Title 35 Mississippi State Tax Commission

Part IV Sales & Use

Sub Part 09 Food and Beverage

Chapter 03 Ice Sales and Ice Manufacturers

100 Sales

101 The gross proceeds of sales of ice is taxable at the regular retail rate of sales tax, however; sales of ice made to a licensed retailer for resale are wholesale sales and not subject to sales tax.

102 Sales of ice to be used as a refrigerant in grocery stores, service stations, hotels (except hotel restaurants), creameries, and beer parlors are taxable at the regular retail rate of tax. Sales of ice to railroad and trucking companies for the purpose of icing interstate or intrastate shipments, or sales to industrial users are considered as sales for consumption and are taxable at the regular retail rate.

103 Sales of ice to commercial fishermen purchased for use in the preservation of seafood are exempt from sales tax pursuant to Miss. Code Ann. Section 27-65-103 (a).

104 Sales of ice to manufacturers, retailers or processors for use in packing a product for preservation or shipment or when used directly in processing are exempt pursuant to Miss. Code Ann. Sections 27-65-5 (3) and 27-65-101 (a) and (b).Examples of such usage would be ice used by meat packers in making sausage or in processing chickens or by a bakery in making bread. Sales of ice to producers for use in the refrigeration of vegetables for market are also exempt.

105 Sales of other tangible personal property by ice plants such as ice boxes, fruits, vegetables, produce or any other commodities are taxable at the regular retail rate with no deductions allowed for delivery charges or expenses. Sales of these items to licensed retailers for resale are wholesale sales and are not subject to the sales tax.

106 Sales of ice vending machines, ice makers and other similar equipment to cafes, hotels, motels, service stations, etc., are taxable at the regular retail rate of sales or use tax.

107 Charges for public storage are taxable at the regular retail rate pursuant to Miss. Code Ann. Section 27-65-23. Charges for public storage of goods that are temporarily stored in this state pending shipping or mailing of the property to another state are exempt from tax.

108 (Reserved)

200 Purchases

201 Ice manufacturers are required, with certain exceptions, to obtain a direct pay permit as provided by Miss. Code Ann. Section 27-65-93. The direct pay permit shall be used to report and remit the applicable sales and use tax due on all purchases of tangible personal property, utilities and services directly to the state in lieu of payment to the vendor.

202 Owners of self contained ice manufacturing/dispensing houses will be not issued a direct pay permit. The ice house owner may apply to the commission for a letter authorizing water utility companies to sell water used as a raw material exempt from sales tax and authorizing electricity utility companies to sell electricity used in the ice house at the 1 ½% rate of tax.

203 Purchases by ice manufacturers of shipping materials (bags, twine, etc.) to accompany goods sold where possession passes to the customer are exempt from sales or use tax pursuant to Miss. Code Ann. Section 27-65-101 (a).

204 Raw materials (water) and processing chemicals (ammonia) used in manufacturing ice are exempt from tax pursuant to Miss. Code Ann. Section 27-65-101 (b). Water must be separately metered from any other usage.

205 Purchases of electrical power or other fuels and manufacturing machinery or machine parts used directly in the manufacturing process are taxable at the special 1½% rate of tax.

206 Purchases of self contained ice manufacturing/dispensing houses are taxable at the special 1 ½% rate of tax only on that portion of the purchase price that is directly involved in the manufacturing of the ice. The remaining portion of the purchase price will be taxable at the regular retail rate of tax. Adequate records must be maintained to substantiate the portion of the purchase price that is related to the manufacturing components of the ice house.

207 Purchases of all other equipment and supplies (ice picks, hooks, delivery bags not sold with ice, etc.) are taxable at the regular retail rate of tax.

208 Rental or lease by ice manufacturers of tangible personal property is taxed at the same rates as sales of the same property.

209 (Reserved)

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~~107 Adequate records must be maintained by ice manufacturers to substantiate any claims for exemption; otherwise, the regular retail rate of tax will apply.~~

108 (Reserved)

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