

MISSISSIPPI DEPARTMENT OF REVENUE

Sales and Use Tax Bureau

Notice 72-12-005

June 1, 2012

NOTICE TO UTILITY COMPANIES SELLING UTILITIES TO 501(C)3 CHURCHES

Effective July 1, 2012, House Bill 582 of the 2012 Regular Session amends Section 27-65-19 Miss. Code Ann. to provide an exemption from sales tax on certain utilities sold to churches that are exempt from federal income taxation under 26 USCS Section 501(c)3. This exemption applies to sales of electricity, current, power, natural gas, liquefied petroleum gas or other fuel for heating, lighting or other use and sales of potable water if the electricity, current, power, natural gas, liquefied petroleum gas or potable water is utilized on property that is primarily used for religious or educational purposes.

Qualified utilities must be sold to, billed to and paid for directly by the exempt church. Churches must provide a copy of their IRS determination letter certifying that the church named on the letter is exempt from federal income taxation under IRC Section 501(c)3 to utility companies to substantiate the church's exemption. If the church has not obtained a 501(c)3 determination letter from the IRS, the church may complete an Affidavit of Church Purchasing Utilities form and provide a copy of the notarized affidavit to utility vendors to substantiate the church's exemption from sales tax on electricity, current, power, natural gas, liquefied petroleum gas or other fuel for heating, lighting or other use and potable water. The affidavit will expire on December 31, of the current year and a new affidavit must be completed each year. The affidavit form is available online at www.dor.ms.gov

Commercial businesses operated by churches such as thrift stores, bakeries, etc. do not qualify for the exemption from utilities, and the church is not eligible for the exemption from sales tax on utilities if the commercial business is on the same utility meter as the rest of the church. Church associations and other organizations whose purpose is to govern or provide assistance to its member churches do not qualify for the exemption on utilities regardless of their non-profit status.

This exemption applies to utilities provided to qualifying churches beginning July 1, 2012 and does not apply to any utilities provided prior to July 1, 2012 even though the customer may be billed for such services on or after July 1, 2012.

Please contact the Sales and Use Tax Bureau should you need additional information.