

Subpart 9 Food and Beverage

Chapter 01 Soft Drinks

- 100 "Soft Drinks" and "Syrup" include:
1. All beverages that are enclosed or sealed in glass, metal or any other type of container, such as Coca Cola, Sprite, Dr. Pepper, 7-Up, R C Cola, ginger ale, Canada Dry, Shasta, soda water, carbonated water, Capri Sun, Gatorade, Hi C, Hawaiian Punch, limeade, lemonade, orangeade, artificial fruit juice, tea, chocolate drink and similar items.
 2. Syrup of Coca Cola, Pepsi Cola, Chocolate, Dr. Pepper, Tab and other syrup preparations for use in making soft drinks by the seller.
- 101 Retail sales of canned or bottled beverages are taxable at the five percent (5%) rate of sales tax, effective July 1, 2025. Items purchased with Supplemental Nutrition Assistance Program (SNAP) benefits will continue to remain exempt from sales tax. Items that are not eligible to be purchased with SNAP benefits include, but are not limited to, fountain drinks, hot coffee, and other beverages for immediate consumption, which will remain taxable at seven percent (7%). No tax is due on bottle deposits.
- 102 Soft drinks and syrup withdrawn by a manufacturer for sale at retail and food and drink withdrawn by a manufacturer or wholesaler to be sold through full-service vending machines are defined as wholesale sales.
- 103 "Value" is determined by adding all costs, expenses and a reasonable profit of the merchandise at the time the merchandise is withdrawn from inventory. Value must include direct labor and energy, apportioned administrative expenses and any other cost incurred in manufacturing the product for sale. In no instance shall value be less than the least selling price of like merchandise.
- 104 As compensation for the timely filing of returns and payment of the tax, a 2% vendor discount may be claimed on retail tax. No discount is authorized on any other wholesale rates of tax.
- 105 The sale or rental of soft drink vending machines will not be taxed when an offsetting sales or use tax has been paid on the cost of the property by the owner.
- 106 Sales of soft drinks through vending machines under a "full-service sales" agreement are exempt from sales tax. "Full-service sales" are those that are made through vending machines in which the vendor places the drinks, takes the money and pays the location owner a space rental fee. Bottlers, wholesalers, distributors, etc. withdrawing soft drinks and syrup from inventory for sale through full-service vending machines must remit an eight percent (8%) wholesale tax on total value when placed into the vending machine for sale. The gross proceeds of retail sales made through such vending machines are exempt from sales tax. The tax liability accrues to the wholesaler at the

time of withdrawal and should be remitted to the State with the same report and in the same manner as any other sales tax liability.

- 107 Purchases by bottlers of raw materials (carbon dioxide gas, syrups, acids, flavoring, water softeners) that become components of drinks are exempt from sales or use tax. Purchases of containers, packaging and shipping materials to accompany goods sold (bottles, cans, crowns, cartons, cases) are likewise exempt from sales and use tax. Electric power or other fuel, bottling machinery and machinery parts used directly in the bottling process are taxable at the reduced one-and-one-half percent (1½%) rate of tax. Purchases of cleaning materials and supplies (acid for cleaning soakers, anhydrous ammonia and refrigerants, calcium chloride, caustic soda, soaps, sulfuric acid, chlorine and disinfectants, stationery, etc.) are taxable at the regular retail rate of tax. Purchases of all other equipment and supplies (advertising and sales promotion materials, signs, case conveyors, coolers and parts, hand trucks, lift trucks, skids, uniforms, vending machines etc.) are likewise taxable at the regular retail rate of tax.
- 108 Adequate records must be maintained to substantiate tax classifications of sales and purchases.
- 109 Rental or lease of tangible personal property to bottlers is taxed at the same rates as sales of the same property.
- 110 Use tax is payable monthly directly to the Department of Revenue, if not collected by the seller. In computing the use tax liability, freight charges must be added to the cost of the property. The taxpayer discount applies for timely payments.
- 111 (Reserved)

35.IV.9.01 revised effective August 1, 2025

Chapter 02 Beverage and Food Businesses

- 100 General
- 101 The gross proceeds of sales by restaurants, cafes, cafeterias, snack bars, drive-ins, beer parlors, lounges, night clubs, concessions, caterers or other vendors of beverages and food products are taxable at the regular retail rate of tax.
- 102 Retail sales of groceries are taxable at the five percent (5%) rate of sales tax, effective July 1, 2025. The term “groceries” refers to food or drink for human consumption that is eligible to be purchased with Supplemental Nutrition Assistance Program (SNAP) benefits. Groceries do not include hot or heated food items such as rotisserie chicken, plate lunches, and other hot or cold prepared foods for immediate consumption, which will remain taxable at seven percent (7%). Items purchased with SNAP benefits will continue to remain exempt from sales tax.

