

2002 Sales and Use Tax Rate Changes –  
Manufactured Homes

Sales &  
Use tax  
notice

Effective July 15, 2002, Chapter 856, of the Public Acts of 2002 amends Tenn. Code Ann. Section 67-6-202 by increasing the general state sales and use tax rate from 6% to 7% and providing for an additional 2.75% state tax rate that is levied on the amount in excess of \$1,600, but less than or equal to \$3,200 on the sale or use of any single article of tangible personal property.

Tenn. Code Ann. Section 67-6-216(a) provides the following for sales of manufactured homes:

Notwithstanding any other provisions of this chapter to the contrary, state tax equal to one-half the rate of tax provided for in Tenn. Code Ann. Section 67-6-202 is levied on the gross receipts or gross proceeds from the retail sale of a manufactured home, including any accessories, parts, furniture, appliances, delivery fees, installation fees, and other additional or incidental items or services that are part of the sale of the manufactured home, whether or not separately billed.

**Therefore the state tax rates applicable to sales of manufactured homes are 3.5% which is equal to one-half of the general state tax rate of 7% and 1.375% which is one-half of 2.75% state tax rate on sales of single articles of tangible personal property from \$1600.01 to \$3,200.** In order to report the correct amount of tax for single articles of tangible personal property the dealer should enter all of the amounts in excess of the first \$1,600 for each single article of tangible personal property on Line 4 of Schedule B on the back of the sales and use tax return to calculate the proper local tax amount. For the additional state tax on single articles of tangible personal property the dealer should enter on Line 1 of Schedule C on the back of the sales and use tax return, one-half of the amount of each manufactured home from \$1,600.01 to \$3,200 and the full amount from \$1,600.01 to \$3,200 for single articles of tangible personal property that are not manufactured homes.

*See Example on next page.*

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

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**Example:** A manufactured home sold for \$50,000. Local tax rate is 2.25%. Local single-article limitation is \$1,600.

Front of Sales and Use Tax Return

Line 1 – Gross Sales	50,000
Line 8 – 7% State Tax	1,750 (25,000 x 7%)
Line 10 – 2.25% Local Tax	36
Line 12 – 2.75% State Tax	22
Total Tax	1,808

Back of Sales and Use Tax Return

Schedule A Line J	25,000
Schedule B Line 1	25,000
Schedule B Line 4	23,400
Schedule B Line 7	1,600
Schedule B Line 8	36 (1,600 x 2.25%)
Schedule C Line 1	800 (1/2 of 3,200 - 1,600)
Schedule C Line 2	22 (800 x 2.75%)
Schedule C Line 7	22