

Contractor's Use Tax

Sales &  
Use tax  
notice  
#04-16

[Public Chapter 725 \(2004\)](#)

Effective May 19, 2004, Public Chapter 725 amends Tenn. Code Ann. Section 67-6-209 relative to contractor's use tax.

Public Chapter 725 provides an exemption from sales and use tax for any tangible personal property owned by the United States, or any agency of the United States, that is provided to a contractor or subcontractor on a temporary basis for testing pursuant to a contract awarded under the Small Business Innovation Research Program (SBIR) as defined in 15 U.S. Code Section 638(e)(4). Contractor's use tax still applies to any other government contract.

The exemption applies only to property that is the subject of the test being performed or to property into which the subject of the test must be incorporated before testing can occur.

The exemption provided for by Public Chapter 725 does not extend to any equipment, machinery, or other property used to perform the test.

This law change does not affect contractor's use tax obligations for any government contracts other than SBIR contracts.

If you have any questions about this notice, you may contact the department. Tennessee residents outside the Nashville calling area may call our statewide toll-free number at (800) 342-1003. Callers from Nashville or out-of-state may dial (615) 253-0600. You can access additional information on our Web site at [www.Tennessee.gov/revenue](http://www.Tennessee.gov/revenue).

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