- 103 (Reserved)
- 200 Gross Proceeds of Sales
- 201 Taxable gross proceeds include receipts from:
1. Admissions, minimum and cover charges for entertainment;
 2. Sales of tangible personal property;
 3. Service charges; and
 4. Vending machine sales (except full-service vending machines)
- 202 Gratuities or tips specifically added as such on the ticket to the cost of the meal, with the entire proceeds of the indicated gratuity going to the employee of the restaurant, shall be considered in the same light as gratuities paid directly to the employee and are not considered to be taxable income subject to sales tax.
- 203 The value of merchandise withdrawn from stock for consumption or any other use by the owner shall be included in gross proceeds of sales taxable at the regular retail rate.
- 204 The value of employee meals prepared by a restaurant and provided at no charge to employees of the restaurant is not included in the restaurant's taxable gross proceeds of sales. Restaurants that are operated as a part of a hotel, casino, hospital or other place of business cannot include employee meals provided to employees working in other areas of the operation.
- 205 The value of meals prepared by a restaurant and donated to a charitable organization exempt from federal income tax under IRC Section 501(c) (3) that regularly provides food to the needy and the indigent is not included in the restaurants' taxable gross proceeds of sales as provided for in Miss. Code Ann. Section 27-65-3(h).
- 206 Food service companies who operate restaurants or cafeterias are to include any underwriting, management or other fees paid by the client. Clients, who underwrite or discount meals to their employees and for whom the food service company serves as an agent for food service operations, may obtain a business license for the food service operation and pay the regular retail sales tax on the greater of (a) the meal charges to employees or (b) the cost to the employer of all purchases utilized in the food service operation, with employer costs for food preparation or food service management being expressly excluded from the computation of purchases. This sales tax treatment shall apply regardless of who is the food service operator as long as an agency relationship exists between the client/employers and the food service operator.
- 207 Food sold to schools or students as regular student meals is exempt from sales tax pursuant to Miss. Code Ann. Section 27-65-9(2)(a) and (b). Food served at banquets and luncheons for student groups is exempt from sales tax when the meal is paid for directly by the exempt entity. Food sold by or through school cafeterias and dining halls to non-students such as faculty members, employees, visitors and the public is

subject to sales tax. Additional information concerning food sales at schools, colleges and universities can be found in Title 35, Part IV, Subpart 13, Chapter 2 of the Mississippi Administrative Code.

208 (Reserved)

300 Purchases

301 Purchases of equipment, fixtures, supplies and advertising materials that are used or consumed in the operation of the business are taxable at the regular retail rate of sales or use tax. Examples include soap, washroom supplies, cleaning materials, reusable napkins or dishes, etc.

302 Purchases of merchandise that become a part of products resold are exempt from sales tax. Examples include salt, pepper, flour, shortening, cooking oil, etc.

303 Purchases of non-reusable products that accompany food or beverage products sold are exempt from sales tax. Examples include paper or plastic napkins, plates, cups, knives, forks, spoons, wrapping paper, boxes, etc.

304 (Reserved)

400 Reporting Requirements

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

402 (Reserved)

500 Local and Private Levies

501 Additional local levies may be applicable to sales by restaurants depending on where the restaurants are located in this state. The local tax shall be invoiced and collected as a separate levy.

502 The local levy is due on the same basis as the sales tax and is levied on the sale of prepared foods. Additionally, some local levies may also include the sale of beer and/or alcoholic beverages.

503 Restaurants are defined as any place where prepared food and beverages are sold for consumption, whether the food and beverages are consumed on the premises or not. Restaurants do not include any school, hospital, convalescent or nursing home, or any restaurant-like facility operated by or in connection with a school, hospital, medical clinic, or convalescent or nursing home providing food for students, patients, visitors or their families.

