

Chapter 03 Research and Development Skills Credit

- 100 Under Miss. Code Ann. Section 57-73-21(6), a credit of \$1,000.00 is available for the first five (5) years for each net new full-time employee in any job requiring research and development skills. The employee must be engaged in research and development activities. Qualification of jobs for this credit would require at a minimum, a Bachelor's degree in a scientific or technical field of study from an accredited four (4) year college or university, employment in the employees' area of expertise, compensation at a professional level and two (2) years of related job experience. Examples are chemists and engineers.
- 101 This credit is available to most companies regardless of the business in which it engages. However, no business enterprise for the transportation, handling, storage, processing or disposal of hazardous waste is eligible to receive this credit.
- 102 A full time employee is an employee who works at least thirty-five (35) hours a week. The employees must be located in Mississippi and subject to Mississippi withholding tax. Part-time positions cannot be combined to add up to a full-time position.
- 103 If the employee is employed in Mississippi for less than twelve (12) months, credit will be allowed for a pro-rated portion of the yearly credit in the first and last years. The amount of the credit is pro-rated based on the number of months the employee is employed in this state divided by twelve (12).
- 104 The total of the Jobs Tax Credit, the National or Regional Headquarters Credit, the National or Regional Headquarters Relocation Credit and the Research & Development Skills Credit is limited to 50% of the Mississippi Income Tax liability. The unused portions can be carried forward for up to (5) years from the original year in which the excess credit could not be used. This credit may be used in combination with any of the other credits and is not refundable.
- 105 The sale, merger, acquisition, reorganization, bankruptcy or relocation from one county to another county within the state of any business enterprise may not create new eligibility in the current or any succeeding business entity, but any unused credit may be transferred and continued by any transferee of the business enterprise. A letter detailing the facts surrounding such an occurrence and requesting a ruling on the eligibility of any credits must be presented to the Department to determine whether qualifying net increases have occurred or proper transfers of credit have been made.
- 106 The credit cannot be used by any business enterprise or corporation other than the business enterprise actually creating the jobs qualifying for the credits. Credit received by a partnership, LLC or an S-Corporation may be passed through to offset tax due from the activity that created the credit. The credit is subject to the same limitations that the pass through entity would have had. The tax due on salaries or wages paid by an S-Corporation and guaranteed payments to partners by a partnership cannot be offset by the credit.

- 107 Compliance with the equal pay provisions of the federal Equal Pay Act of 1963, the Americans with Disabilities Act of 1990 and the fair pay provisions of the Civil Rights Act of 1964 is required.
- 108 An application is not required in order to take this credit but may be submitted for review. The taxpayer may apply for certification of the credit by submitting the Application for Certification of Economic Development along with a letter requesting the credit. The letter should contain sufficient information to allow a determination of whether the employee qualifies for the credit
- 109 For detailed instructions concerning the application process or claiming the credits see the Mississippi Tax Incentives, Exemptions and Credits Book.
- 110 This credit is authorized under Miss. Code Ann. Section 57-73-21(6)
- 111 (Reserved)

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- 102 A full time employee is an employee who works at least thirty-five (35) hours a week. To be used in the credit computation, the ~~The employees~~ must be located in Mississippi and subject to Mississippi withholding tax. Part-time positions cannot be combined to add up to a full-time position.
- 102 ~~A business interested in qualifying for the research and development skills credit should request approval in writing and provide the following information for each employee and position:~~
- ~~1. Title of the job~~
 - ~~2. Purpose of the job~~
 - ~~3. Education requirements for the job~~
 - ~~4. Experience requirements for the job~~
 - ~~5. Hours worked per week~~
 - ~~6. Salary or compensation~~
 - ~~7. Expected hire date~~
- 103 ~~The applicant will be notified on approval of the application for credit. Credit should not be taken until approval is received by the taxpayer.~~ If the employee is employed in Mississippi for less than twelve (12) months, credit will be allowed for a pro-rated portion of the yearly credit in the first and last years. The amount of the credit is pro-rated based on the number of months the employee is employed in this state divided by twelve (12).
- 104 The total of the Jobs Tax Credit, the National or Regional Headquarters Credit, the National or Regional Headquarters Relocation Credit and the Research & Development Skills Credit is limited to 50% of the Mississippi Income Tax liability. The unused portions can be carried forward for up to (5) years from the original year in which the excess credit could not be used. ~~but you may use the oldest year's unexpired credit first. They~~ This credit may be used in combination with any of the other credits. ~~The credit and is not refundable.~~
- 105 The sale, merger, acquisition, reorganization, bankruptcy or relocation from one county to another county within the state of any business enterprise may not create new eligibility in the current or any succeeding business entity, but any unused ~~job tax~~ credit may be

transferred and continued by any transferee of the business enterprise. ~~The Tax Commission shall determine whether qualifying net increases have occurred or proper transfers of credit have been made and may require such information as needed for substantiation and qualification. A letter detailing the facts surrounding such an occurrence and requesting a ruling on the eligibility of any credits must be presented to the Department to determine whether qualifying net increases have occurred or proper transfers of credit have been made.~~

106 The credit cannot be used by any business enterprise or corporation other than the business enterprise actually creating the jobs qualifying for the credits. Credit received by a partnership, LLC or an S-Corporation may be passed through to offset tax due from the activity that created the credit. The credit is subject to the same limitations that the pass through entity would have had. The tax due on salaries or wages paid by an S-Corporation and guaranteed payments to partners by a partnership cannot be offset by the credit.

107 Compliance with the equal pay provisions of the federal Equal Pay Act of 1963, the Americans with Disabilities Act of 1990 and the fair pay provisions of the Civil Rights Act of 1964 is required.

~~108 The credit is not refundable.~~

~~109 To apply for this credit:~~

~~108 1. Before any credit is taken on a return, you must send~~ An application is not required in order to take this credit but may be submitted for review. The taxpayer may apply for certification of the credit by submitting the Application for Certification of Economic Development along with a letter to requesting the credit. ~~with~~The letter should contain sufficient information to allow a determination of whether the employee qualifies for the credit. ~~If there are several employees, you may attach the information in a list with the letter of request. The credit should not be taken until a letter of authorization is issued.~~

~~2. You must attach a copy of the letter giving authority for the credit and a schedule of computation to the return.~~

~~109 For detailed instructions concerning the application process or claiming the credits see the~~ Mississippi Tax Incentives, Exemptions and Credits Book.

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