

**Title 35 Mississippi Department of Revenue
Part IV Sales and Use Tax
Subpart 8 Agricultural**

Chapter 02 Agricultural

- 100 Definitions
- 101 Agricultural products include field crops, truck and horticultural products, livestock and livestock products, poultry and poultry products, and any other product of the soil or water produced on a commercial scale for market.
- 102 Agricultural purpose means the predominant or exclusive growing or raising of agricultural products on a farmer's own land or land leased by the farmer for growing or raising agricultural products for market.
- 103 Dairy producer means any person engaged in the production of milk for commercial use.
- 104 Farmer means an individual or company who grows agricultural products for market on land owned or leased by such individual or company.
- 105 Farm Implement means a complete unit that performs a specialized mechanical function and which is identifiable as a specific piece of equipment that is ordinary and customarily used on a farm. The trade term whole goods is not synonymous with the tax term "farm implements."
- 106 Farm Tractor is limited to self-propelled equipment which performs no farm function within itself other than to move, draw, or furnish power to other implements that may be attached. The term farm tractor does not include self-powered units which perform specialized functions such as combines, cotton pickers, hay balers, sprayers, dusters, and stationary power units.
- 107 Livestock is defined to mean horses, cattle, swine, sheep, goats, mules, donkeys, poultry, and ratite. All other animals usually found on farms that are raised for commercial profit or commercial uses are also considered livestock. Livestock does not include dogs, cats, or any other domestic animals kept as pets.
- 108 A professional logger is a person, corporation, limited liability company, or other entity, or an agent thereof, who possesses a professional logger's permit issued by the Department.
- 109 (Reserved)
- 200 Levy
- 201 Sales of farm tractors to farmers for agricultural purposes are taxable at the reduced rate of one and one-half percent (1½%). Sales of tractors to anyone other than a farmer are

taxable at the regular retail rate of tax.

- 202 Sales of farm implements to farmers for use directly in the production of poultry, ratite, and domesticated fish as defined in Miss. Code Ann. Section 69-7-501, livestock, livestock products, agricultural crops, or ornamental plant crops, or used for other agricultural purposes when used on the farm are taxable at the reduced rate of one and one-half percent (1½%).
- 203 Parts and labor used to maintain and/or repair farm tractors or farm implements which would be taxed at the reduced rate of one and one-half percent (1½%) are also subject to the reduced rate.
- 204 Sales of three-wheelers, four-wheelers, or other all-terrain vehicles (ATVs) are taxable at the regular retail rate unless the unit has a power take-off, and such power take-off is used to power an attached piece of farm machinery and is used exclusively for agricultural purposes. If the unit meets these requirements and is approved by the Commissioner, then it will be subject to tax as a self-propelled farm implement.
- 205 All purchases of tools, supplies, machinery, and equipment which are bought for use in the operation of farm implement businesses and not for resale or which do not become an integral part of the equipment being repaired are taxable at the regular rate of sales or use tax.
- 206 All purchases of farm machinery, parts, and other merchandise for resale are exempt from sales or use tax.
- 207 Farm implements that qualify for the reduced one and one-half percent (1½%) rate of tax when sold to farmers for agricultural purposes include, but are not limited to:
1. Bush hogs;
 2. Combines;
 3. Combine headers;
 4. Cotton pickers;
 5. Dozers;
 6. Track hoes;
 7. Fertilizer spreaders;
 8. Self-propelled sprayers;
 9. Cotton trailers – used only in the field (not tagged for highway use);²⁵ and
 10. Above-ground irrigation equipment including center pivot systems, pumps, motors, and pipes.
- 208 Items that do not qualify for the reduced one and one-half percent (1½%) rate of tax when sold to farmers include, but are not limited to:
1. Garden tractors;
 2. Rotary tillers;
 3. Power saws;
 4. Lawn mowers;

