

— DEPARTMENT OF —
REVENUE
—
STATE OF MISSISSIPPI



Mississippi
Tax Incentives, Exemptions, Credits,
and Rebates

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Website: www.dor.ms.gov

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Mississippi Tax Incentives, Exemptions, Credits, and Rebates

Mississippi is committed to encouraging businesses to establish or expand and increase the employment of individuals in the state. To help businesses, Mississippi has authorized several tax incentives, including tax exemptions, rebates, and credits. These incentives will give an economic benefit to those businesses which are eligible. Some incentives have a greater financial benefit when locating in a less developed county. Other incentives give greater benefits when employing the more technical positions or the more highly compensated positions in Mississippi.

Most of the incentives require advanced approval either by the Mississippi Development Authority (referred to from this point forward as MDA), the Mississippi Business Finance Corporation (referred to from this point forward as MBFC), the Mississippi Department of Revenue (referred to from this point forward as MDOR), the local governing authorities (referred to from this point forward as County or City), or a combination.

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 are required for any entity applying for a job-based incentive authorized by Mississippi Law.

Each incentive, whether exemption, rebate, or credit, will have a description, the types of businesses eligible for the incentive, and what is required to claim the incentive. Also included are the Code sections that authorize the specific incentive. All references to the Code sections will be attributed to the Mississippi Code Annotated, as amended (referred to from this point forward as Miss. Code Ann.). You can locate the code sections at the following website: <http://www.lexisnexis.com/hottopics/mscode>.

IMPORTANT!!! Detailed records must be maintained on any information used to calculate any incentive benefit. These records may be requested to be presented to a representative of the MDOR upon audit or to be attached to a specific application or tax return. If adequate records are not available to verify exemptions, rebates, credits or other incentive benefits, the incentive may be revoked. Also, if any material omission, misstatement of fact or fraudulent representation is revealed after an economic incentive has been approved, the incentive may be revoked. Any financial benefit as a result of either of the two situations mentioned above may be required to be paid back to the state.

References will be made to various state agencies throughout this book. The agency and the abbreviated reference, along with their associated website, are listed below. These abbreviated references will be consistent throughout this book.

Mississippi Development Authority	(MDA)	www.mississippi.org
Mississippi Business Finance Corporation	(MBFC)	www.msbusinessfinance.com
Mississippi Department of Revenue	(MDOR)	www.dor.ms.gov
Mississippi State Department of Health	(MSDH)	www.msdh.ms.gov
Mississippi Secretary of State	(MSOS)	www.sos.ms.gov
Mississippi Department of Employment Security	(MDES)	www.mdes.ms.gov
Mississippi Department of Archives and History	(MDAH)	www.mdah.ms.gov
Mississippi Institute of Higher Learning	(IHL)	www.ihl.state.ms.us

For further information or if you have any questions concerning the incentive programs, contact:

Office of Tax Policy and Economic Development
Mississippi Department of Revenue
P.O. Box 22828, Jackson, MS 39225
601-923-7440
mstaxpolicy@dor.ms.gov

A. Income Tax Incentives

A.1. Jobs Tax Credit

An income tax credit equal to a percentage of payroll for each newly created job of an eligible business is available for a five (5) year period. A minimum number of jobs must be created to receive the credit. The eligible businesses include:

- manufacturers
- processors
- distributors
- research and development facilities
- wholesalers
- warehouses
- warehousing activities

The following types of businesses require a designation from MDA prior to taking the Jobs Tax Credit:

- air transportation and maintenance facilities
- movie industry studios
- telecommunication enterprises
- data or information processing enterprises
- computer software developers
- any technology intensive facility or enterprise
- recreational facilities that impact tourism
- final destination or resort hotels with more than one hundred and fifty (150) guest rooms

EXCEPTION: No business for the transportation, handling, storage, processing, or disposal of hazardous waste is eligible to receive this credit. No medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this credit.

JOBS TAX CREDIT

The Jobs Tax Credit is a credit that is available to eligible businesses that increase employment by a specified minimum amount. The minimum amount depends on the location of the jobs created. It is not available to businesses that move from one location within the state to another location within the state without increasing employment.

Warehousing activities refer to businesses that establish or expand facilities that service and support multiple retail or wholesale locations either in or outside the state. Warehousing activities may be performed solely to support the primary activities of the entity, and credits generated shall offset the income of the entity based on an apportioned ratio of payroll for warehouse employees of the entity to total Mississippi payroll of the entity that includes the payroll of retail employees of the entity.

