



This Week in State Tax (TWIST)

July 24, 2023



MISSISSIPPI



to listen to the podcast please [click here](#).

Mississippi: Computer Software Direct Pay Permits Available Now

Earlier this year, Mississippi Senate Bill 2449 amended Mississippi's tax law to address the taxation of computer software and computer software services. "Computer software services," which are taxable if performed in Mississippi, are now defined to mean the technical design and programming of computer software, including installing, configuring, debugging, modifying, testing, or troubleshooting computer hardware, networks, programs, or computer software. A nonexclusive list of services are excluded from the definition of "computer software services," including platform as a service or infrastructure as a service; information and data processing services, and services that use a computer, computer equipment, or computer software as a tool to perform or complete that service; Internet access services or charges; payment processing or banking services; real estate listing or pricing services; electronic advertising and marketing services; and social media services. Effective July 1, 2023, an exemption is available for purchases of remotely accessed software hosted on servers located outside of Mississippi.

In recent [Notice 73-23-12](#), the Department announced that customers that are charged for computer software and/or computer software services that include both taxable and nontaxable items may reasonably allocate 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. Beginning July 1, 2023, purchasers of computer software and/or computer software services may 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 Mississippi Department of Revenue. The permit may be accepted only by vendors who sell, rent, or lease computer software and/or computer software services. Manufacturers and other entities that already have regular Direct Pay Permits do not need to apply for the Computer Software Direct Pay Permit. Please contact [Randy Serpas](#) with questions on Mississippi's new direct pay permit.



For more news and insights on tax developments, follow KPMG's U.S. Tax practice on Twitter – [@KPMGUS_Tax](#).

kpmg.com/socialmedia



© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. USCS000670-1E

The following information is not intended to be "written advice concerning one or more federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230.

The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.