5. String trimmers;
 6. Storage bins which provide no function other than storage;
 7. Hand tools;
 8. Manual posthole diggers; and
 9. Trailers for highway use or any other vehicles which require a tag.
- 209 The one and one-half percent (1½%) rate of tax also applies to sales to professional loggers of all equipment used in logging, pulpwood operations, or tree farming which is either self-propelled or which is mounted so that it is permanently attached to other equipment which is self-propelled or attached to other equipment drawn by a vehicle which is self-propelled. Parts and labor used to maintain and/or repair such equipment are also subject to the reduced rate of one and one-half percent (1½%). Loggers must be certified according to Sustainable Forestry Initiative guidelines in order to qualify for the professional logger's permit.
- 210 Equipment and parts that qualify for the reduced one and one-half percent (1½%) rate of tax when sold to professional loggers include, but are not limited to:
1. Cutters;
 2. Chippers;
 3. Mulchers;
 4. Skidders;
 5. Forwarders;
 6. Loaders and/or bucking saw attachments;
 7. Delimbers (powered or non-powered);
 8. Cables and chockers used on dozers and skidders;
 9. Equipment mounted on trucks or trailers used directly in logging;
 10. Dozers used to pull trucks, make roads, and site preparation for planting;
 11. Hydraulic fluids, freon, oil, grease, and filters used in the above equipment; and
 12. Tires and repair parts for the above equipment.
- 211 Items sold to professional loggers that do not qualify for the reduced one and one-half percent (1½%) rate of tax include, but are not limited to:
1. Trucks;
 2. Trailers;
 3. Hand-held power saws (chain saws);
 4. Welding machines;
 5. Generators;
 6. Air compressors;
 7. Pressure washers;
 8. Hand tools;
 9. Equipment used to repair or maintain logging equipment; and
 10. Tires and other parts used on trailers and trucks.
- 212 Sales of aerators to domestic fish farmers for use in the raising of domesticated fish as defined in Miss. Code Ann. Section 69-7-501 are taxed at the reduced one and one-half percent (1½%) rate.

- 213 Sales of materials to a dairy producer used in the repair, renovation, addition to, expansion, and/or improvement of buildings and related facilities used by a dairy producer will be taxed at the rate of three and one-half percent (3½%).
- 214 Rental or lease of machinery and other tangible personal property is taxed at the same rates as sales of the same property.
- 215 (Reserved)
- 300 Affidavit of Farmer Purchasing Tractors, Farm Implements and/or Parts and Labor
- 301 Any person purchasing farm tractors, farm implements, and/or parts and labor used in the maintenance or repair of farm tractors and/or farm implements at the reduced one and one-half percent (1½%) rate of sales tax is required to sign an affidavit attesting to the fact that they meet the requirements for the reduced rate of tax or provide their Commercial Farmer Permit. The Commercial Farmer's Affidavit can be found on the Department's website.
- 302 Vendors can accept this affidavit or Commercial Farmer Permit as evidence that the farmer qualifies for the reduced rate.
- 303 In any case of misuse of the affidavit, the difference in the reduced rate of tax and the regular retail rate will be due to the Department along with the applicable rate of interest per month, which will be from the date of purchase until the deficiency is paid. When it is determined by the Commissioner that there has been intentional disregard of the law or an intent to defraud, there will also be added a fifty percent (50%) penalty to the deficiency.
- 304 (Reserved)
- 400 Farmer's Permit Requirements
- 401 Farmers may apply for a permit that will allow them to rent or purchase equipment at the reduced one and one-half percent (1½%) rate of sales tax on farm tractors and farm implements and/or parts and labor used in the maintenance or repair of farm tractors and/or farm implements. Farmers will be able to present the permit to vendors to be eligible for the reduced rate.
- 402 Farmers may apply for the permit on the Taxpayer Access Portal (TAP) on the Department's website.
- 403 Each permit will be issued for four (4) years.
- 404 (Reserved)
- 500 Trade-ins, Warranty Sales, Internal Sales, and Repossession

