

## Churches

### **What is the difference between sales tax and use tax?**

Sales tax is charged by vendors making sales of tangible personal property inside the State of Mississippi. Use tax is due on items purchased outside of Mississippi for the privilege of using, storing or consuming tangible personal property in the state of Mississippi. Use tax is due at the same rate as sales tax.

### **Are churches exempt from sales tax in Mississippi?**

**There is no overall exemption from sales tax in Mississippi that applies to churches; however, 501(c)(3) churches in Mississippi are exempt from sales tax on purchases of electricity, gases, other fuels and potable water used on property that is primarily used for religious or educational purposes.** Churches should complete the Affidavit For Church Utility Exemption and provide it to their utility vendors to take advantage of this exemption.

### **Are churches exempt from use tax in Mississippi?**

**There is no overall exemption from use tax in Mississippi that applies to churches;** however, there is a use tax exemption for churches purchasing religious literature, video materials, audio materials or photographs for the propagation of the church's creed. This exemption applies to purchases of religious literature including but not limited to bibles, hymnals, Sunday school materials, bible school materials or religious training materials when such materials are purchased out of state and shipped or delivered into Mississippi for use by the church. No form is required to be completed by the church to take advantage of this exemption; out of state vendors of these items should know that these are exempt. This exemption does not apply to religious literature, video materials, audio materials or photographs purchased from vendors inside the state of Mississippi. This exemption does not apply to purchases of furniture, office equipment or office supplies.

### **How does a church pay the use tax due on purchases of taxable items from out of state vendors who didn't collect the tax?**

Use tax on purchases of non-exempt items from out of state vendors may be paid at any office of the Mississippi Department of Revenue or sent to the Department of Revenue by mail with a copy of the purchase invoice and a brief explanation of what the payment is for.

**Do churches owe sales tax on food purchased to be given away through a food bank or food pantry operated by the church?** Sales of nonperishable food items to charitable organizations that are exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and operate a food bank or food pantry or food lines are exempt from sales taxes. As a prerequisite to exemption, nonperishable food items must be sold directly to, billed directly to, and paid for directly by qualified charitable organization. Nonperishable food items generally include but are not limited to canned, jarred, and packaged food items such as: coffee and tea; rice, beans and other dried food items; flour, cornmeal, and hot or cold cereal; juices; shelf-stable or powdered milk; sugar, salt, and pepper; and baby food or formula. A church operating a food bank or food pantry may apply to the DOR for a letter authorizing the purchase of qualified food items for the food bank or food pantry exempt from sales tax. These exempt purchases should be made separately from other taxable purchases of food for the church

NOTE: Purchases of food for church operated daycares, church fundraisers, church fellowships such as weekly church meals for members of the church are NOT exempt from sales tax and should be purchased separately from food purchased for a food bank or food pantry.

### **Is church construction exempt from Mississippi contractor's tax?**

Church construction is not exempt from Mississippi contractor's tax. The 3.5% contractor's tax is levied directly on the prime contractor for the privilege of performing the contract regardless of the exempt status of the property owner. The 3.5% contractor's tax is the liability of the contractor and not charged to the church as a pass through tax the same way sales tax is charged.



This fact sheet is intended to help you become more familiar with Mississippi tax laws and your rights and responsibilities under the laws. Nothing in this fact sheet supersedes, alters, or otherwise changes any provisions of the tax law, regulations, court decisions, or notices.

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