- 504 The term “prepared food” includes:
1. Food made to order upon the customer’s request;
 2. Food sold in a heated state or heated by the seller;
 3. Two or more food ingredients mixed or combined by the seller for sale as a single item, but not including food that is only cut, repackaged, or pasteurized by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the Food and Drug Administration to prevent food borne illnesses: and
 4. Food sold with eating utensils “provided by the seller,” including plates, knives, forks, spoons, glasses, cups, napkins, or straws. Eating utensils provided at no charge to a customer with the purchase of a food item that remains in its original container packaged by the manufacturer is not considered prepared food. This includes items such as a cup of yogurt provided with a spoon.
- 505 Any person who holds a valid direct pay permit cannot use such permit to cover any local levy. All taxes due from any of the local levies must be paid at the time of purchase and cannot be remitted on a use tax return through the use of a direct pay permit.
- 506 (Reserved)

35.IV.9.02 revised effective August 1, 2025

Chapter 03 Ice Sales and Ice Manufacturers

100 Sales

- 101 The gross proceeds of sales of bagged or block ice are taxable at the five percent (5%) 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 from sales tax 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 not be issued a direct pay permit. The ice house owner may apply to the Department 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 exempt.
- 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 used directly in the manufacturing process are exempt while manufacturing machinery or machine parts used directly in the manufacturing process are taxable at the reduced one-and-one-half percent (1½%) rate of tax.
- 206 Purchases of self-contained ice manufacturing/dispensing houses are taxable at the reduced one-and-one-half percent (1½%) 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)

35.IV.9.03 revised effective August 1, 2025

Subpart 09 Food and Beverage

Chapter 01 Soft Drinks

100 "Soft Drinks" and "Syrup" include:

1. All beverages ~~which-that~~ are enclosed or sealed in glass, metal or any other type of container, such as Coca Cola, Sprite, Dr. Pepper, 7-Up, R C Cola, ginger ale, Canada Dry, Shasta, soda water, carbonated water, Capri Sun, Gatorade, Hi C, Hawaiian Punch, limeade, lemonade, orangeade, artificial fruit juice, tea, chocolate drink and similar items.

2. Syrup of Coca Cola, Pepsi Cola, Chocolate, Dr. Pepper, Tab and other syrup preparations for use in making soft drinks by the seller.

101 Retail sales of canned or bottled beverages are taxable at the five percent (5%) rate of sales tax, effective July 1, 2025. Items purchased with Supplemental Nutrition Assistance Program (SNAP) benefits will continue to remain exempt from sales tax. Items that are not eligible to be purchased with SNAP benefits include, but are not limited to, fountain drinks, hot coffee, and other beverages for immediate consumption, which will remain taxable at seven percent (7%). Sales to consumers are retail sales taxable at the regular retail rate of tax. No tax is due on bottle deposits.

102 Soft drinks and syrup withdrawn by a manufacturer for sale at retail and food and drink withdrawn by a manufacturer or wholesaler to be sold through ~~full-service~~full-service vending machines are defined as wholesale sales.

103 "Value" is determined by adding all costs, expenses and a reasonable profit of the merchandise at the time the merchandise is withdrawn from inventory. Value must include direct labor and energy, apportioned administrative expenses and any other cost incurred in manufacturing the product for sale. In no instance shall value be less than the least selling price of like merchandise.

104 As compensation for the timely filing of returns and payment of the tax, a 2% vendor discount may be claimed on retail tax. No discount is authorized on any other wholesale rates of tax.

105 The sale or rental of soft drink vending machines will not be taxed when an offsetting sales or use tax has been paid on the cost of the property by the owner.

106 Sales of soft drinks through vending machines under a "~~full-service~~full-service sales" agreement are exempt from sales tax. "~~Full-service~~Full-service sales" are those that are made through vending machines in which the vendor places the drinks, takes the money and pays the location owner a space rental fee. Bottlers, wholesalers, distributors, etc. withdrawing soft drinks and syrup from inventory for sale through ~~full-service~~full-service vending machines must remit an eight percent (8%) wholesale tax on total value when placed into the vending machine for sale. The gross proceeds

of retail sales made through such vending machines are exempt from sales tax. The tax liability accrues to the wholesaler at the time of withdrawal and should be remitted to the State with the same report and in the same manner as any other sales tax liability.