- 501 When a trade-in is taken as part payment, the tax applies on the difference received between the selling price and the amount allowed for a trade-in. A trade-in is limited to property of the same kind and character as that normally carried in inventory for sale.
- 502 When a sale is made involving different rates of tax, the amount allowed for a trade-in should be deducted from the selling price of the property taxed at the same rate as the trade-in item.
- 503 When an item subject to the regular retail rate, such as a trailer for highway use, is traded as part payment on a tractor or other item subject to the reduced one and one-half percent (1½%) rate, the net difference is taxable at the reduced one and one-half percent (1½%) rate, and the subsequent sale of the trade-in item that was subject to the regular retail rate is taxable at the regular retail rate.
- 504 Sales under a warranty agreement with the manufacturer are exempt on that part charged to the factory. Any part of the charge made to the customer is taxable at the appropriate rate.
- 505 Purchases or sales of parts and labor that are necessary to repair farm equipment in inventory for resale are exempt since the tax will apply on the sale of the repaired equipment.
- 506 Repossessed property will be treated as returned merchandise and credit will be allowed only for the uncollected part of the selling price previously reported. The subsequent sale of the repossessed item will be taxable on the same basis as the sale of new merchandise.
- 507 (Reserved)
- 600 Exemptions
- 601 Retail sales of lint cotton, seed cotton, baled cotton (whether compressed or not), cottonseed, and soybeans in their original condition are exempt.
- 602 Sales of seed, vegetable seedlings, livestock feed, poultry feed, fish feed, and fertilizer are exempt when sold to anyone and in any amount.
- 603 Livestock, fish, and poultry feed, which includes hay, silage, beet or citrus pulp, cotton seed hulls, grain, shorts, chops, bran, mash, cottonseed meal or cake, black strap molasses, stock salt (but not table salt), oyster shells, grit and any other feed additive that stimulates growth, is exempt when sold to be used as food for livestock, fish and poultry. Sales of food for dogs, cats, or other pets and deer or wildlife are taxable at the regular retail rate of tax (examples: deer corn, bird feed, etc.).
- 604 Sales of defoliant, insecticides, fungicides, herbicides, and baby chicks are exempt when they are to be used in growing agricultural and forestry products for market. When sold for use on lawns or home gardens, such retail sales are taxed at the regular retail

rate.

- 605 Sales of bagging and ties for baling cotton, hay baling wire and twine, boxes, crates, bags, and cans are exempt from tax when made to persons for use in growing or preparing agricultural products for market when possession thereof passes to the customer at the time of sale of the product contained therein.
- 606 Sales of ice to commercial fishermen purchased for use in the preservation of seafood or to producers for use in the refrigeration of vegetables for market are exempt. This does include the sale of dry ice.
- 607 Sales of farm products (other than ornamental plants which bear no fruit of commercial value) by the producer, except when sold by the producer through an established place of business, are exempt. This includes Christmas trees, hay, straw, fresh cut flowers, and similar products when grown in Mississippi and cut, severed, or otherwise removed from the farm, grove, garden, or other place of production and first sold from such place of production in the original state or condition of preparation of sale.
- 608 A sale of ingredients to a manufacturer of livestock or poultry feed for sale is exempt.
- 609 Retail sales of mules, horses, honeybees, and other livestock are exempt.
- 610 Sales of all antibiotics, hormones and hormone preparations, drugs, medicines and other medications including serums and vaccines, vitamins, minerals, or other nutrients for use in the production and growing of fish, livestock, honeybees, and poultry by whomever sold are exempt. Such exemption will be in addition to the exemption provided for feed for fish, livestock, honeybees, and poultry.
- 611 Sales of food products and honey that are grown, made, or processed in Mississippi and sold from farmers' markets that have been certified by the Mississippi Department of Agriculture and Commerce are exempt.
- 612 (Reserved)
- 700 Cooperatives
- 701 Cooperative Associations are liable for sales tax on the same basis as other taxpayers, except that sales of agricultural products produced by members that have not been subjected to any manufacturing process are exempt. Sales of ice cream, pasteurized milk, butter, and the like are therefore taxable at the regular retail rate of tax.
- 702 Sales tax also applies to gross income from compressing and storing cotton, custom meat processing, and other services as listed under Miss. Code Ann. Section 27-65-23.
- 703 Purchases by agricultural cooperatives for their own use are taxable at the regular retail rate of sales or use tax. Purchases of merchandise for resale by licensed retail agricultural

cooperatives are exempt from sales or use tax. Purchases of manufacturing or processing machinery and machine parts for use in manufacturing a commodity for sale or rental are taxable at the one and one-half percent (1½%) reduced rate of tax.

