



MISSISSIPPI DEPARTMENT OF REVENUE

Sales and Use Tax Bureau

Notice 72-23-12

July 6, 2023

NOTICE TO PURCHASERS OF COMPUTER SOFTWARE AND/OR COMPUTER SOFTWARE SERVICES

Senate Bill 2449 of the 2023 Regular Session amended Mississippi sales and use tax law to address the taxation of computer software and computer software services effective July 1, 2023. The bill provides an exemption for remotely accessed software hosted on servers located outside the state of Mississippi. The bill also provides that customers who have charges for computer software and/or computer software services that include taxable and nontaxable items may allocate the fee or payment between the taxable and nontaxable items based on a reasonable allocation of the payment to each separately identifiable item or service encompassed by the fee or payment if properly supported by the books and records of the seller, service provider, user, or consumer.

Beginning July 1, 2023, purchasers of computer software and/or computer software service can apply for a computer software direct pay permit. The permit will allow the customer to purchase computer software and/or computer software services exempt from Mississippi sales or use tax and then remit the correct tax directly to the Mississippi Department of Revenue. The permit may only be accepted by vendors who sell, rent, or lease computer software and/or computer software services.

Manufacturers and other entities who already have regular Direct Pay Permits do not need to apply for the Computer Software Direct Pay Permit.

“Computer software” shall mean any computer program or routine, or any set of one or more programs or routines, which are used or intended to cause one or more computers, pieces of computer-related peripheral equipment, automatic processing equipment, or any combination thereof, to perform a task or set of tasks. Computer software may be contained in or on magnetic discs or other tangible or electronic media or downloaded online. “Computer software” does not include charges for the use of or right to use physical computer equipment, infrastructure, servers, platforms, and other tangible computer devices, including, but not limited to, items commonly referred to as “platform as a service” or “infrastructure as a service.”

“Computer software service” shall mean the technical design and programming of computer software and includes installing, configuring, debugging, modifying, testing, or troubleshooting computer hardware, networks, programs, or computer software.

How to apply for a Computer Software Direct Pay Permit:

First, apply for a TAP (Taxpayer Access Account) account at www.dor.ms.gov (you may skip this step if you already have an account set up.) Second, apply for a use tax account through your TAP login (again, you may skip this step if you already have a use tax account in your TAP profile.) Lastly, apply for the Computer Software Direct Pay Permit through your Use Tax account on TAP.

If you have any questions or need further assistance, please contact our office at (601) 923-7015 or email to: sales@dor.ms.gov.