Letter Ruling

DEPARTMENT OF REVENUE
STATE OF MISSISSIPPI

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UNIVERSITY OF SOUTH ALABAMA
300 UNIVERSITY BLVD N STE 300
MOBILE AL 36688-0002

Date: September 11, 2024
Letter ID: L0301244704

Reference: Sales Tax exemption
Letter Ruling Number: 24-0425

This is in response to your letter dated September 09, 2024, requesting that the Mississippi Department of Revenue provide a ruling regarding whether the University of South Alabama is exempt from Mississippi sales tax. Your request has been assigned the letter ruling number listed above. Please use this number in any further correspondence with the DOR concerning this request.

After a search of the applicable statutes, this is to confirm that the University of South Alabama does qualify for sales tax exempt status pursuant to Miss. Code Ann. Section 27-65-111(g). This Section provides that sales of tangible personal property or services made to elementary and secondary grade schools, junior and senior colleges owned and operated by a corporation or association in which no part of the earnings inures to the benefit of any private shareholder, group or individual, and which are exempt from state income taxation are exempt from sales tax. As a prerequisite to exemption, the sale of property or charge for services must be sold directly to, billed directly to, and paid for directly by the exempt entity. This exemption does not apply to sales of tangible personal property or services to employees of the exempt entity.

This exemption applies to sales of annuals, awards, articles of clothing or jewelry given in recognition of accomplishments and rental of caps and gowns when sold to, billed to, and paid for directly by the school. This exemption does not apply to sales of tangible personal property or services to contractors purchased in the performance of contracts with the exempt entity, even if the contractor may be reimbursed for the expense by the exempt entity. Furthermore, this exemption does not apply to Contractor's Tax levied by Miss. Code Ann. Section 27-65-21. Finally, this exemption does not apply to sales of property which is not to be used in the ordinary operation of the school, or which is to be resold to the students, the employees of the organization, or the general public.

You may use a copy of this letter in order to substantiate the University of South Alabama's exempt status. I trust that this is the information you were requesting. Should you have any additional questions, feel free to contact this office at (601) 923-7015.

Under Miss. Code Ann. Section 27-65-85(a), it shall be unlawful for any person to use an exemption authorized under the Sales Tax laws for the purpose of avoiding the payment of tax the person is required to pay by law. Any person violating this provision shall be guilty of a misdemeanor and, on conviction thereof, shall be fined not more than Five Hundred Dollars ($500.00), or imprisoned not exceeding six (6) months in the county jail, or punished by both such fine and imprisonment, at the discretion of the court.

This letter ruling is based on the specific facts and circumstances that you communicated to the DOR. This ruling is not binding on the DOR if these facts and circumstances are inaccurate, contain a material omission of a relevant fact or facts to the issue(s) presented or if such facts and circumstances change. This letter ruling is also only valid for seven (7) years from the date of this letter. At the end of this seven (7) year period, you are free to update your information and request

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another letter ruling if you wish. This ruling is only applicable to you or to your client if you are requesting this ruling on behalf of another and can only be relied upon by the person for whom the ruling was requested.

If the facts and circumstances presented in your request are accurate, complete and do not change for the seven (7) year period indicated above, the person for whom it was requested can rely upon this ruling unless and until there is a change in the law or regulation or the issuance of judicial decision that indicates the ruling is no longer correct or the DOR retracts the ruling. The DOR does reserve the right to retract this ruling if it later determines on its own review that the ruling is incorrect. Such retraction will be in writing and the effect of the retraction will be prospective from the date of the retraction letter.

Sincerely,

Rhonda Williams
(601) 923-7029
Mississippi Department of Revenue

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