

Chapter 07 Design, Engineering and Other Professional Services

- 100 Design, engineering and other professional services are exempt from tax when not related to sales of tangible personal property taxable by Miss. Code Ann. Section 27-65-17, services taxable by Miss. Code Ann. Section 27-65-23 or activities taxable by Miss. Code Ann. Sections 27-65-21 and 27-65-24.
- 101 Sales of tangible personal property are taxed by Miss. Code Ann. Section 27-65-17 on the total gross proceeds of sales. Sales of certain services are taxed by Miss. Code Ann. Section 27-65-23 on gross income. Gross proceeds of sales include, but are not limited to, design, engineering and other professional services utilized in or related to the sale, manufacture and/or installation of tangible personal property when the service is billed by the seller, regardless of the method billed. Gross income also includes income received from design, engineering and other professional services utilized in or related to performing a taxable service under Miss. Code Ann. Section 27-65-23.
- 102 Contracts or activities subject to the tax levied by Miss. Code Ann. Sections 27-65-21 and 27-65-24 are taxable on the total contract price or compensation received from such contract or activity. However, if the contract price for a project exceeds the sum of one hundred million dollars (\$100,000,000.00), the portion of the total contract price attributable to design or engineering services shall be excluded from the basis of the contract price for purposes of determining tax due.
- 103 For contracts or activities subject to the tax levied by Miss. Code Ann. Section 27-65-21, the portion of the contract for engineering services may be excluded from the total contract price if the engineering services are performed by a professional engineer as defined in Miss. Code Ann. Section 73-13-3, who is also the general or prime contractor on the contract.
- 104 If there is no written contract, the contract will be deemed to be entered into at the time work begins.
- 105 Records must be maintained to substantiate the exclusion of design or engineering services from contracts subject to contractor's tax.
- 106 (Reserved)

35.IV.5.07 revised effective December 1, 2019

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- 101 Sales of tangible personal property are taxed by Miss. Code Ann. Section 27-65-17 on the total gross proceeds of sales. Sales of certain services are taxed by Miss. Code Ann. Section 27-65-23 on gross income. Gross proceeds of sales include, but are not limited to, design, engineering and other professional services utilized in or related to the sale, manufacture and/or installation of tangible personal property when the service is billed by the seller, regardless of the method billed. Gross income also includes income received from design, engineering and other professional services utilized in or related to performing a taxable service under Miss. Code Ann. Section 27-65-23.
- 102 Contracts or activities subject to the tax levied by Miss. Code Ann. Sections [27-65-21](#) and [27-65-24](#) are taxable on the total contract price or compensation received from such contract or activity. However, if the contract price [for a project](#) exceeds the sum of one hundred million dollars (\$100,000,000.00), the portion of the total contract price attributable to design or engineering services shall be excluded from the basis of the contract price for purposes of determining tax due.
- 103 For contracts or activities subject to the tax levied by Miss. Code Ann. Section 27-65-21 [entered into on and after July 1, 2014](#), the portion of the contract for engineering services may be excluded from the total contract price if the engineering services are performed by a professional engineer as defined in Miss. Code Ann. Section 73-13-3, who is also the general or prime contractor on the contract.
- 104 If there is no written contract, the contract will be deemed to be entered into at the time work begins.
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