The amount of the credit is based on the number of new jobs created and the county where the jobs are created. Jobs created in less developed counties are eligible for a greater percentage of payroll for each job created while fewer jobs are needed to establish the minimum. The credit is good for a period of five (5) years. This credit may be used in combination with any of the other credits. However, the total of the Jobs Tax Credit, the National or Regional Headquarters Tax Credit, the National or Regional Headquarters Relocation Tax Credit and the Research and Development Skills Tax Credit is limited to fifty percent (50%) of the income tax liability attributable to the income derived from operations in this state for that year. Any credit claimed but not used in a taxable year may be carried forward for five (5) years. Any business that utilizes the MDA Job Training Grant Fund will not be eligible for the Jobs Tax Credit authorized under Miss. Code Ann. Section 57-73-21.

Each year the MDOR ranks the counties in Mississippi as Tier Three (less developed), Tier Two (moderately developed), and Tier One (developed). The counties are evaluated and ranked each year by the MDOR based on the unemployment rate and per capita income of each county for the most recent thirty-six (36) month period. They are then divided into the three previously mentioned groups with one-third of the counties in each group. This ranking is used to determine the minimum number of jobs a business must create in a given year before it qualifies for the credit and the amount of credit per job allowed. The ranking for a specific county can change from year to year based on this evaluation. The amount of Jobs Tax Credit per employee and the job levels for each county ranking are as follows:

<u>County Ranking</u>	<u>Minimum Annual Increase in No. of Jobs</u>	<u>Credit Per Job</u>
Tier One (developed)	20	2.50% of payroll
Tier Two (moderately developed)	15	5.00% of payroll
Tier Three (less developed)	10	10.00% of payroll

The number of jobs must be created within one (1) year and is measured at the end of the fiscal year. To determine when the new full-time jobs are created, the business compares the average number of full-time positions in one fiscal year with the average for the prior year. When dealing with a short period, compare the short period to the same period of the prior year. Jobs cannot be accumulated over several years to qualify. The credit is available for each net new full-time job created as long as the minimum number has been achieved and maintained. The credit is for full-time positions only. Part-time jobs may not be combined to add up to a full-time job. The credit is based on filled positions and the employees must be employed in this state and subject to Mississippi Withholding Tax.

The credit may be taken each fiscal year for five (5) years beginning in years 2 through 6 after the creation of the jobs. The year the jobs are created is Year 1.

Example: A manufacturer expands and creates 50 new jobs in a developed county. The minimum number of jobs in a developed county is 20 and the amount of credit per job is 2.5% of the payroll of those 50 new jobs. The payroll for those new jobs equals \$2,500,000. The credit available for the 50 jobs would be \$62,500. The credit can be used in Years 2 through 6 on the taxpayer's income tax return. Credit is available each year (Years 2 - 6) for the 50 jobs created, plus any unused credit that has been carried forward.

The Jobs Tax Credit is earned at a given level of employment for one five (5) year period. If, after qualifying for one five (5) year period, the business increases the number of jobs substantially enough to qualify again for another five (5) year period, the business may apply for a second five (5) year period. Each five (5) year period is accounted for separately.

Jobs created within an existing five (5) year period that do not meet the minimum number of jobs required to qualify for an additional five (5) year period are allowed to be included within the existing five (5) year period.

If the number of jobs falls below the minimum required within a year, the credit is lost for that year and cannot be recovered. If the minimum number of jobs is achieved again, the credit is available for the remainder of the original five (5) year period. The original period is not extended. There are no recapture rules for the credit taken prior to the period of time that the number of jobs fell below the minimum.

Same Ownership

If an employer constructs a new facility or expands an existing facility, without other decreases in employment, then the facility would qualify for the Jobs Tax Credit as long as the other requirements are met.

If an employer qualified for the credit but then reduced employment levels through layoffs or plant closures, the reduction in employment must continue for a minimum of five (5) years before the employer may use the reduced employment levels in the computation of additional credit. If the reduction in employment is for five (5) years or more, then the employer may requalify for the credit on any additional jobs. If the reduction has continued for less than five (5) years, then the employer may requalify in very limited circumstances. Such situations will be considered on a case-by-case basis. The taxpayer should submit a letter with a request to receive the credit and a justification for the request. The credit will be granted at the discretion of the Commissioner.

If an employer retains ownership of a facility and replaces some, or all, of the existing equipment, but makes the same or a similar product, then the base employment level is not affected by the equipment replacement. The Jobs Tax Credit would not be available unless a qualifying increase in employment has occurred.

