

Sales/Use/Indirect:

Mississippi Supreme Court Agrees that Charges Paid to Third-Party Carrier to Transport TPP In-State are Not Subject to Use Tax

Case No. 2023-SA-01079-SCT, Miss. (5/1/25). In a case involving a natural gas pipeline company providing natural gas transport, the Mississippi Supreme Court (Court) affirmed that the company did *not* owe Mississippi use tax on freight charges paid to a third-party carrier to transport certain tangible personal property (TPP) it had purchased separately outside Mississippi for use in Mississippi, because the facts showed that the freight charges constituted a “closed” transaction from the purchased TPP. Specifically, the Court agreed with the lower court that because the company separately and subsequently hired a third-party carrier for the shipment of the TPP in a closed transaction, the freight charges must *not* be included in the use tax base for the purchased TPP. The Court explained that the company’s separate, isolated purchase of shipping services from an independent third party rather than the TPP seller rendered the freight charges nontaxable in this case – reasoning that the company’s purchase of TPP from the seller constituted one closed transaction, while its later purchase of third-party shipping services to move that TPP from one location to another constituted a second closed transaction. Please contact us with any questions.

URL: <https://courts.ms.gov/images/Opinions/CO183899.pdf>

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