Title 35 Mississippi State Tax Commission

Part IV Sales & Use

Subpart 02 Gross Income

Chapter 04 Finance Charges and Bad Debts

100 Finance Charges

101 Sales tax is levied on the gross proceeds of sales or gross income as the case may be. Miss. Code Ann. Section 27-65-3 (h) provides that sales tax is to be applied to the full sales price including any addition to the sales price on account of deferred payments by the purchaser.

102 Bad check charges as provided for in Miss. Code Ann. Section 97-19-57 are to be excluded from the gross proceeds of sales.

103 Finance or carrying charge income received by the retailer is subject to sales taxes regardless of when billed. When a third party acts as agent for the retailer and collects the finance charges on behalf of said retailer, sales taxes are due on the finance charges collected.

104 When credit sales are made and the credit is extended by a third party, no sales tax is due on the finance charges collected. This includes credit sales made using co-branded credit cards where the credit card carries a store or brand name but the credit is extended by a third party.

105 When credit is extended by the retailer and the credit instrument or account receivable is later sold to a third party; no sales taxes are due on finance charges collected by the third party.

106 (Reserved)

200 Bad Debts

201 Miss. Code Ann. Section 27-65-33 provides that any taxpayer reporting credit sales and paying the sales tax on such sales may take a credit on any subsequent return for bad debts actually charged off as uncollectible accounts. A taxpayer may not be allowed credit or refund for the sales tax associated with the uncollectible portion of a credit sale unless the taxpayer remitted the tax on the initial sales and also extended the credit used to finance the sale.

202 If any amount that has been written off as bad debt and has been taken as a credit on a return is subsequently collected, the tax due on the collected amount must be paid on the next return filed.

203 When credit is extended by a third party or when the credit instrument or account receivable is sold to a third party, neither the third party nor the retailer is eligible for a refund of sales tax associated with any bad debt charged off for uncollectible accounts.

204 (Reserved)