If an employer retains ownership of a facility, suspends operations, and retools the production floor with ninety-five percent (95%) new equipment that makes a new product not similar to the old product, then the facility will be treated as a new facility.

If an employer closes an old facility and opens a new facility making the same or a related product, then the employment level at the old facility would be used to determine whether employment increases at the new facility qualify for the Jobs Tax Credit.

Different Ownership

If an employer sells a plant to a related party, then the related party will be treated the same as the employer.

If an employer sells a facility to an unrelated third party, and the new owner continues the old operations, then the new owner must exceed the old owner's peak employment by a qualifying increase in order to receive any Jobs Tax Credit.

If an employer sells a facility to an unrelated third party and the new owner suspends operations to retool the production floor, then the facility will be treated as a new facility for the new owner. However, the retooling must include replacing ninety-five percent (95%) of the equipment to make a new product that is not similar to the old product.

If an employer ceases operations at a facility for a year or more and sells the facility to an unrelated third party, then the facility will be treated as a new facility for the new owner, even if the same or a similar product is being made. If the new owner has shut down a facility in this state with similar operations at the same time, then the facility will not be treated as a new facility. If a completely different product is being made, the one-year shut down requirement may be shortened. This will be considered on a case-by-case basis.

If, in any of the above examples, the new employer requesting the incentive produces a product that was manufactured at a facility in this state that was closed, then the new employer will not earn the Jobs Tax Credit for the new facility unless the employment levels exceed any previous high at the closed facility. If the employer who owns the new facility is located in this state, it will be able to earn the Jobs Tax Credit, but only to the extent that its level of employment plus the level of the original location (up to any previous high level of employment at the old location before the closing or retooling level) combined is in excess of any previous high level of employment at the original location. The definition of original product will include upgrades and modifications of a normal product line.

A business that acquires an unrelated business enterprise that has ceased operation and laid off all of its employees, and that continues operation of the enterprise in the same or similar type of business as the old owner may be eligible for the credit. Pursuant to Miss. Code Ann. Section 57-73-21(10)(b), the new owner would be eligible for the credit as long as the cessation of the business enterprise by the old owner was not for the purpose of securing new eligibility for the credit.

Calculating the Minimum Number of Jobs to Qualify

To determine whether a business at an existing facility has created the minimum number of jobs to qualify for the credit, a comparison of the average annual employment level for the previous year with the average annual employment in the current year must be made. If the amount of the increase exceeds the minimum required, then the business would qualify for the credit. This allows the credit for businesses that have not constructed a new facility but have substantially increased employment at an existing facility.

To determine whether a business with construction for a new facility qualifies for the credit, the average employment for the portion of the year after production was started should be compared with the same period for the previous year. If the increase exceeds the minimum, then the business would qualify for the credit.

Example: A business whose fiscal year ends in December begins doing business in Mississippi and constructs a new facility that starts up on June 1, 2023. To determine whether the business qualifies for the credit, June through December of 2023 should be compared to June through December of 2022. If the increase meets the minimum requirement, then the business would qualify for the credit.

The construction of a new facility includes the actual "bricks and mortar" construction of a new building or the expansion (as defined above) of an existing facility that has been purchased by a business establishing a new presence in the area.

Only the business that actually created the jobs qualifying for the credit can receive the credit. Credit received by a partnership, LLC or an S-Corporation may be passed through to only 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.

The sale, merger, acquisition, reorganization, bankruptcy, or relocation from one county to another county within Mississippi of any business 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. A letter detailing the facts surrounding such an occurrence and requesting a ruling on the eligibility of any credits must be presented to the MDOR to determine whether qualifying net increases have occurred or proper transfers of credit have been made. The MDOR may require additional information as needed for substantiation and qualification.

Extension of the Credit Period

If the permanent business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a result of the disaster the permanent business enterprise is unable to maintain the required number of jobs, the Commissioner of the Department of Revenue may extend this time period for not more than two (2) years. The extension must be authorized in writing by the Commissioner.

JOBS TAX CREDIT FOR ECONOMICALLY DISTRESSED COMMUNITIES

There is a Jobs Tax Credit for businesses operating in an “economically distressed community” as certified by the MDOR in lieu of the basic Jobs Tax Credit previously defined. This credit is available to the same types of businesses which are eligible for the basic Jobs Tax Credit. These businesses must create at least 10 new full-time jobs and be located in an area within a city where thirty percent (30%) of the residents are below the national poverty level and where the unemployment rate is one and one half (1½) times the national average. The MDOR must certify both the area and the business before the Economically Distressed Community Jobs Tax Credit can be taken. The definition of “economically distressed community” is found in Miss. Code Ann. Section 27-7-22.27.

