

# National or Regional Headquarters Sales Tax Credit

A sales and use tax exemption is available for eligible businesses that create or transfer their National or Regional Headquarters to the state. This exemption applies to component building materials used in the construction or improvement of a facility as well as the machinery and equipment used in the facility. A minimum of 35 new headquarters jobs must be created at the location to qualify for this exemption, as determined by the Mississippi State Tax Commission.

## Program Facts

National or Regional Headquarters are defined as an office or location of a multi-state business where managerial, professional, technical, and administrative personnel are domiciled and employed. Centralized functions such as financial, legal, technical, and personnel activities must be performed by the qualifying employees. The classification of personnel as headquarters employees is dependent upon duties in direct relationship to the functions of the entity, and not solely on the physical presence at the location, such as salesmen, truck drivers, janitors, etc.

This exemption applies to the general 7% sales tax on component building materials, equipment, and other assets purchased for the project. The exemption is available from the beginning of the project until three months after the start-up of the new or expanded facility.

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% 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 exemption, component building materials can be purchased directly by the business. 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 materials purchased by the headquarters. To qualify for the exemption, the materials must be purchased by, billed to, and paid for directly by the eligible entity. Contractor's tax will still apply to the labor portion of the construction contract.

National or Regional Headquarters Tax Credits are awarded and administered by the Mississippi State Tax Commission.

For further details, see the Mississippi Tax Incentives, Exemptions, and Credits on the State Tax Commission's website <http://www.mstc.state.ms.us/revenue/incentive/2008IncentiveBook.pdf>, or Section 27-65-101, MS Code 1972, Annotated. To request these documents or for assistance, contact the State Tax Commission at (601)923-7044 or the Financial Resources Division at [financial@mississippi.org](mailto:financial@mississippi.org) or (601)359-3552.