

Chapter 06 Governmental Exemptions

100 General

101 Sales of tangible property, charges for labor or services are exempt when sold to, billed to and paid for by the United States Government or the State of Mississippi, its departments and institutions, counties and municipalities or departments or school districts of said counties and municipalities, or Acts of Congress or Acts of the Mississippi Legislature. The governmental exemption does not apply to states other than the State of Mississippi and requires that goods or services are sold directly to, billed directly to and paid for directly by the exempt governmental entity.

102 Any state department, county or municipality, or any political division or subdivision thereof, or agency, institution, instrumentality, commission, board or district created by the legislature of the State of Mississippi and fiscally responsible to the State of Mississippi is construed to be a part of the state government.

103 The sales, labor or service performed must be billed directly to the governmental entity and not to or through a contractor or quasi-governmental agency, and the title of the property or benefit from the service must pass to the government rather than to a beneficiary.

104 This exemption does not apply to contractor's tax levied by Code Section 27-65-21.

105 (Reserved)

200 Sales to Government Employees

201 Sales to government employees are considered exempt when payment is made directly from the exempt governmental entity by government check, a centrally billed debit or credit card or other form of payment. Sales to government employees who pay for the goods or services are subject to Mississippi sales or use tax even though the employee may be reimbursed by an exempt governmental entity.

202 Businesses must verify that purchases are made with a centrally billed debit or credit card. Centrally billed means that the governmental entity is billed directly for any purchases made with the card. Individually billed means that the person named on the card is billed for any purchases made with the card, and the person named on the card may be reimbursed by the governmental employer for approved purchases.

203 (Reserved)

300 Exemptions

301 Retail sales of food for human consumption purchased with food instruments issued the Mississippi Band of Choctaw Indians under the Women, Infants and Children Program (WIC) funded by the United States Department of Agriculture are exempt from tax.

- 302 Retail sales of food for human consumption purchased with food stamps issued by the United States Department of Agriculture, or other federal agency are exempt from and after October 1, 1987.
- 303 Sales of firefighting equipment to governmental fire departments or volunteer fire departments for their use. This exemption does not apply to any other type of property except firefighting equipment.
- 304 Sales of any gas from any project, as defined in the Municipal Gas Authority of Mississippi Law, to any municipality shall not be subject to sales, use or other tax.
- 305 Sales to regional educational service agencies established under Section 37-7-345.
- 306 Sales of buses and other motor vehicles, and parts and labor used to maintain and/or repair such buses and motor vehicles, to an entity that (a) has entered into a contract with a school board under Section 37-41-31 for the purpose of transporting students to and from schools and (b) uses or will use the buses and other motor vehicles for such transportation purposes are exempt from sales tax.
- 307 Parking at events held solely for religious or charitable purposes at livestock facilities, agriculture facilities or other facilities constructed, renovated or expanded with funds for the grant program authorized under Section 18, Chapter 530, Laws of 1995 are exempt from sales tax.
- 308 Sales of tangible personal property, labor, services or products are exempt when sold to schools and school districts under a program that is administered by or coordinated with an agency, commission, department or other instrumentality of the United States government. Payment must be made by or through a nonprofit organization or other entity established by or for the benefit of the agency, commission, department or other instrumentality of the United States government administering or coordinating the program.
- 309 Federal Credit Unions organized under the Federal Credit Union Act are not subject to sales or use tax on tangible personal property or services purchased for their own use. Sales of tangible personal property or services to state and national banks and to state credit unions are subject to the retail sales and/or use tax.
- 310 Sales made by the exchange service, officers club or government agency to members of the armed forces are exempt from tax under the Federal Buck Act.
- 311 The American Red Cross is considered a federal instrumentality and is not subject to sales tax on tangible personal property or services purchased for its own use.
- 312 Mississippi Housing Authorities are considered part of the state government and are not subject to sales tax on tangible personal property or services purchased for their own use.

- 313 Materials purchased by contractors for use in the performance of a government contract are taxable. Sales by independent dealers, merchants or contractors on government reservations are taxable.
- 314 Sales of merchandise by governmental agencies, political subdivisions or state institutions are taxable when in competition with private business.
- 315 Adequate records must be maintained to substantiate all exemptions since the Department does not issue exemption certificates. These records must be maintained for a period of at least thirty-six (36) months.
- 316 (Reserved)

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