704 (Reserved)

800 Cotton Gins

801 The exchange of cottonseed meal and hulls for cottonseed is considered an exempt sale of livestock feed. Sales of any other property, unless specifically exempt, are taxable at the regular retail rate of tax.

802 Sales or purchases of machinery and machine parts to be used directly in the ginning process are taxable at the reduced one and one-half percent (1½%) tax rate. Forklift trucks used directly in the ginning process are considered to be manufacturing machinery.

803 Purchases of electricity and other fuels for the operation of cotton gins are exempt from sales tax. Bagging and ties for baling cotton are exempt from sales or use tax. Other purchases of materials and services are taxable at the regular retail rate of tax.

804 (Reserved)

900 Cotton Compresses

901 The regular retail rate of sales tax applies on the following income accounts of cotton compresses (only if service is performed at cotton compresses and is not a pass-through charge from cotton gins): compression, flat delivery, storage, weighing, lining, sampling, patching, branding or markings handling, cotton sold for charges and insurance. If the insurance charge is shown, then the corresponding insurance expense is a deductible item.

902 The following income accounts are exempt from sales tax: bagging, band, loose cotton and sweepings, patches, and financial income such as interest on investments. Charges made directly to agencies of the United States Government or the State of Mississippi for storage of property owned by them may also be excluded from taxable gross income.

903 Purchases of permanent bale tags by cotton compresses are exempt from sales tax. Purchases of marking figures and strips, rivets, and twine are likewise exempt when used as bagging and ties.

904 Purchases of electricity and other fuels for the operation of cotton compresses are exempt from sales tax.

905 Purchases of manufacturing machinery, repairs, and parts (band cutters, band slicers, band rollers, lift trucks, riveting machines, and other processing machines) used directly in the processing operation are taxable at the reduced one and one-half percent (1½%)

rate of sales or use tax.

906 Purchases of all other equipment and supplies (building materials, car door openers, car loaders, conveyors, cotton hooks, fire extinguishers, hand trucks, janitorial supplies, office supplies, cotton receipts, sampling machines, scales, trailers, oil, graphite, etc.) are taxable at the regular retail rate of sales or use tax.

907 (Reserved)

1000 Records

1001 Adequate records must be maintained to substantiate tax classifications of sales and purchases.

1002 (Reserved)

35.IV.08.02 revised effective March 14, 2025.

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- 101 Agricultural products include field crops, truck and horticultural products, livestock and livestock products, poultry and poultry products, and any other product of the soil or water produced on a commercial scale for market.
- 102 Agricultural purpose means the predominant or exclusive growing or raising of agricultural products on a farmer's own land or land leased by the farmer for growing or raising agricultural products for market.
- 103 Dairy producer means any person engaged in the production of milk for commercial use.
- 104 Farmer means an individual or company who grows agricultural products for market on land owned or leased by such individual or company.
- 105 Farm Implement means a complete unit that performs a specialized mechanical ~~function~~ function and which is identifiable as a specific piece of equipment that is ordinary and customarily used on a farm. The trade term whole goods is not synonymous with the tax term farm implements.
- 106 Farm Tractor is limited to self-propelled equipment which performs no farm function within itself other than to move, draw, or furnish power to other implements ~~which that~~ may be attached. The term farm tractor does not include self-powered units which perform specialized functions such as combines, cotton pickers, hay balers, sprayers, dusters, and stationary power units.
- 107 Livestock is defined to mean horses, cattle, swine, sheep, goats, mules, donkeys, poultry, and ratite. All other animals usually found on farms that are raised for commercial profit or commercial uses are also considered livestock. Livestock does not include dogs, cats, or any other domestic animals kept as pets.
- 108 A professional logger is a person, corporation, limited liability company, or other entity, or an agent thereof, who possesses a professional logger's permit issued by the ~~Mississippi~~ Department ~~of Revenue~~.
- 109 (Reserved)
- 201 Levy
- 201 Sales of farm tractors to farmers for agricultural purposes are taxable at the reduced rate