For the MDOR to certify an economically distressed community, the city officials must provide to the MDOR the following:

- a map detailing the area to be certified;
- copy of the documentation from the US Census Bureau proving that thirty percent (30%) of the residents are below poverty level;
- the census tract grouping unemployment rate for the area and the national unemployment rate for the same area for the same time period; and
- the population of the city.

After receiving this information, the MDOR will verify the information and, if all requirements are met, will certify the area as an economically distressed community.

For the Economically Distressed Community Jobs Tax Credit, all other requirements, instructions, and limitations (as previously defined for the basic Jobs Tax Credit) apply, except for the following:

- The amount of credit is equal to ten percent (10%) of the payroll of each new full-time job.
- The credit can offset fifty percent (50%) of the income tax liability attributable to the income generated by the operations in this state.
- The business may choose when to begin taking advantage of the credit, but it must be within five (5) years of the beginning of commercial production.
- The business must attach a map showing the location of the business inside the economically distressed area to the Application for Certification for Economic Incentives described in the How to Apply for the Incentive paragraph below.

Extension of the Credit Period

None.

JOBS TAX CREDIT FOR BROWNFIELDS

There is a Jobs Tax Credit for businesses which remediate contaminated property or brownfields. This credit is available to any commercial or industrial property owner who incurs costs in the remediation of contaminated property in accordance with the Mississippi Brownfields Voluntary Cleanup and Redevelopment Act. There is no minimum number of new full-

time jobs that must be created.

For the Brownfields Jobs Tax Credit, all other requirements, instructions, and limitations (as previously defined for the basic Jobs Tax Credit) apply, except for the following:

- There is no minimum number of new full-time jobs that must be created, regardless of where the property is located.
- This Brownfields Jobs Tax Credit cannot be taken in conjunction with the National or Regional Headquarters Credit or the Research and Development Skills Credit.
- The owner of the brownfields property must attach a copy of the certification of the completion of the remediation from the Commission on Environmental Quality and the amount of cost incurred in the project to the Application for Certification for Economic Incentives described in the How to Apply for the Incentive paragraph below.

Extension of the Credit Period

If the permanent business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a result of the disaster the permanent business enterprise is unable to maintain the required number of jobs, the Commissioner of the Department of Revenue may extend this time period for not more than two (2) years. The extension must be authorized in writing by the Commissioner.

JOBS TAX CREDIT FOR ALTERNATIVE ENERGY SUPPLIERS

There is a Jobs Tax Credit for a business engaged in the manufacture or production of alternative energy. Fifty percent (50%) of the finished product of the alternative energy project must be derived from resources or products from this state.

For the Alternative Energy Jobs Tax Credit, all other requirements, instructions, and limitations (as previously defined for the basic Jobs Tax Credit) apply, except for the following:

- A minimum of twenty-five (25) new jobs must be created.
- The amount of credit is equal to one thousand dollars (\$1,000) per new full-time job regardless of where the business is located.
- The business may choose when to begin taking advantage of the credit, but it must be within five (5) years of the beginning of commercial production.
- The credit is good for a period of twenty (20) years.
- The credit can offset one hundred percent (100%) of the income tax liability attributable to the income generated by the alternative energy project in this state.
- The Alternative Energy Jobs Tax Credit cannot be taken in conjunction with the basic Jobs Tax Credit, the National or Regional Headquarters Credit or the Research and Development Skills Credit.
- An affidavit from the producer describing the resources and products from this state used in the production of the alternative energy and attesting to the truthfulness of the statement must be attached to the Application for Certification for Economic Incentives described in the How to Apply for the Incentive paragraph below.

Extension of the Credit Period

If the permanent business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a result of the disaster the permanent business enterprise is unable to maintain the required number of jobs, the Commissioner of the Department of Revenue may extend this time period for not more than two (2) years. The extension must be authorized in writing by the Commissioner.

JOBS TAX CREDIT FOR UPHOLSTERED HOUSEHOLD FURNITURE MANUFACTURER

There is a jobs tax credit for any business owning or operating an upholstered household furniture manufacturing facility employing new, full-time cut and sew jobs.

For the Upholstered Furniture Manufacturer Jobs Tax Credit, all other requirements, instructions, and limitations (as previously defined for the basic Jobs Tax Credit) apply, except for the following:

- There is no minimum number of jobs provision.

