



MISSISSIPPI DEPARTMENT OF REVENUE

Sales and Use Tax Bureau

Notice 72-24-03

June 17, 2024

NOTICE TO ALL OIL, GAS, AND OTHER MINERAL RESOURCE SERVICE BUSINESSES

Effective July 1, 2024, the 3.5% Mississippi contractor's tax no longer applies to drilling, redrilling, completing, or working over an oil or gas well. The bill also changes the sales tax on services provided in an oil or gas field from the regular 7% rate to a new 4.5% sales tax rate. The new 4.5% rate will apply to services performed in connection with geophysical surveying, exploring, developing, drilling, redrilling, completing, working over, producing, distributing, or testing of oil, gas and other mineral resources. This is a regular retail sales tax that should be added to all charges or fees for providing such services.

The new 4.5% sales tax rate will also replace the 7% retail sales tax rate on sales or rentals of equipment and purchases of materials used in connection with geophysical surveying, exploring, developing, drilling, redrilling, completing, working over, producing, distributing, or testing of oil, gas and other mineral resources. Businesses working in oil and gas fields may apply for a permit that will allow them to rent or purchase equipment and materials to be used in the oil or gas field at the reduced 4.5% rate of sales tax. Apply for the permit on the DOR website at <https://tap.dor.ms.gov/>

Well operators shall not charge sales tax to the nonoperating working interest owners through the joint interest billing (JIB), on rebilled expenses where the sales or use tax has already been paid or accrued by the operator.

This is in accordance with House Bill 1764 of the 2024 Legislative Session.

Rate code thirty (30) should be used to report the 4.5% **Sales Tax** for the above referenced industry specific sales and services.

Rate code thirty-one (31) should be used to report the 4.5% **Use Tax** for the above referenced industry specific purchases.

If you have any questions, please contact the Sales Tax Department at (601) 923-7015 or email sales@dor.ms.gov.