

Delivery Charges

This fact sheet is provided to explain when delivery charges are subject to sales or use tax.

The rate and application of sales or use tax on delivery charges follows the tax treatment of the property being shipped or delivered. Delivery charges are exempt if the product being shipped or delivered is exempt.

When is SALES tax due on delivery charges?

Sales tax is due on the gross proceeds of sales of tangible personal property when sold inside the state of Mississippi. Taxable gross proceeds of sales includes installation charges, delivery charges and any other fees or charges added to the selling price of the property except for finance charges. Delivery charges include any fees charged by the seller for transportation of the property being sold.

Sales tax is also due on charges for transportation on shipments moving between points within Mississippi when paid directly by the consumer but not paid to the seller of the property. The consumer who pays the transportation charges is required to pay this tax directly to the Department of Revenue.

When are delivery charges exempt from sales tax?

Sales and taxable repairs of tangible personal property and the related delivery charges are exempt from the Mississippi sales tax levy when:

1. The seller is required by the sales agreement to physically deliver the goods sold in the vendor's equipment from a point in this state to a point outside this state, not to be returned to a point within this state, and provided that such delivery is actually made, or
2. The seller is required by the sales agreement to deliver the goods to a common carrier or to the United States Post Office for transportation outside the state at the seller's direction, or
3. The seller is required by the sales agreement to deliver the goods outside the state by use of an independent trucker.

Note: Neither the purchaser nor the seller is considered a common carrier even though they may operate as one commercially. This means that the sale is taxable if the customer is a common carrier and that common carrier is used to ship the product to a location outside the state. This is because the common carrier/customer would take delivery inside the state of Mississippi making the sale subject to sales tax.

When is USE tax due on delivery charges?

Use tax is due for the privilege of using, storing or consuming tangible personal property in Mississippi acquired in any manner. Typically use tax is due on purchases of items that are normally subject to Mississippi sales tax but the purchase is from a vendor outside the State of Mississippi. The rate of use tax due is the same rate the sales tax would have been if the items were purchased in Mississippi. Use tax is due when the items are shipped or delivered to the Mississippi customer from a location outside of Mississippi or if the items are picked up by the customer outside of Mississippi and then transported into this state for use in Mississippi.

The use tax is due on the purchase price or the value of the item being used or consumed in Mississippi. Fees paid for delivery of the property to the point of storage or use in Mississippi are included in the taxable purchase price or taxable value of the property regardless of whether the fees were paid to the seller of the property or paid directly to a third party common carrier. For example: A customer purchases furniture in another state and then hires a third party common carrier to transport the furniture to the customer's location in Mississippi. The customer owes Mississippi use tax on both the price paid for the furniture and the cost of having the furniture transported to the customer's location in Mississippi even though the customer paid for the furniture and the transportation separately.