- The amount of credit is equal to two thousand dollars (\$2,000) per new full-time job regardless of where the business is located.
- The business may choose when to begin taking advantage of the credit, but it must be within five (5) years from the close of the tax year in which the credits were earned.
- The credit can offset up to one hundred percent (100%) of the income tax liability of the business each year.
- The Upholstered Furniture Manufacturer Jobs Tax Credit cannot be taken in conjunction with the basic Jobs Tax Credit, the National or Regional Headquarters Credit, or the Research and Development Skills Credit.
- A description of the items being manufactured and the jobs being performed must be attached to the Application for Certification for Economic Incentives described in the How to Apply for the Incentive paragraph below.

Extension of the Credit Period

None

JOBS TAX CREDIT FOR INLAND WATER TRANSPORTATION ENTERPRISES

There is a jobs tax credit for enterprises that are primarily engaged in providing inland water transportation of cargo on lakes, rivers and intracoastal waterways for each full-time employee employed by the enterprise in a full-time job located in Mississippi that did not exist before January 1, 2019.

An enterprise may not claim a tax credit for rehiring a person whose employment with the enterprise was terminated by the enterprise if the rehiring occurs within one (1) year from the date of the original termination.

For the Inland Water Transportation Enterprises Jobs Tax Credit, all other requirements, instructions, and limitations (as previously defined for the basic Jobs Tax Credit) apply, except for the following:

- There is no minimum number of jobs provision.
- The amount of credit is equal to two thousand dollars (\$2,000) per new full-time job regardless of where the business is located.
- The business may choose when to begin taking advantage of the credit, but it must be within five (5) years from the close of the tax year in which the credits were earned.
- The credit can offset up to one hundred percent (100%) of the income tax liability of the business each year.
- The maximum aggregate amount of tax credits that may be claimed by all taxpayers claiming a credit under this section in a taxable year shall not exceed two million dollars (\$2,000,000).

Extension of the Credit Period

Any water transportation enterprise that is eligible for the credit before January 1, 2029, will be eligible for the credit regardless of whether the authorizing code section is repealed.

HOW TO APPLY FOR THE INCENTIVE

When requesting to "lock in" a county's classification, a completed Application for Certification for Economic Incentives must be completed. This application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. Make sure a detailed explanation of the type of construction or expansion that is being planned is submitted for the basic Jobs Tax Credit. The TAP application contains a link to upload any documentation needed to support the request. A letter acknowledging the county designation and imposing time deadlines will be issued. This allows a business to retain the county designation and the amount of anticipated credit that was in effect at the time the initial construction or expansion was begun, but the construction or expansion must begin within one (1) year of the approval of the certification, or it is no longer valid. This certification to "lock in" the county's classification will not be granted retroactively.

For the other types of jobs tax credit, any additional information required to be attached to the Application for Certification for Economic Incentives will be noted in the bulleted points within that specific paragraph.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the credit, attach:

- a Jobs Tax Credit Worksheet showing each separate five (5) year period of new job creation;

- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward; and
- the approval letter, if applicable.

The Jobs Tax Credit Code is 05.

The Economically Distressed Communities Jobs Tax Credit Code is 05.

The Brownfields Jobs Tax Credit Code is 21.

The Alternative Energy Suppliers Jobs Tax Credit Code is 24.

The Upholstered Household Furniture Manufacturer Jobs Tax Credit Code is 05.

The Inland Water Transportation Enterprises Jobs Tax Credit Code is 38.

The Jobs Tax Credit is authorized under Miss. Code Ann. Sections 57-73-21(2), (3) and (4); the Economically Distressed Communities JTC under Miss. Code Ann. Section 27-7-22.27; the Brownfields JTC under Miss. Code Ann. Section 57-73-21(8); the Alternative Energy Suppliers JTC under Miss. Code Ann. Section 27-7-22.29; the Upholstered Household Furniture Manufacturer JTC under Miss. Code Ann. Section 27-7-22.36; and the Inland Water Transportation Enterprises JTC under Miss. Code Ann. Section 27-7-22.40.

These are further defined in Title 35, Part X, Chapter 01 of the Mississippi Administrative Code promulgated by the MDOR.

Revised June 1, 2025

A.2. National or Regional Headquarters Tax Credit and National or Regional Headquarters Relocation Tax Credit

An income tax credit for each position assigned to the national or regional headquarters of a business created in or transferred to Mississippi or expanding or making additions to its national or regional headquarters already in Mississippi is available for a five (5) year period. The credit is five hundred dollars (\$500) for each new full-time employee, one thousand dollars (\$1,000) for each new full-time employee whose salary is one hundred twenty-five percent (125%) of the average annual state wage, or two thousand dollars (\$2,000) for each new full-time employee whose salary is two hundred percent (200%) of the average annual state wage. A minimum number of twenty (20) new headquarters jobs must be created to receive the credit.

