

**Are items taken out of resale inventory and donated to a nonprofit organization subject to sales and use tax?**

Yes. The tax is required to be paid by the donor on the cost of the donated item.

**Do out-of-state companies doing work in Mississippi need to register with the Mississippi Tax Commission?**

Yes. Any company doing taxable work in Mississippi must register with the Mississippi Tax Commission before the work begins. You may register by preparing Form 70-001. This form may be obtained by phoning 601-923-7300 or from the Tax Commission website.

Contractors who perform work on a project over \$10,000 may be subject to the 3.5% Contractor's Tax imposed on the gross receipts of the contract. The contractor is required to qualify the contract with the Tax Commission prior to beginning work on the project.

**Are out-of-state companies required to charge Mississippi sales or use tax on items shipped into Mississippi?**

Persons operating a place of business in this State are liable for sales tax on all non-exempt sales delivered into Mississippi by the out-of-state business. Persons who do not maintain a place of business in Mississippi but own business property located in Mississippi, or who are represented in this state by employees or agents of the business who service customers in Mississippi or solicit or accept orders for merchandise that is subsequently delivered into this state, are liable for collection of Mississippi Use Tax.

**What is nexus?**

Nexus means a business has established a presence in the state. Having nexus requires a seller to collect and remit certain taxes, including sales and use tax. Nexus is created for sales and use tax when a business either owns business property located in Mississippi or when the business is represented in this state by employees or agents of the business who service customers in Mississippi or solicit or accept orders for merchandise.

**Are sales to federal, state, county, and city governments exempt from sales tax?**

Sales of property, labor or services sold to, billed directly to, and payment is made directly by the United States Government, the state of Mississippi and its departments, institutions, counties and municipalities or departments or school districts of its counties and municipalities are exempt from sales tax. Sales to government employees are taxable regardless of the fact that the employees may be reimbursed by the government for the expenses incurred.

The exemption from sales tax does not apply to sales of tangible personal property, labor or services purchased by contractors in the performance of contracts with the United States, the state of Mississippi, counties and municipalities.