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Townsend vacation rental checklist

Blount County, Tennessee | Rules checked November 5, 2026

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Townsend adopted short-term rental permits in May 2026: $250 a year with an annual inspection, a local contact who responds within 45 minutes, up to 12 guests, and one parking space per bedroom. Short-term rentals are prohibited in the R-1E zone. A 3% city occupancy tax took effect May 1, 2026, so tax is 17.75%.

We built this page from news coverage of the May 2026 ordinances; the city's short-term rental page didn't load for us. Confirm the rules with City Hall.

Rentals operating legally before the ordinance are protected by the state's 2018 Short-Term Rental Unit Act, but the city still requires the permit.

Licensing steps

STATE OF TENNESSEE

- [ ] **Register for sales tax**
  Register through the Tennessee Taxpayer Access Point (TNTAP). One registration covers all your rentals in the same city or county. If you take direct bookings, collect 7% plus the local rate and file by the 20th of each month. Once registered, file every month, even a $0 return.
  TNTAP: https://tntap.tn.gov/
- [ ] **Get a business tax license**
  Rentals under 180 days owe business tax. With $3,000 to $100,000 a year in gross receipts in a city or county you need a minimal activity license; at $100,000 or more, a standard license. Booking platforms don't handle this for you.
- [ ] **Know what the platform collects**
  Airbnb, VRBO, and other marketplaces collect and remit sales tax and local occupancy tax on their bookings. Keep records showing they did. For direct bookings, you pay sales tax to the state and occupancy tax to the city or county.
- [ ] **Then your county and city**
  Permits, zoning, and occupancy tax rates are where Tennessee towns differ most. Pick your area.

BLOUNT COUNTY, TENNESSEE

- [ ] **Then your city or area**
  Pick your area.

CITY OF TOWNSEND

- [ ] **Apply for the short-term rental permit**
  Contact City Hall for the application. You need smoke and carbon monoxide detectors, fire extinguishers, evacuation plan signs, and safe chimneys and fireboxes, and a contact available 24/7 who can respond within 45 minutes.
- [ ] **Register for sales and occupancy tax**
  Tax on stays here is 9.75% sales tax plus 3% city and 5% county occupancy tax. Airbnb and VRBO collect both on their bookings. For direct bookings, file sales tax with the state through TNTAP by the 20th of each month. Ask City Hall where to file the new city tax on direct bookings, and the Blount County Clerk about the county tax.

House rules for guests

Parking: 1 off-street space per bedroom

Who to contact

City Hall: 865-448-6886

Official sources

Tennessee Department of Revenue: Taxation of short-term vacation rentals-
. https://www.tn.gov/content/dam/tn/revenue/documents/taxpayer_education/misc/taxation-of-short-term-vacation-rentals.pdf

Tennessee Department of Revenue: SUT-48: Short-term rentals, reporting requirements-
. https://revenue.support.tn.gov/hc/en-us/articles/360058190432-SUT-48-Short-Term-Rentals-Reporting-Requirements

The Daily Times: Townsend starts permit clock on short-term rentals (May 2026)-
. https://thedailytimes.com/news/townsend-starts-permit-clock-on-short-term-rentals/article_45ca3ae5-03d4-420d-89f4-4e886a2fd22d.html

Tennessee Department of Revenue: Local occupancy tax rates (map and report)-
. https://www.tn.gov/revenue/taxes/local-occupancy-tax/due-date-and-tax-rate/local-occupancy-tax-rates.html

WATE: Planning commission urges 6-month pause on new short-term rentals in Townsend (March 16, 2026)-
. https://www.wate.com/news/top-stories/planning-commission-urges-6-month-pause-on-new-short-term-rentals-in-townsend/amp/