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FOR IMMEDIATE RELEASE

Reduced Sales Tax on Groceries Begins July 1

CLINTON, Miss. (May 1, 2025) – The Mississippi Department of Revenue (MDOR) is notifying retail businesses of the upcoming reduced sales tax rate on groceries so they can adjust their systems appropriately. Beginning July 1, the sales tax due on groceries will decrease from 7% to 5%.

“The decrease is part of House Bill 1 that passed during this year’s Regular Session of the Mississippi Legislature,” said MDOR Commissioner Chris Graham. “We are excited to be able to administer this reduction to help provide relief on the cost of groceries to Mississippi families.”

Per the bill, the term “groceries” refers to food or drink for human consumption that is eligible to be purchased with food stamps. Items purchased with food stamps will continue to remain exempt from sales tax. Items that are not eligible to be purchased with food stamps will remain taxable at 7%.

“There are certain adjustments that retail taxpayers must make in their system so that the new tax rate is active on July 1,” said Greg Duke, MDOR Office Director of Business Tax. “Retailers already have these grocery items coded in their system for food stamp exemptions so adjusting it should be straightforward. In addition to notifying retailers via their business accounts, we will contact many of them individually as well as grocery associations to help spread the word.”

Important information for business taxpayers:

Mississippi Retailers

Beginning with the July 2025 return due by August 20th, report sales of:

Groceries at 5% using rate code 40 on the sales tax return

Other retail sales at 7% using rate code 74 on the sales tax return

Out-of-state Retailers

Beginning with the July 2025 return due by August 20th, report sales of:

Groceries at 5% using rate code 41 on the use tax return

Other retail sales at 7% using rate code 75 on the use tax return

About the Mississippi Department of Revenue

The Mississippi Department of Revenue (MDOR) is the primary agency for collecting tax revenues that support state and local governments in Mississippi. The MDOR is responsible for titling and registration of motor vehicles; monitoring ad valorem assessments; enforcement of Mississippi's Prohibition and Local Option Law; licensing, regulating, and enforcing the law for medical cannabis dispensaries; and operating as the wholesale distributor of alcoholic beverages. For more information, visit www.dor.ms.gov.

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