

Cable Television, Wireless Cable Television, and Direct-to-home Satellite Services

TV & Telecom tax notice

Public Chapter No. 423 amends the statutes related to the taxation of cable television, wireless cable television and direct-to-home satellite services. This notice and the public chapter have no application to any other taxable services, such as Internet access.

Qualified Cable Television and Wireless Cable Television Service Providers

For billing cycles beginning on or after September 1, 1999, fees in the amount of \$15 or less per month, for subscription to, access to, or use of television programming, provided by a qualified cable television provider or a wireless cable television service provider at a subscriber's location, are exempt from sales and use tax. Monthly charges made to a subscriber that are from \$15.01 up to and including \$27.50 are subject to the state tax rate of 8.25%, and are exempt from local tax. Monthly charges made to a subscriber that are in excess of \$27.50 are subject to the state sales and use tax rate of 6% plus the applicable local tax.

Each subscriber shall receive only one exemption per month for the first \$15 charged for television programming services provided by a qualified cable or wireless cable television service provider. If the charges to the subscriber are made on a basis other than monthly, the \$15 exemption shall apply on a per

month basis. There is no longer an exemption for "basic" television service.

Persons who contract with qualified cable or wireless cable television providers to receive cable services for multiple viewing units ("bulk subscribers") shall pay sales taxes applicable on television programming costing the bulk subscriber in excess of \$15, even if the bulk subscriber establishes separate accounts for each unit in a multiple-unit dwelling. This applies to apartment complexes, residential communities, hotels, motels, for-profit hospitals, and the like. Each occupant of a multiple-unit dwelling who separately contracts with qualified cable or wireless cable television providers is entitled to an exemption for the first \$15 charged.

The \$15 exemption does not apply to television programming services sold by entities other than qualified cable or wireless providers, such as hotels, motels and for-profit hospitals. Rather, the full amount billed is subject to tax at the state rate of 6% plus the applicable local rate. See August 1999 notice regarding hotels, motels, and for-profit hospitals, which is available on the department's Web site.

Taxpayers should no longer rely on TENN. COMP. R. & REGS. 1320-5-1-.27 because the provisions of this rule have been superseded by Public Chapter 423.

Direct-to-home Satellite Television Service Providers

Effective September 1, 1999, fees for subscription to, access to, or use of television services provided by a direct-to-home satellite service provider are subject to the state sales and use tax rate of 8.25%. Federal law prohibits local

sales tax on these services. There is no \$15 exemption; the entire amount of the charge is subject to the tax.

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

Publication Date: August 1999