

PUBLICATION

Tennessee Department of Revenue Rules Bitcoin Teller Machines Exempt from Tennessee Business Tax

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In late December 2025, the Tennessee Department of Revenue (the Department) posted Revenue Ruling #25-10, which concluded that the Tennessee business tax does not apply to Bitcoin teller machines, citing Business Tax Regulation 1320-04-05-02(3).

Business Tax Regulation 1320-04-05-02(3) provides in part that a person who buys and sells intangible personal property or real property is not liable for the business tax. The Department concluded that the business tax does not apply to the sale of virtual currency or digital assets since virtual currency and digital assets are considered as intangible property akin to stocks, bonds, notes, insurance, or other obligations or securities which are a mere representation of value.

The taxpayer, according to the facts in this ruling, is an operator of cryptocurrency automated teller machines also known as Bitcoin Teller Machines (BTMs). This taxpayer operates more than 7,000 BTMs across the United States and in Canada, and such taxpayer facilitates cryptocurrency transactions by providing people with more ways to buy, sell, send, and receive cryptocurrency – in person with BTMs, through the use of a mobile app, or at a checkout register of a participating store.

The taxpayer's business model is to acquire cryptocurrency and resell it to customers in exchange for cash. The taxpayer earns revenue from three different sources:

1. receipts from the sale of Bitcoin and other cryptocurrencies;
2. receipts from transaction fees of 20 percent to 31 percent of the sale of Bitcoin and other cryptocurrencies; and
3. receipts from the BTMs' transaction fees of 1 percent to 3 percent. The Department, in addressing the applicability of the business tax, noted that such tax applies to the sales of tangible personal property and services.

With respect to the transaction fees and the BTM fees, the Department concluded that the business tax is technically applicable to those transactions but that a tax exemption is also applicable. That exemption states that the tax does not apply to services furnished by exchanges, exchange clearance houses, and other services allied with the exchange of securities and commodities; and, as a result, the Department concluded that the transaction fees and the BTM fees are exempt by reason of such exception. A copy of the foregoing Ruling is attached [here](#).

Baker Donelson stands ready to assist businesses in understanding and complying with Tennessee tax laws. If you have questions regarding your particular Tennessee tax circumstances, please contact **Carl E. Hartley** (Chattanooga), **William H.D. Fones Jr.** (Memphis), **Steven K. Wood** (Nashville), **Charles W. "Chuck" Goldberg Jr.** (Nashville), or any member of the Firm's **Tax Group**.