Taxpayer is required to accrue and remit Tennessee sales and use tax with respect to Replacement Phones provided to Subscribers under the Insurance Policy portion of the Phone Replacement Program.

2. Acquisition of phones for the Pool

The Taxpayer's acquisition or use of phones that are placed in the Pool is not subject to the Tennessee sales and use tax, to the extent such phones are used to fulfill warranty obligations under the Service Contract portion of the Phone Replacement Program.

With respect to Replacement Phones provided to Subscribers under the Insurance Policy portion of the Phone Replacement Program, the Taxpayer's acquisition of such phones for the Pool is exempt from the Tennessee sales and use tax as a sale for resale.

Service Contract

The Taxpayer's acquisition or use of phones that are placed in the Pool is not subject to the Tennessee sales and use tax, to the extent the phones are used to fulfill warranty obligations under the Service Contract portion of the Phone Replacement Program.

As discussed in the response to Question #1, the Service Contract portion of the Phone Replacement Program is properly characterized as a sales, warranty, or guarantee contract covering the repair or replacement of tangible personal property. Rule 4 explains the application of the Tennessee sales tax to transactions involving such contracts. Rule 4(2) states that “[d]ealers buying and using tangible personal property to fulfill sales, warranty, or guarantee obligations to a customer may purchase and use the tangible personal property without the payment of any” sales or use tax.

For the Taxpayer's acquisition of phones to come under Rule 4(2), the Taxpayer must therefore use the Pool phones to fulfill its warranty or guarantee obligations under the Service Contract. The facts indicate that the Taxpayer uses the Pool phones for this purpose. Assuming the damage is covered under the Service Contract, the Taxpayer will, upon receiving direction from [INSURANCE COMPANY], take the damaged phone from the Subscriber and replace it with a phone from the Pool.

Thus, under Rule 4(2) the Taxpayer's acquisition of phones that are placed in the Pool is not subject to the Tennessee sales and use tax, to the extent the phones are used to fulfill warranty obligations under the Service Contract portion of the Phone Replacement Program.

Insurance Policy

With respect to Replacement Phones provided under the Insurance Policy portion of the Phone Replacement Program, the Taxpayer's acquisition of such phones for the Pool is exempt from the Tennessee sales and use tax as a sale for resale.

TENN. CODE ANN. § 67-6-102(78) defines a “retail sale” as any “sale, lease, or rental for any purpose *other than for resale*, sublease, or subrent.” (Emphasis added). Sales for resale are therefore exempt for purposes of the Tennessee sales and use tax.⁸ TENN. CODE ANN. § 67-6-

⁸ The phrase “for any purpose other than for resale” has been construed as an exemption that excludes sales for resale from taxation. *See Walker's, Inc. v. Farr*, 338 S.W.3d 887, 892 (Tenn. Ct. App. 2010) (citing *Nashville Clubhouse Inn v. Johnson*, 27 S.W.3d 542, 544 (Tenn. Ct. App. 2000) and *Colemill Enters., Inc. v. Huddleston*, 967

102(77)(A) provides that the term “resale” means “a subsequent, bona fide sale of the property, services, or taxable item by the purchaser.” A “sale for resale” is defined under TENN. CODE ANN. § 67-6-102(77)(A) as “the sale of the property, services, or taxable item intended for subsequent resale by the purchaser.”

With respect to Replacement Phones provided under the Insurance Policy portion of the Phone Replacement Program, the facts indicate that the Taxpayer acquires such phones for resale. As explained in the response to Question #1, the Taxpayer makes retail sales of the Replacement Phones to [INSURANCE COMPANY]. Thus, when the Taxpayer acquires the phones, it does so for subsequent resale to [INSURANCE COMPANY]. The Taxpayer’s acquisition of such phones for the Pool is therefore exempt from the Tennessee sales and use tax as a sale for resale.

Kristin Husat
General Counsel

APPROVED: Richard H. Roberts
Commissioner of Revenue

DATE: November 21, 2012

S.W.2d 753, 756 (Tenn. 1998)). Note that TENN. CODE ANN. § 67-6-102(77) requires that all sales for resale be in strict compliance with the rules and regulations promulgated by the Commissioner of Revenue. A dealer must obtain a resale certificate from the purchaser in order to make an exempt sale for resale of tangible personal property or services in Tennessee. *See* TENN. COMP. R. & REGS. 1320-5-1-.68(1) (2008). Alternatively, the purchaser may present a Streamlined Sales and Use Tax Certificate of Exemption or a Tennessee Sales and Use Tax Blanket Certificate of Resale in lieu of a certificate of resale.