



MISSISSIPPI DEPARTMENT OF REVENUE

Sales and Use Tax Bureau

Notice 72-14-003

May 15, 2014

NOTICE TO TAXPAYERS CONCERNING THE EXEMPTION OF FUELS WHEN SOLD TO CERTAIN TYPES OF BUSINESSES

House Bill 844 of the 2013 Regular Session amends Miss. Code Ann. Section 27-65-107 to exempt from sales taxation the sale of electricity, current, power, steam, coal, natural gas, liquefied petroleum gas or other fuel to manufacturers, custom processors, technology intensive enterprises, and to public service companies when used for industrial purposes. Industrial purposes includes the generation of electricity, the operation of an electrical distribution or transmission system, the operation of pipeline compressors or pumping stations or the operation of railroad locomotives.

The bill also exempts from sales taxation the sale of electricity, current, power, steam, coal, natural gas, liquefied petroleum gas or other fuel when sold to a producer or processor for use directly in the production, of poultry products, livestock products, domesticated fish products, marine aquaculture products, plant or food products produced by commercial horticulturists, the processing of milk products, the processing of poultry and livestock feed and the irrigation of farm crops. The exemption also applies to commercial fishermen, shrimpers and oystermen on the sale of any of the fuel listed above.

Effective with the law change, direct pay permit holders should provide their service provider with a copy of their direct pay permit to exempt the applicable sale. Eligible businesses listed above that are not issued direct pay permits should complete the Affidavit for Utility Exemption found on our website and provide a copy to their service provider. The service provider should retain the affidavit for proper documentation of the exemption.

This exemption only applies to the purchases mentioned above. Proper documentation must be retained in order to substantiate the exemption.

The reduced rate of tax applies to sales **billed** from and after July 1, 2014 and does not apply to sales billed prior to July 1, 2014.

Please contact the Sales and Use Tax Bureau should you need additional information.