

The following is intended to provide general information concerning frequently asked questions about taxes administered by the Mississippi Department of Revenue. It is an informal interpretation of the tax law and is not intended to serve as a rule, regulation, declaratory opinion, or letter ruling. Legislation, regulations, court decisions, notices and announcements could affect the accuracy of this information. Please refer to the Mississippi Code Annotated and the Mississippi Administrative Code for the most current version of the law and administrative procedures.

Use Tax FAQs

What is use tax?

Use tax is a tax on goods purchased for use, storage or other consumption in Mississippi. Use tax applies to purchases of items that are shipped or delivered into Mississippi from an out-of-state location. Use tax also applies to items purchased inside the state if sales tax was not paid at the time of purchase. If you purchase an item from an out-of-state vendor for use in Mississippi and the vendor does not collect the Mississippi sales or use tax, you must pay the use tax directly to the Mississippi Department of Revenue.

Use tax protects Mississippi vendors from unfair competition from out-of-state sellers, since the Mississippi merchant is required to collect sales tax when selling to a resident or business. All states that have a sales tax have a use tax.

What about goods I purchase to resell in my business?

Inventory purchased for resale may be purchased tax-free. Use tax is due on the cost of inventory that is withdrawn from stock and used for personal or business purposes.

What is the use tax rate?

The use tax is calculated at the same rate as the sales tax would be if the item is subject to sales tax.

What items are subject to use tax?

All purchases of tangible personal property from outside the state, which would be subject to the sales tax if purchased in Mississippi, are subject to use tax. Some examples include, but are not limited to, computers, electronic equipment, clothing, jewelry, software, sporting goods, appliances, and furniture whether these items were purchased by mail order, catalog, shopping networks, or over the internet.

Are purchases of goods made over the internet taxable?

Yes. The retail sale of goods made over the Internet that are delivered into Mississippi from an out-of-state seller are treated the same as the retail sale of tangible personal property made through more traditional means.

Didn't the Internet Tax Freedom Act (ITFA) ban taxes on sales over the Internet?

No, ITFA prohibits new taxes imposed on internet access fees. Mississippi does not tax internet access fees.

Why doesn't the out-of-state retailer collect the tax?

If the retailer is located out-of-state and does not have a physical location or other type of physical presence in the state, the state cannot require the retailer to collect Mississippi's tax. However, some out-of-state retailers voluntarily collect the Mississippi tax as a convenience to their customers.

If I make purchases of tangible personal property while in another state, do I owe Mississippi use tax on these purchases?

Items of tangible personal property purchased in another state for use, storage or consumption in Mississippi are subject to Mississippi use tax. Credit is allowed for sales tax paid to another state if you took possession of the property in the other state prior to bringing that item into Mississippi. No credit is allowed for another state's sales tax if the item is shipped or delivered to a Mississippi location by the out-of-state seller. No credit is allowed for sales or use taxes paid on the purchase of automobiles, trucks, trailers, boats, motorcycles and all terrain cycles brought into Mississippi for first use in Mississippi. (First use is when the vehicle is first tagged or registered.)

You may not claim a credit for tax paid to another country.

If I purchase tangible personal property from an out-of-state retailer, are the shipping and handling charges subject to the Mississippi use tax?

All shipping and handling, transportation, and delivery charges that are connected with the sale of tangible personal property are subject to use tax

When am I required to file my use tax returns?

Use tax returns are due the 20th day of the month following the reporting period. If a due date falls on a weekend or legal holiday, the due date becomes the next business day.

Can I file my sales and use tax return and pay the tax online? What is the fee for filing online?

Yes, online filing for sales and use tax is available. You may register to file online through TAP on the Mississippi Department of Revenue website. Payments of tax are made electronically by ACH Debit.

Online filing is free of charge. All that is needed to file your return is a computer, internet access and your bank account information.

Will my filing frequency ever change?

