Chapter 06 Government Exempt Sales – Property, Labor and Services

100 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.

101 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.

102 This exemption does not apply to production taxes levied by Code Section 27-65-15 or contractor's tax levied by Code Section 27-65-21.

103 The sales, labor or service performed must be billed directly to the political entity and not to or through some contractor or quasi-governmental agency, and the title of the property or benefit from the service must pass to the government rather than to some beneficiary. Sales to government employees are taxable regardless of the fact that the employees may be reimbursed by the Government for the expenses incurred.

104 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.

105 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.

106 Sales of annuals, awards, articles of clothing or jewelry given in recognition of accomplishments and the rental of caps and gowns are exempt from tax when sold directly to, billed directly to and paid for directly by the exempt entity. However, sales of invitations, class rings, pins, pictures, drinks, etc., to students are taxable even if billed to an exempt public or nonprofit private school. Food sold to a public or nonprofit private school for service in the cafeteria is exempt.

107 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.

108 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.

109 Sales of merchandise by governmental agencies, political subdivisions or state institutions are taxable when in competition with private business.

110 Sales of home medical equipment and supplies when ordered or prescribed by a licensed physician and when payment for such is made in whole or in part under the provisions of the Medicare or Medicaid program, are exempt from sales and use taxes.

111 Sales invoices must be maintained to substantiate all exemptions since no exemption certificates are issued by the Tax Commission.

112 (Reserved)

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