

Ed Buelow, Jr., Chairman  
and Commissioner of Revenue

Russell E. Hawkins, CPA  
Associate Commissioner

Terry L. Jordan  
Associate Commissioner



MISSISSIPPI

STATE TAX COMMISSION

Sales and Use Tax Bureau  
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October 16, 2002

Teena Harris  
Palmer Home for Children  
P O Box 746  
Columbus, MS 39703

Ms. Harris,

This is in response to our telephone conversation regarding the sales tax exempt status of Palmer Home for Children.

After review of applicable statutes, this office has determined that Palmer Home for Children does qualify for sales tax exempt status pursuant to Section 27-65-111(e), Mississippi Code of 1972. This Section provides that sales of tangible personal property or services to an orphanage, old men's or ladies' home, supported wholly or in part by a religious denomination, fraternal nonprofit organization or other nonprofit organization are exempted from sales and use tax. Only sales of tangible personal property or services which are ordinary and necessary to the operation of such old men's and ladies' homes are exempted from the tax. In fact your organization is listed in our Rule 61, "Orphanages and Homes for Aged" as Palmer Orphanage, in Columbus. The Secretary of State's records indicate that your name changed to Palmer Home for Children in January, 1977. **As a prerequisite to exemption, the sale of property or charge for services must be sold directly to, billed directly to and paid for directly by the exempt entity.**

This exemption does not apply to sales of tangible personal property or services to contractors purchased in the performance of contracts with the exempt entity, nor the employees of the exempt entity, although the contractor or employee may be reimbursed for the expense by the exempt entity. The exemption also does not apply to Production Taxes nor Contractors Taxes levied by Sections 27-65-15 and 27-65-21, Mississippi Code of 1972, respectively.

You may provide a copy of this letter to your vendors in order to substantiate your exempt status. If we may be of further assistance, please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script that reads "Larry E. Allen".

Larry E. Allen, Branch Director  
Sales & Use Tax Bureau