107 Purchases by bottlers of raw materials (carbon dioxide gas, syrups, acids, flavoring, water softeners) ~~which that~~ become components of drinks are exempt from sales or use tax. Purchases of containers, packaging and shipping materials to accompany goods sold (bottles, cans, crowns, cartons, cases) are likewise exempt from sales and use tax. Electric power or other fuel, bottling machinery and machinery parts used directly in the bottling process are taxable at the ~~special-reduced one-and-one-half percent~~ (1½%) rate of tax. Purchases of cleaning materials and supplies (acid for cleaning soakers, anhydrous ammonia and refrigerants, calcium chloride, caustic soda, soaps, sulfuric acid, chlorine and disinfectants, stationery, etc.) are taxable at the regular retail rate of tax. Purchases of all other equipment and supplies (advertising and sales promotion materials, signs, case conveyors, coolers and parts, hand trucks, lift trucks, skids, uniforms, vending machines etc.) are likewise taxable at the regular retail rate of tax.

~~108~~ Adequate records must be maintained to substantiate tax classifications of sales and purchases.

~~108~~~~109~~ Rental or lease of tangible personal property to bottlers is taxed at the same rates as sales of the same property.

~~109~~~~110~~ Use tax is payable monthly directly to the ~~State Tax Commission~~ Department of Revenue, if not collected by the seller. In computing the use tax liability, freight charges must be added to the cost of the property. The taxpayer discount applies for timely payments.

~~110~~~~111~~ (Reserved)

35.IV.9.01 revised effective August 1, 2025

Chapter 02 Beverage and Food Businesses

100 General

~~101~~ The gross proceeds of sales by restaurants, cafes, cafeterias, snack bars, drive-ins, beer parlors, lounges, night clubs, concessions, caterers or other vendors of beverages and food products are taxable at the regular retail rate of tax ~~pursuant to Miss. Code Ann. Section 27-65-17.~~

~~102~~ Retail sales of groceries are taxable at the five percent (5%) rate of sales tax, effective July 1, 2025. The term “groceries” refers to food or drink for human consumption that is eligible to be purchased with Supplemental Nutrition Assistance Program (SNAP) benefits. Groceries do not include hot or heated food items such as rotisserie chicken,

plate lunches, and other hot or cold prepared foods for immediate consumption, which will remain taxable at seven percent (7%). Items purchased with SNAP benefits will continue to remain exempt from sales tax.

~~101~~—

~~102~~103(Reserved)

200 Gross Proceeds of Sales

201 Taxable gross proceeds include receipts from:

1. Admissions, minimum and cover charges for entertainment;
2. Sales of tangible personal property;
3. Service charges; and
4. Vending machine sales (except ~~full-service~~full-service vending machines)

202 Gratuities or tips specifically added as such on the ticket to the cost of the meal, with the entire proceeds of the indicated gratuity going to the employee of the restaurant, shall be considered in the same light as gratuities paid directly to the employee and ~~is~~are not considered to be taxable income subject to sales tax.

203 The value of merchandise withdrawn from stock for consumption or any other use by the owner shall be included in gross proceeds of sales taxable at the regular retail rate.

204 The value of employee meals prepared by a restaurant and provided at no charge to employees of the restaurant is not included in the ~~restaurants'~~restaurant's taxable gross proceeds of sales. Restaurants that are operated as a part of a hotel, casino, hospital or other place of business cannot include employee meals provided to employees working in other areas of the operation.

205 The value of meals prepared by a restaurant and donated to a charitable organization exempt from federal income tax under IRC Section 501(c) (3) that regularly provides food to the needy and the indigent is not included in the restaurants' taxable gross proceeds of sales as provided for in Miss. Code Ann. Section 27-65-3-(h).

206 Food service companies who operate restaurants or cafeterias are to include any underwriting, management or other fees paid by the client. Clients, who underwrite or discount meals to their employees and for whom the food service company serves as an agent for food service operations, may obtain a business license for the food service operation and pay the regular retail sales tax on the greater of (a) the meal charges to employees or (b) the cost to the employer of all purchases utilized in the food service operation, with employer costs for food preparation or food service management being expressly excluded from the computation of purchases. This sales tax treatment shall apply regardless of who is the food service operator as long as an agency relationship exists between the client/employers and the food service operator.

