Sales and Use Tax Exemption for Regional and National Headquarters

A sales and use tax exemption is available for eligible businesses that create their national or regional headquarters in Mississippi, transfer their headquarters to the state or grow their existing headquarters operations in the state. This exemption applies to purchases of component building materials used in the construction or improvement of a headquarters facility, as well as to the equipment used in the facility. A minimum of 20 new headquarters jobs must be created at the location in order for a business to qualify for this exemption.

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 their duties in direct relationship to the functions of the entity and not solely on their physical presence at the location. The facility must be responsible for planning, directing and controlling all aspects of the business’s operations either nationally (for national headquarters) or within a sub-divided area of the United States (for regional headquarters).

**PROGRAM FACTS**

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

In Mississippi, a contractor’s tax is assessed on the construction of commercial real property. Contractor’s tax is calculated as 3.5 percent of the contractor’s gross receipts from the construction. Contractor’s tax has no exemptions. The contractor is allowed to purchase all component building materials exempt from sales tax.

Under the national or regional headquarters sales tax exemption, however, component building materials and equipment can be purchased directly by the business locating, transferring or expanding its headquarters operations in the state. If component building materials are not part of a construction contract, they are not subject to contractor’s tax, and sales tax is not due on materials purchased by the headquarters business. To qualify for the exemption, the eligible business must purchase, bill for and directly pay for construction materials. Contractor’s tax will still apply to the labor portion of the construction contract.

The National or Regional Headquarters Sales and Use Tax Exemption is awarded and administered by the Mississippi Department of Revenue. For further details, contact MDA’s Financial Resources Division or see the Mississippi Tax Incentives, Exemptions, and Credits guidelines on the Mississippi Department of Revenue website at [www.dor.ms.gov/](http://www.dor.ms.gov/). To learn more about tax incentives available to headquarters operations locating or expanding in Mississippi, view the Headquarters Tax Incentives overview.

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