An income tax credit is available for a five (5) year period to any company that transfers or relocates its national or regional headquarters to Mississippi from outside Mississippi in an amount equal to the actual relocation costs paid by the company. A minimum number of twenty (20) new headquarters jobs must be created to receive the credit.

EXCEPTION: No enterprise in the business of transporting, handling, storing, processing, or disposing of hazardous waste is eligible to receive these credits. No regional or national sales office is eligible for these credits. No medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible for these credits.

A national headquarters is that office or location of a multistate business, where managerial, professional, technical, and administrative personnel are domiciled and employed. It is the location where the centralized functions such as financial, legal, technical and personnel functions are performed. The function and purpose of the national headquarters is to plan, direct and control all aspects of the organization's operations, and it has final authority over all regional offices, operating facilities, or any other offices of the business enterprise. The national headquarters is subordinate only to the ownership of the organization or its representatives.

A regional headquarters is one of several management offices or facilities of a multi-state business, that is responsible for planning, directing, and controlling all aspects of the business operations within a sub-divided area of the United States. A regional headquarters performs a function that is separate from the management of operational facilities within the region. A regional headquarters performs functions similar to the national headquarters, but within a more limited area. It has final authority over all matters within its region and is subordinate only to the national headquarters.

NATIONAL OR REGIONAL HEADQUARTERS TAX CREDIT

The National or Regional Headquarters Tax Credit is an incentive created to induce companies to establish or transfer their headquarters in Mississippi or expand or make additions to its national or regional headquarters already in Mississippi. The transfer, establishment, or expansion of a national or regional headquarters must create a minimum of twenty (20) jobs at that location within one (1) year.

These jobs must include officers and other high-level employees, along with the support staff normally associated with a headquarters. Support staff for the headquarters are also included in the computation of the credit. The support staff are those full-time employees required to assist management and other headquarters personnel to perform functions that are unique to or required by the operation of a headquarters. The classification of support personnel as headquarters employees is dependent on their duties being in direct relationship to the functions of the office or facility. Employees who are physically present at the location, but whose work is not related to the office functions of the headquarters, such as salesmen, truck drivers, janitors, etc., are not considered headquarters personnel and may not be counted toward the minimum twenty (20) jobs to be created.

The amount of the credit is five hundred dollars (\$500) for each new full-time position for a five (5) year period. The amount of credit is greater if the salaries for those positions are higher than the average annual state wage. For each position whose salary is one hundred and twenty-five percent (125%) of the average annual state wage, the credit is one thousand dollars (\$1,000) for each new full-time position. For each position whose salary is two hundred percent (200%) of the average annual state wage, the credit is two thousand dollars (\$2,000) for each new full-time position. Salary is defined as the taxable wages paid to the employee or the salary excluding benefits not subject to Mississippi withholding tax. The

average annual state wage is the most recently published figure established by the Mississippi Department of Employment Security.

The number of jobs must be created within one (1) year and is measured at the end of the fiscal year. They cannot be accumulated over several years. The credit is allowed for each full-time job assigned as long as the minimum number has been achieved and maintained. The credit is for full-time jobs only. You cannot combine part-time jobs to add up to a full-time job. The credit for employees transferred to the headquarters for less than twelve (12) months will be allowed based on a prorated portion in the first and last years. The amount of the credit is prorated based on the number of months the employee is employed in this state divided by twelve (12). The credit is based on filled positions and the employees must be employed in this state and subject to Mississippi withholding tax.

If the number of jobs falls below the twenty (20) required within a year, the credit is lost for that year and cannot be recovered. If the minimum number of jobs is achieved again, the credit is available for the remainder of the original five (5) year period. The original period is not extended.

If the salaries that originally qualified for the additional amount of credit fall below the required average annual state wage, the amount of credit must be adjusted for that year and cannot be recovered. But, if the salaries once again meet the criteria, the additional credit is available for the remainder of the original five (5) year period.

This credit may be used in combination with any of the other credits. The total of the Jobs Tax Credit, the National or Regional Headquarters Tax Credit, the National or Regional Headquarters Relocation Tax Credit, and the Research and Development Skills Tax Credit is limited to fifty percent (50%) of the income tax liability attributable to the income derived from operations in this state for that year. The credit is not refundable. It can only be used to offset the income tax liability. Any excess credit amount can be carried forward for up to five (5) years. It is more advantageous to use the earliest year's unexpired credit first.