- of one and one-half percent (1½%). Sales of tractors to anyone other than a farmer are taxable at the regular retail rate of tax.
- 202 Sales of farm implements to farmers for use directly in the production of poultry, ratite, and domesticated fish as defined in Mississippi. Code Ann. Section 69-7-501, livestock, livestock products, agricultural crops, ~~or~~ ornamental plant crops, or used for other agricultural purposes when used on the farm are taxable at the reduced rate of one and one-half percent (1½%).
- 203 Parts and labor used to maintain and/or repair farm tractors or farm implements which would be taxed at the reduced rate of one and one-half percent (1½%) are also subject to the reduced rate ~~of 1½%~~.
- 204 Sales of ~~three-wheelers~~ three-wheelers, ~~four-four-wheelers~~, or other all-terrain vehicles (ATVs) are taxable at the regular retail rate unless the unit has a power ~~takeoff~~ take-off, and such power take-off is used to power an attached piece of farm machinery and is used exclusively for agricultural purposes. If the unit meets these requirements and is approved by the Commissioner, then it will be subject to tax as a self-propelled farm implement.
- 205 All purchases of tools, supplies, machinery, and equipment which are bought for use in the operation of farm implement businesses and not for resale or which do not become an integral part of the equipment being repaired are taxable at the regular rate of sales or use tax.
- 206 All purchases of farm machinery, parts, and other merchandise for resale are exempt from sales or use tax.
- 207 Farm implements that qualify for the reduced one and one-half percent (1½%) rate of tax when sold to farmers for agricultural purposes include, but are not limited to:
1. Bush hogs;
 2. Combines;
 3. Combine headers;
 4. Cotton pickers;
 5. Dozers;
 6. Track hoes;
 7. Fertilizer spreaders;
 8. Self-propelled sprayers;
 11. Cotton trailers – used only in the field (not tagged for highway use); and
 12. Above-ground irrigation equipment including center pivot systems, pumps, motors, and pipes.
- 208 Items that do not qualify for the reduced one and one-half percent (1½%) rate of tax when sold to farmers include, but are not limited to:
1. Garden tractor;
 2. Rotary tiller;

3. Power saw;
 4. Lawnmower;
 5. String trimmer;
 6. Storage bin which provides no function other than storage;
 7. Hand tools;
 8. Manual posthole diggers; and
 9. Trailers for highway use or any other vehicles which require a tag.
- 209 The one and one-half percent (1½%) rate of tax also applies to sales to professional loggers of all equipment used in logging, pulpwood operations, or tree farming which is either self-propelled or which is mounted so that it is permanently attached to other equipment which is self-propelled or ~~permanently~~ attached to other equipment drawn by a vehicle which is self-propelled. Parts and labor used to maintain and/or repair such equipment are also subject to the reduced rate of one and one-half percent (1½%). Loggers ~~must have to~~ be certified according to Sustainable Forestry Initiative guidelines in order to qualify for the professional logger's permit.
- 210 Equipment and parts that qualify for the reduced one and one-half percent (1½%) rate of tax when sold to professional loggers include, but are not limited to:
1. Cutter;
 2. Chipper;
 3. Mulcher;
 4. Skidder;
 5. Forwarder;
 6. Loader and/or bucking saw attachment;
 7. Delimber (powered or non-powered);
 8. Cables and chockers used on dozers and skidders;
 9. Equipment mounted on trucks or trailers used directly in logging;
 10. Dozer used to pull trucks, make roads, and site preparation for planting;
 11. Hydraulic fluid, Freon, oil, grease, and filters used in the above equipment; and
 12. Tires and repair parts for the above equipment.
- 211 Items sold to professional loggers that do not qualify for the reduced one and one-half percent (1½%) rate of tax include, but are not limited to:
1. Trucks;
 2. Trailers;
 3. ~~Hand held~~Hand-held power saws (chain saws);
 4. Welding machines;
 5. Generators;
 6. Air compressors;
 7. Pressure washers;
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 9. Equipment used to repair or maintain logging equipment; and
 10. Tires and other parts used on trailers and trucks.
- 212 Sales of aerators to domestic fish farmers for use in the raising of domesticated fish

as defined in Miss. Code Ann. Section 69-7-501 are taxed at the reduced one-and-one-half percent (1½%) rate.

