



MISSISSIPPI STATE TAX COMMISSION

Sales and Use Tax Bureau

Notice 72-09-001 May 20, 2009

NOTICE TO ALL COMMUNITY COLLEGES, COLLEGES AND UNIVERSITIES

House Bill 856, as passed during the 2009 Regular Session of the Mississippi Legislature amended the definition of "Business" in Miss. Code Ann. Section 27-65-9(2)(c). Under the amendment, the term "business" shall not include certain retail sales of prepared meals sold on the campus of a public or private university, college or community or junior college in this state. This amendment provides an exemption from sales tax for meals meeting the following requirements:

- the prepared meal must be sold to a student enrolled at such university, college or community or junior college;
- payment must be made through the use of a prepaid declining balance account or similar instrument or account issued to the student by the university, college or community or junior college;
- purchases made by the student through the use of the account are restricted to purchases of prepared meals only.

Meals purchased through the use of accounts issued to students that allow the student to purchase items other than prepared meals do not qualify for the sales tax exempt treatment.

Declining balance accounts may commonly be referred to as flexible spending accounts, flex dollars, bonus bucks, or dining dollars and are such accounts where money is deposited on account for the use of the student where the balance in the account declines based upon the price of the food or drink purchased. Declining balance accounts that may be used to purchase books, apparel, supplies, or services such as copying or laundering service may not be used to purchase prepared meals exempt from sales tax. **Prepared meals purchased by a student through the use of a declining balance account that may only be used to purchase prepared meals for the student are exempt.**

Reminder:

Prepared meals provided to a student as part of a prepaid student meal plan pursuant to Miss. Code Ann. Section 27-65-9(2)(a) that provide the student with a specific number of meals or meals for a specific period of time are also exempt from Mississippi sales tax. Purchases of prepared meals paid for with cash, checks, bank debit cards or credit cards and all sales of meals to non-students such as faculty, employees, visitors and the public are subject to sales tax.