

**SUMMARY OF BASIC TAX RATES IN MISSISSIPPI**

*Mississippi businesses are subject to four basic state taxes: corporate income tax, franchise tax, sales and use tax, and property tax. Tax credits or exemptions are available on all basic state taxes except franchise tax.*

TAX	TAX RATE		EXEMPTION AVAILABLE																												
STATE INCOME TAX (No County or Municipal Income Tax)	1 <sup>st</sup> \$5,000 @ 3% Next \$5,000 @ 4% Over \$10,000 @ 5%	Yes	<ul style="list-style-type: none"> <li>➢ Rural Economic Development Assistance Program – Allows companies to receive credits on Mississippi corporate income taxes.</li> <li>➢ Mississippi State Port Income Tax Credit</li> <li>➢ Jobs Tax Credit</li> <li>➢ National or Regional Headquarters Jobs Credit</li> <li>➢ Research and Development Jobs Credit</li> <li>➢ Job Training Tax Credit</li> <li>➢ Child/Dependent Care Income Tax Credit</li> </ul>																												
CORPORATE FRANCHISE TAX	\$2.50 for each \$1,000 of capital invested in state	No																													
CORPORATE CHARTER FEE	\$50	No																													
COUNTY PROPERTY TAX (Manufacturing Includes: Real, Personal & Inventory) (No State Property Tax)	Most property @ 15% Residential @ 10% Utilities & Motor vehicles @ 30% - all based on fair market value	Yes	<ul style="list-style-type: none"> <li>➢ Counties and Municipalities may grant an exemption on all property taxes, except school taxes, for a period up to ten years</li> <li>➢ Counties and Municipalities may levy a fee in lieu of taxes on projects totaling more than \$100 million</li> <li>➢ Free Port Warehouse Law exempts inventory that is shipped outside the state</li> </ul>																												
STATE SALES AND USE TAX (General Retail Sales)	7%	Yes	<p><u>Sales to a Manufacturer:</u></p> <table border="0"> <tr><td>1. Raw materials (except sand and gravel, 5 cents per ton)</td><td>0.0%</td></tr> <tr><td>2. Catalysts, chemicals, or gases used directly in processing (except natural gas, 1.5%)</td><td>0.0%</td></tr> <tr><td>3. Packaging and containers for sale with finished goods</td><td>0.0%</td></tr> <tr><td>4. Machinery and parts used directly in manufacturing &amp; port operations</td><td>1.5%</td></tr> <tr><td>5. Industrial electricity, natural gas, and fuels</td><td>1.5%</td></tr> <tr><td>6. Industrial water</td><td>7.0%</td></tr> <tr><td>7. Telephone and telegraph</td><td>7.0%</td></tr> <tr><td>8. All other equipment, furniture, fixtures, materials, supplies, and rentals not used in mfg.</td><td>7.0%</td></tr> <tr><td>9. Contract construction for projects over \$10,000 (except residential)</td><td>3.5%</td></tr> </table> <p>➢ Pollution control equipment is exempt from this tax</p> <p><u>Sales by a manufacturer</u></p> <table border="0"> <tr><td>1. To a final consumer</td><td>7.0%</td></tr> <tr><td>2. To another manufacturer for use as manufacturing machinery</td><td>1.5%</td></tr> <tr><td>3. To another manufacturer as a raw material for further processing</td><td>0.0%</td></tr> <tr><td>4. To a wholesaler or retailer for resale</td><td>0.0%</td></tr> <tr><td>5. To exempt customers (e.g., government agencies, educational institutions, etc.)</td><td>0.0%</td></tr> </table> <p><u>Tax Exemptions</u></p> <ul style="list-style-type: none"> <li>➢ Bond Finance Program *: Full exemption to qualified businesses which finance building materials, machinery and equipment with bond proceeds</li> <li>➢ National or Regional Headquarters *: Full exemption to qualified businesses transferring national or regional headquarters to Mississippi and creating a minimum of thirty-five jobs</li> <li>➢ Tier 3 counties *: Full exemption to manufacturers &amp; processors on purchase of building materials used in construction of a building and on qualified machinery &amp; equipment</li> <li>➢ Tier 2 &amp; 1 counties *: one-half exemption to manufacturers &amp; processors on purchase of building materials used in construction of a building and on qualified machinery &amp; equipment</li> </ul> <p>* (exemption does not apply to contractor's 3.5% tax)</p>	1. Raw materials (except sand and gravel, 5 cents per ton)	0.0%	2. Catalysts, chemicals, or gases used directly in processing (except natural gas, 1.5%)	0.0%	3. Packaging and containers for sale with finished goods	0.0%	4. Machinery and parts used directly in manufacturing & port operations	1.5%	5. Industrial electricity, natural gas, and fuels	1.5%	6. Industrial water	7.0%	7. Telephone and telegraph	7.0%	8. All other equipment, furniture, fixtures, materials, supplies, and rentals not used in mfg.	7.0%	9. Contract construction for projects over \$10,000 (except residential)	3.5%	1. To a final consumer	7.0%	2. To another manufacturer for use as manufacturing machinery	1.5%	3. To another manufacturer as a raw material for further processing	0.0%	4. To a wholesaler or retailer for resale	0.0%	5. To exempt customers (e.g., government agencies, educational institutions, etc.)	0.0%
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EXCISE TAX	Gasoline & Diesel (highway use): 18¢ per gallon Diesel (non-highway use): 5-3/4¢ per gallon	No																													
OIL AND GAS SEVERANCE TAX	Oil & gas: Point of production: 6% In ground: Exempt	No																													
UNEMPLOYMENT COMPENSATION		No	Employer makes a contribution on the first \$7,000 of each employee's wages. The initial rate is 2.7%. The minimum and maximum rates are 0.4% and 5.4% respectively.																												
WORKER'S COMPENSATION		No	Employers having five or more employees must purchase workers' compensation coverage through insurance carriers or qualify with the Mississippi Worker's Compensation Commission as a self-insurer. Compensation is up to two-thirds of the claimant's average weekly wages for up to 450 weeks. Amounts are indexed on an annual basis. Compensation does not include medical payments.																												
PERSONAL INCOME TAX	1 <sup>st</sup> \$5,000 @ 3% Next \$5,000 @ 4% Over \$10,000 @ 5%	Yes	Individuals are allowed personal exemptions																												

Details and examples are available

**TAX RATE HIGHLIGHTS  
STATE OF MISSISSIPPI**

For more information contact: JCEDF, Inc.  
1-800-362-0103