If the permanent business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business enterprise is unable to use the existing carryforward, the Commissioner of the Department of Revenue may extend the period that the credit may be carried forward for a period of time not to exceed two (2) years. The extension must be authorized in writing by the Commissioner.

Only the business enterprise or corporation that actually created the jobs qualifying for the credit can receive the credit. 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.

The sale, merger, acquisition, reorganization, bankruptcy, or relocation from one county to another county within Mississippi of any business 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. A letter detailing the facts surrounding such an occurrence and requesting a ruling on the eligibility of any credits must be presented to the MDOR to determine whether qualifying net increases have occurred, or proper transfers of credit have been made. The MDOR may require additional information as needed for substantiation and qualification.

NATIONAL OR REGIONAL HEADQUARTERS RELOCATION TAX CREDIT

A relocation income tax credit is available to any company that transfers or relocates its national or regional headquarters to Mississippi from outside Mississippi in an amount equal to the actual relocation costs paid by the company. A minimum of twenty (20) jobs must be created in order to qualify for the credit.

Relocation costs for which the relocation income tax credit may be awarded includes non-depreciable expenses that are necessary to relocate headquarters employees to the national or regional headquarters. These qualified relocation expenses include but are not limited to travel expenses for employees and members of their households to and from Mississippi in search of homes and moving expenses to relocate furnishings, household goods and personal property of

the employees and members of their households.

The relocation credit is applied to the tax year in which the relocation costs are paid. The maximum cumulative amount of tax credits that may be claimed by all taxpayers claiming a relocation tax credit in any one (1) fiscal year cannot exceed one million dollars (\$1,000,000), exclusive of credits that might be carried forward from previous years. A company may not receive a credit for the relocation of an employee more than one (1) time in a twelve-month period for that employee.

This credit may be used in combination with any of the other credits. The total of the Jobs Tax Credit, the National or Regional Headquarters Tax Credit, the National or Regional Headquarters Relocation Tax Credit and the Research and Development Skills Tax Credit is limited to fifty percent (50%) of the income tax liability attributable to the income derived from operations in this state for that year. The credit is not refundable. It can only be used to offset the income tax liability. Any excess credit amount can be carried forward for up to five (5) years from the original year in which the excess credit could not be used. It is more advantageous to use the earliest year's unexpired credit first.

If the permanent business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business enterprise is unable to use the existing carryforward, the Commissioner of the Department of Revenue may extend the period that the credit may be carried forward for a period of time not to exceed two (2) years. The extension must be authorized in writing by the Commissioner.

Only the business enterprise or corporation that actually created the jobs qualifying for the credit can receive the credit. 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.

The sale, merger, acquisition, reorganization, bankruptcy, or relocation from one county to another county within Mississippi of any business 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. A letter detailing the facts surrounding such an occurrence and requesting a ruling on the eligibility of any credits must be presented to the MDOR to determine whether qualifying net increases have occurred or proper transfers of credit have been made. The MDOR may require additional information as needed for substantiation and qualification.

HOW TO APPLY FOR THE INCENTIVE

Before the credit can be claimed, you must submit the Application for Certification for Economic Incentives and a letter to request the credit. This application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the letter. The letter should include sufficient information to allow a determination of whether the location qualifies as a national or regional headquarters. Sufficient information would include:

- a list of all facilities inside and outside of Mississippi operating under the company's name;
- a description of the activities that justify the headquarters status;
- a list of eligible relocation expenses, if applying for the relocation credit; and
- a list of the twenty (20) jobs associated with the headquarters, including such information as:
 - title of each job,
 - purpose or description of each job,
 - education requirements for each job,
 - experience requirements for each job, and
 - salary or compensation amount.

A letter certifying the designation of a headquarters will be issued if the credit is granted.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the credit, attach:

- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward; and

- the letter certifying the headquarters designation.

The National or Regional Headquarters Credit Code is 06.

The National or Regional Headquarters Relocation Credit Code is 32.

The National or Regional Headquarters Tax Credit is authorized under Miss. Code Ann. Section 57-73-21(5) and further defined in Title 35 Mississippi Administrative Code Part X, Chapter 02. The National or Regional Headquarters Relocation Income Tax Credit is authorized under Miss. Code Ann. Section 57-73-21(7).