The Mississippi Department of Revenue annually reviews the tax liabilities of all active accounts. Filing frequencies are adjusted as necessary. Taxpayers are notified of the change in status. If the annual total payment is less than \$600.00, annual returns are filed. If the annual total payment is between \$600.00 and \$3,599.00, quarterly returns are filed. If the annual remittance is more than \$3,599.00, monthly returns are filed.

Is a use tax return required even if my sales/purchases equal zero?

Yes. Every business registered for use tax is required to file a return even though no sales/purchases were made during the period covered by the return.

Why did I receive a billing notice when I had no sales?

Every business registered for use tax must file returns with the Mississippi Department of Revenue each reporting period even if you had no use tax liability for that period.

Am I considered on-time if my return is postmarked by the due date?

Yes, a return is considered to have been filed with the Mississippi Department of Revenue on the date shown by the Post Office cancellation mark stamped on the envelope.

Accelerated payments are required to be filed each June by taxpayers whose total average use tax liability exceeds \$20,000 per month for the preceding calendar year. Accelerated payments must be received by the Mississippi Department of Revenue no later than June 25 in order to be considered timely made.

If I have several locations in the state, do I need a separate use tax number for each location?

No, you may report use tax for all locations in the state through one account.

What about individuals who owe use tax? How do they report and pay?

Individuals who are not registered to regularly report use tax may pay on taxable purchases at the county Tax Collector's offices or at any of the Mississippi Department of Revenue District offices.

When a Mississippian purchases a vehicle out-of-state and brings it to Mississippi, is use tax due on the vehicle?

Persons who purchase vehicles, which will be first registered and used in this state, from dealers located in other states (and these dealers are not registered with the Mississippi Department of Revenue) are liable for the payment of use tax at the same rate and on the same basis as sales tax. The Mississippi Use Tax is payable to the county Tax Collector if not previously paid to an authorized out-of-state dealer at the time of purchase. Credit for another state's sales tax paid to a dealer in another state is not allowed against Mississippi Use Tax due on automobiles, motor homes, trucks, truck-tractors and semi-trailers, trailers, boats, travel trailers, motorcycles and all-terrain cycles.

What are my use tax responsibilities if I purchase a boat or airplane in another state?

Persons who purchase boats or airplanes from dealers in other states for use in Mississippi are required to pay Mississippi Use Tax on the purchase. (The rate is 7% for boats and 3% for airplanes.) The use tax may be paid at your county Tax Collector's office or at one of the Mississippi Department of Revenue District offices. Individuals purchasing boats or planes from a non-dealer in another

state are not subject to Mississippi sale or use tax. Businesses purchasing boats or planes from a non-dealer in another state are subject to Mississippi use tax on the purchase. Businesses are entitled to a tax credit equal to the applicable rate in the state of last use multiplied by the value of the property at the time it is brought into this state.

What about bringing equipment into MS to use on a job?

Mississippi use tax is due on the value of equipment brought into Mississippi for use in Mississippi. The use tax is at the same rate as sales tax and is computed on the fair market or net book value of the property at the time it is brought into the state.

Except for automobiles, motor homes, trucks, truck-tractors and semi-trailers, trailers, boats, travel trailers, motorcycles and all-terrain cycles first used in this state, credit for sales or use tax paid another state in which the property was acquired or used may be computed by applying the rate of sale or use tax paid to another state (excluding any city, county or parish tax rates) to the value of the property at the time it enters Mississippi.

How does the Mississippi Department of Revenue identify those who have a use tax liability?

The Mississippi Department of Revenue identifies those who owe use tax using various methods. These include routine audits, complaints, and by obtaining lists of out-of-state purchases through the cooperation of vendors and taxing authorities in other states.

What if I do not pay the use tax?

Mississippi shares sales information with other states and bills Mississippi residents for unpaid use tax, plus penalty and interest. Mississippi encourages out-of-state businesses to register and collect the tax voluntarily as a convenience to their customers. The Mississippi Department of Revenue has authority to assess customers directly for any use tax due if the seller is not registered to collect Mississippi tax.