

Sales/Use/Indirect:

Mississippi DOR Explains New Law on Taxability of Computer Software Services and Remote Access

Notice 72-23-12, Miss. Dept. of Rev. (7/6/23). The Mississippi Department of Revenue (Department) issued guidance on recently enacted legislation addressing the state sales and use taxation of certain computer services and remote access effective as of July 1, 2023 [see S.B. 2449 (2023) and previously issued Multistate Tax Alert for more details on this legislation]. According to the guidance, the new law provides an exemption for remotely accessed software hosted on servers located outside Mississippi. The legislation also provides that customers who have charges for computer software and/or computer software services that include taxable and nontaxable items may allocate the fee or payment between the taxable and nontaxable items based on a reasonable allocation of the payment to each separately identifiable item or service encompassed by the fee or payment if properly supported by the books and records of the seller, service provider, user, or consumer.

URL: <https://www.dor.ms.gov/sites/default/files/72-23-12%20Computer%20Software%20DPP%20Notice%20.pdf>

URL: <http://billstatus.ls.state.ms.us/2023/pdf/history/SB/SB2449.xml>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-mississippi-clarifies-sales-and-use-taxation-of-computer-software-and-related-services.pdf>

The notice also explains that beginning July 1, 2023, purchasers of computer software and/or computer software service can apply for a computer software direct pay permit; the permit will allow the customer to purchase computer software and/or computer software services exempt from Mississippi sales or use tax and then remit the correct tax directly to the Department. The permit may only be accepted by vendors who sell, rent, or lease computer software and/or computer software services; and manufacturers and other entities who already have regular Mississippi “Direct Pay Permits” do not need to apply for the special computer software direct pay permit. The guidance also provides various relevant definitions. Please contact us with any questions.

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