213 Sales of materials to a dairy producer used in the repair, renovation, addition to, expansion, and/or improvement of buildings and related facilities used by a dairy producer will be taxed at the rate of three and one-half percent (3½%).

214 Rental or lease of machinery and other tangible personal property is taxed at the same rates as sales of the same property.

215 (Reserved)

300 Affidavit of Farmer Purchasing Tractors, Farm Implements and/or Parts and Labor

301 Any person purchasing farm tractors, farm implements, and/or parts and labor used in the maintenance or repair of farm tractors and/or farm implements at the reduced one and one-half percent (1½%) rate of sales tax is required to sign an affidavit attesting to the fact that they meet the requirements for the reduced rate of tax or provide their Commercial Farmer Permit. The Commercial Farmer's Affidavit can be found on the Department's website.

302 Vendors can accept this affidavit or Commercial Farmer Permit as evidence that the farmer qualifies for the reduced rate. ~~This affidavit expires annually. Once the affidavit expires, vendors must obtain a new one to ensure the farmer is still eligible for the reduced rate.~~

303 In any case of misuse of the affidavit, the difference in the reduced rate of tax and the regular retail rate will be due to the Department of Revenue along with the applicable rate of interest per month, which will be from the date of purchase until the deficiency is paid. When it is determined by the Commissioner that there has been intentional disregard of the law or an intent to defraud, there will also be added a fifty percent (50%) penalty to the deficiency.

304 (Reserved)

400 Farmer's Permit Requirements

401 Farmers may apply for a permit that will allow them to rent or purchase equipment at the reduced one- and one-half percent (1½%) rate of sales tax on farm tractors and farm implements and/or parts and labor used in the maintenance or repair of farm tractors and/or farm implements. Farmers will be able to present the permit to vendors to be eligible for the reduced rate.

402 Farmers may apply for the permit on the Taxpayer Access Portal (TAP) on the Department's website.

403 Each permit will be issued for four (4) years

404 (Reserved)

500 Trade-ins, Warranty Sales, Internal Sales, and Repossession

501 When a trade-in is taken as part payment, the tax applies on the difference received between the selling price and the amount allowed for a trade-in. A trade-in is limited to property of the same kind and character as that normally carried in inventory for sale.

502 When a sale is made involving different rates of tax, the amount allowed for a trade-in should be deducted from the selling price of the property taxed at the same rate as the trade-in item.

503 When an item subject to the regular retail rate, such as a trailer for highway use, is traded as part payment on a tractor or other item subject to the reduced one and one-half percent (1½%) rate, the net difference is taxable at the reduced one and one-half percent (1½%) rate, and the subsequent sale of the trade-in item that was subject to the regular retail rate is taxable at the regular retail rate.

504 Sales under a warranty agreement with the manufacturer are exempt on that part charged to the factory. Any part of the charge made to the customer is taxable at the appropriate rate.

505 Purchases or sales of parts and labor that are necessary to repair farm equipment in inventory for resale are exempt since the tax will apply on the sale of the repaired equipment.

506 Repossessed property will be treated as returned merchandise and credit will be allowed only for the uncollected part of the selling price previously reported. The subsequent sale of the repossessed item will be taxable on the same basis as the sale of new merchandise.

507 (Reserved)

600 Exemptions

601 Retail sales of lint cotton, seed cotton, baled cotton (whether compressed or not), and cottonseed and soybeans in their original condition are exempt.

602 Sales of seed, vegetable seedlings, livestock feed, poultry feed, fish feed, and fertilizer are exempt when sold to anyone and in any amount.

603 Livestock, fish, and poultry feed, which includes hay, silage, beet or citrus pulp, cotton seed hulls, grain, shorts, chops, bran, mash, cottonseed meal or cake, black strap molasses, stock salt (but not table salt), oyster shells, grit and any other feed additive that stimulates growth, is exempt when sold to be used as food for livestock, fish and poultry.

