

Tenn. Code Ann. § 67-5-901

Current through the 2023 First Extraordinary Session of the General Assembly.

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67-5-901. Classification and rate of assessment — Leased property.

- (a) For purposes of taxation, all tangible personal property, except inventories of merchandise held by merchants and businesses for sale and exchange by persons taxable under chapter 4, part 7 of this title, and unused tangible personal property shall be classified according to its use and assessed as follows:
- (1) Public utility property shall be assessed at fifty-five percent (55%) of its value;
 - (2) Industrial and commercial property shall be assessed at thirty percent (30%) of its value; and
 - (3)
 - (A) All other tangible personal property shall be assessed at five percent (5%) of its value, except that, for the purpose of taxation under this chapter, all other tangible personal property shall be deemed to have no value;
 - (B) All tangible personal property that is not in use shall be classified according to its immediate most suitable economic use, which shall be determined after consideration of the following:
 - (i) Immediate past use, if any;
 - (ii) Nature of the property;
 - (iii) Classification of the real property upon which it is located;
 - (iv) Normal use of the property;
 - (v) Ownership; and
 - (vi) Any other factors relevant to a determination of the immediate most suitable economic use of the property.
- (b)
- (1) “Inventories of merchandise held by merchants and businesses for sale and exchange” includes tangible personal property held for lease or rental, but does not include such property in the possession of a lessee. Leased personal property in the possession of the lessee shall be classified and assessed according to the use of the lessee.
 - (2) Prosthetic surgical kits, including reusable tools and containers, as well as prosthetics and supplies, shall be considered “inventories of merchandise held by merchants and businesses for sale and exchange” as to the typical stock on hand at the premises of the merchant or business owner, or when held for thirty (30) days or less by a customer for use in surgeries; provided, that proceeds of the transaction are subject to business tax. Kits leased or consigned to the same customer/user for longer than thirty (30) days, with or without a written lease or consignment agreement, shall be considered leased

tangible personal property assessable to the customer/user. The typical stock on hand at the premises of the customer/user shall be considered leased tangible personal property unless otherwise documented. Leased or consigned kits otherwise assessable to the customer/user but withdrawn or relocated from the customer/user's premises by the lessor within thirty (30) days may be adjusted by filing of an amended tangible personal property schedule for the year assessed according to the applicable statute, if the basis for the adjustment is documented.

History

Acts 1973, ch. 226, § 6; 1977, ch. 337, § 2; T.C.A., § 67-616; Acts 1988, ch. 941, §§ 2, 3; 1990, ch. 1075, § 7; 2001, ch. 448, § 1; 2009, ch. 530, § 131.