207 Food sold to schools or students as regular student meals is exempt from sales tax pursuant to Miss. Code Ann. Section 27-65-9(2)(a) and (b). Food served at banquets and luncheons for student groups is exempt from sales tax when the meal is paid for directly by the exempt entity. Food sold by or through school cafeterias and dining halls to non-students such as faculty members, employees, visitors and the public is subject to sales tax. Additional information concerning food sales at schools, colleges and universities can be found in Title 35, Part IV, Subpart 13, Chapter 2 of the Mississippi Administrative Code.

208 (Reserved)

300 Purchases

301 Purchases of equipment, fixtures, supplies and advertising materials that are used or consumed in the operation of the business are taxable at the regular retail rate of sales or use tax. Examples include soap, washroom supplies, cleaning materials, reusable napkins or dishes, etc. ~~as well as reusable napkins or dishes.~~

302 Purchases of merchandise ~~which~~that become a part of products resold are exempt from sales tax. Examples include salt, pepper, flour, shortening, cooking oil, etc.

303 Purchases of non-reusable products ~~which~~that accompany food or beverage products sold are exempt from sales tax. ~~such Examples include as~~ paper or plastic napkins, plates, cups, knives, forks, spoons, wrapping paper, boxes, etc. ~~which accompany food or beverage products sold are exempt from sales tax.~~

~~304 Wholesale tax paid on purchases of alcoholic beverages and beer for resale may be taken as a credit against the retail sales tax due on the retail sales of such merchandise.~~

~~305~~304(Reserved)

400 Reporting Requirements

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

402 (Reserved)

500 Local and Private Levies

501 Additional local levies may be applicable to sales by restaurants depending ~~upon~~ where they restaurants are located in this state. The local tax shall be invoiced and collected as a separate levy.

502 The local levy is due on the same basis as the sales tax and is levied on the sale of

prepared foods. Additionally, some local levies may also include the sale of beer and/or alcoholic beverages. ~~The basis for each local levy can be found in the appendix b.~~

503 Restaurants are defined as any place where prepared food and beverages are sold for consumption, whether the food and beverages isare consumed on the premises or not. Restaurants do not include any school, hospital, convalescent or nursing home, or any restaurant-like facility operated by or in connection with a school, hospital, medical clinic, or convalescent or nursing home providing food for students, patients, visitors or their families.

504 The term “Prepared Food” includes:

1. Food made to order upon the customer’s request; ~~or~~
2. Food sold in a heated state or heated by the seller; ~~or~~
3. Two or more food ingredients mixed or combined by the seller for sale as a single item, but not including food that is only; cut, repackaged, or pasteurized by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the Food and Drug Administration ~~in Chapter 3, part 401.11 of its Food Code so as~~ to prevent food borne illnesses: ~~or~~and
4. Food sold with eating utensils “provided by the seller,” including plates, knives, forks, spoons, glasses, cups, napkins, or straws. Eating utensils provided at no charge to a customer with the purchase of a food item that remains in its original container packaged by the manufacturer is not considered prepared food. This includes items such as a cup of yogurt provided with a spoon.

505 Any person who holds a valid direct pay permit cannot use such permit to cover any local levy. All taxes due from any of the local levies must be paid at the time of purchase and cannot be remitted on a use tax return through the use of a direct pay permit.

506 (Reserved)

35.IV.9.02 revised effective August 1, 2025

Chapter 03 Ice Sales and Ice Manufacturers

100 Sales

~~100~~101 The gross proceeds of sales of bagged or block ice ~~is~~are taxable at the five percent (5%) rate of sales tax~~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.

~~101~~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.

~~102~~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).

~~103~~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 from sales tax 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.

~~104~~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.

~~105~~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.

~~106~~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.

~~107~~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 not be issued a direct pay permit. The ice house owner may apply to the Department 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 exempt.

~~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 exempt.~~

- 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 used directly in the manufacturing process are exempt while manufacturing machinery or machine parts used directly in the manufacturing process are taxable at the ~~special-reduced one-and-one-half percent~~ (1½%) rate of tax.
- 206 Purchases of self-contained ice manufacturing/dispensing houses are taxable at the ~~special-reduced one-and-one-half percent~~ (1½%) 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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