

Sales and Use Tax Exemption for Broadband Technology

The Broadband Technology Sales and Use Tax Exemption is available to eligible telecommunications businesses that deploy broadband technology. The exemption is designed to encourage investment in the infrastructure needed to develop high-speed internet access throughout the state, especially in rural areas.

PROGRAM FACTS

Equipment that qualifies for the exemption includes asynchronous transfer mode switches, digital subscriber line access multiplexers, routers, servers, multiplexes, fiber optics and related equipment used in the deployment of broadband technologies. The amount of exemption allowed depends on where in the state the technology is deployed. For technology deployed in less developed counties, a full exemption from sales and use tax is provided; for all other areas of the state, a one-half exemption is available. The development ranking of the county is established annually by the Mississippi Department of Revenue.

County Classification	Exemption Amount
Tier III (less developed)	100% Exemption
Tier II (moderately developed)	50% Exemption
Tier I (developed)	50% Exemption

This exemption applies to the general 7 percent sales tax on qualifying equipment and benefits telecommunications companies deploying broadband technology in less developed areas. For commercial construction in Mississippi, there is a contractor's tax assessed on the construction of commercial real property that is calculated as 3.5 percent of the contractor's gross receipts from the construction. Contractor's tax has no exemptions, and the contractor is allowed to purchase all component building materials exempt from sales tax. Under this sales and use tax exemption, however, an eligible telecommunications business can directly purchase qualifying equipment, and if these materials are not part of the construction contract, they are not subject to contractor's tax and sales tax is not due on them. To qualify for the exemption, the materials must be purchased by, billed to and paid for directly by the eligible business. Contractor's tax will still apply to the labor portion of the construction contract.

To qualify for this exemption, a company must apply to the Mississippi Department of Revenue prior to beginning the project. To learn more, see the Mississippi Tax Incentives, Exemptions, and Credits guidelines on the Mississippi Department of Revenue website at <https://www.dor.ms.gov/docs/2013IncentiveBook-pdffinal.pdf>.

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Contact the Mississippi Development Authority's Financial Resources Division
at 601.359.3552 or financial@mississippi.org to learn more.