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- 604 Sales of defoliant, insecticides, fungicides, herbicides, and baby chicks are exempt when they are to be used in growing agricultural and forestry products for market. When sold for use on lawns or home gardens, such retail sales are taxed at the regular retail rate.
- 605 Sales of bagging and ties for baling cotton, hay baling wire and twine, boxes, crates, bags, and cans are exempt from tax when made to persons for use in growing or preparing agricultural products for market when possession thereof passes to the customer at the time of sale of the product contained therein.
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- 610 Sales of all antibiotics, hormones and hormone preparations, drugs, medicines and other medications including serums and vaccines, vitamins, minerals, or other nutrients for use in the production and growing of fish, livestock, honeybees, and poultry by whomever sold are exempt. Such exemption will be in addition to the exemption provided for feed for fish, livestock, honeybees, and poultry.
- 611 Sales of food products and honey that are grown, made, or processed in Mississippi and sold from farmers' markets that have been certified by the Mississippi Department of Agriculture and Commerce are exempt.
- 612 (Reserved)
- 700 Cooperatives
- 701 Cooperative Associations are liable for sales tax on the same basis as other taxpayers, except that sales of agricultural products produced by members that have not been subjected to any manufacturing process are exempt. Sales of ice cream, pasteurized milk, butter, and the like are therefore taxable at the regular retail rate of tax.

- 702 Sales tax also applies ~~to~~ gross income from compressing and storing cotton, custom meat processing, and other services as listed under Mississippi. Code Ann. Section 27-65-23.
- 703 Purchases by agricultural cooperatives for their own use are taxable at the regular retail rate of sales or use tax. Purchases of merchandise for resale by licensed retail agricultural cooperatives are exempt from sales or use tax. Purchases of manufacturing or processing machinery and machine parts for use in manufacturing a commodity for sale or rental are taxable at the one and one-half percent (1½%) reduced rate of tax.
- 704 (Reserved)
- 800 Cotton Gins
- 801 The exchange of cottonseed meal and hulls for cottonseed is considered an exempt sale of livestock feed. Sales of any other property, unless specifically exempt, are taxable at the regular retail rate of tax.
- 802 Sales or purchases of machinery and machine parts which are to be used directly in the ginning process are taxable at the reduced one-and-one-half percent (1½%) rate of tax. Forklift trucks used directly in the ginning process are considered to be manufacturing machinery.
- 803 Purchases of electricity and other fuels for the operation of cotton gins are exempt from sales tax. Bagging and ties for baling cotton are exempt from sales or use tax. Other purchases of materials and services are taxable at the regular retail rate of tax.
- 804 (Reserved)
- 900 Cotton Compresses
- 901 The regular retail rate of sales tax applies on the following income accounts of cotton compresses (only if service is performed at cotton compresses and is not a pass-through charge from cotton gins): compression, flat delivery, storage, weighing, lining, sampling, patching, branding or markings handling, cotton sold for charges and insurance. If the insurance charge is shown, then the corresponding insurance expense is a deductible item
- 902 The following income accounts are exempt from sales tax: bagging, band, loose cotton and sweepings, patches, and financial income such as interest on investments. Charges made directly to agencies of the United States Government or the State of Mississippi for storage of property owned by them may also be excluded from taxable gross income.
- 903 Purchases of permanent bale tags by cotton compresses are exempt from sales tax. Purchases of marking figures and strips, rivets, and twine are likewise exempt when used as bagging and ties.

- 904 Purchases of electricity and other fuels for the operation of cotton compresses are exempt from sales tax.
- 905 Purchases of manufacturing machinery, repairs, and parts (band cutters, band slicers, band rollers, lift trucks, riveting machines, and other processing machines) used directly in the processing operation are taxable at the reduced one and one-half percent (1½%) rate of sales or use tax.
- 906 Purchases of all other equipment and supplies (building materials, car door openers, car loaders, conveyors, cotton hooks, fire extinguishers, hand trucks, janitorial supplies, office supplies, cotton receipts, sampling machines, scales, trailers, oil, graphite, etc.) are taxable at the regular retail rate of sales or use tax.
- 907 (Reserved)
- 1000 Records
- 1001 Adequate records must be maintained to substantiate tax classifications of sales and purchases.
- 1002 (Reserved)

35.IV.08.02 revised effective ~~April 1, 2018.~~ March 14, 2025.