Revised June 1, 2025

A.3. Research and Development Skills Tax Credit

An income tax credit equal to one thousand dollars (\$1,000) per year for a position requiring research or development skills is available for a five (5) year period.

EXCEPTION: No business for the transportation, handling, storage, processing, or disposal of hazardous waste is eligible to receive this credit. No medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this credit.

In addition to the Jobs Tax Credit and the National or Regional Headquarters Tax Credit, there is the Research and Development Skills Income Tax Credit which is an incentive to locate full-time positions requiring research and development skills in the state. These positions 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 employee's area of expertise, and compensation at a professional level with two (2) years of related job experience. Examples are chemists and engineers.

A credit of one thousand dollars (\$1,000) for each full-time employee requiring research and/or development skills is available for a five (5) year period. A full-time employee is an employee who works at least thirty-five (35) hours a week. There is no minimum number of positions that must be created to qualify for this credit, but the entity must be increasing their number of employees. The credit is for full-time positions only. Part-time positions cannot be combined to add up to a full-time position. The credit is based on filled positions and the employees must be employed in this state and subject to Mississippi withholding tax. The credit for employees employed for less than twelve (12) months will be allowed based on a pro-rated portion 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).

This credit may be used in combination with any of the other credits. The total of the Jobs Tax Credit, the National or Regional Headquarters Tax Credit, the National or Regional Headquarters Relocation Tax Credit and the Research and Development Skills Tax Credit is limited to fifty percent (50%) of the income tax liability attributable to the income derived from operations in this state for that year. The credit is not refundable. It can only be used to offset the income tax liability. Any excess credit amount can be carried forward for up to five (5) years. It is more advantageous to use the oldest year's unexpired credit first.

If the permanent business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business enterprise is unable to use the existing carryforward, the Commissioner of the Department of Revenue may extend the period that the credit may be carried forward for a period of time not to exceed two (2) years. The extension must be authorized in writing by the Commissioner.

Only the business enterprise or corporation that actually created the jobs qualifying for the credit can receive the credit. 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.

The sale, merger, acquisition, reorganization, bankruptcy, or relocation from one county to another county within Mississippi of any business 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. A letter detailing the facts surrounding such an occurrence and requesting a ruling on the eligibility of any credits must be presented to the MDOR to determine whether qualifying net increases have occurred, or proper transfers of credit have been made. The MDOR may require additional information as needed for substantiation and qualification.

HOW TO APPLY FOR THE INCENTIVE

The taxpayer may apply for certification 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. The application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the letter.

At a minimum, the letter should include the following information for each employee and position:

- Title of the job.
- Purpose of the job.
- Education requirements for the job.
- Experience requirements for the job.
- Hours worked per week.
- Salary or compensation.
- Expected hire date.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the credit, attach:

- the approval letter, if applicable; and
- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward.

The Research and Development Skills Credit Code is 07.

The Research and Development Skills Tax Credit is authorized under Miss. Code Ann. Section 57-73-21(6) and is further defined in Title 35, Part X, Chapter 03 of the Mississippi Administrative Code promulgated by the MDOR.

Revised June 1, 2025

A.4. Skills Training Tax Credit

An income tax credit is available equal to the expense of providing skills training to Mississippi employees for the following businesses:

- manufacturers
- processors
- distributors
- warehousing activities
- wholesalers
- research and development
- warehouses

The following must receive a letter from MDA certifying them as qualified as one of these types of businesses before applying to the MDOR for a certification of their training credit:

- air transportation and maintenance facilities
- movie industry studios
- telecommunication enterprises
- data or information processing
- computer software developers
- any technology intensive facility
- recreational facilities that impact tourism
- final destination or resort hotels with more than 150 guest rooms

EXCEPTION: No business for the transportation, handling, storage, processing, or disposal of hazardous waste is eligible to receive this credit. No medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this credit.

The Skills Training Tax Credit is an incentive for a business to offer training to their Mississippi employees. For expenses to qualify for the Skills Training Credit, the training program must be offered by, or be approved by, the community college in the district where the business is located, but the training does not have to be held on the community college campus to qualify for the credit. The training offered must enhance skills related to the job that the employee is performing, improve job performance, or relate to a career path that is anticipated for the employee. Life enrichment type training will not qualify. Pre-employment training that involves skills training may be eligible for the credit, but it must be directly related to the employment of these individuals.

Training that is not specifically related to the employee's job but is required by a governmental entity may be used in computing the credit to the extent it is required by the governmental entity. Training in excess of the requirements may not be included in the expenses used to calculate the credit. Example – if OSHA requires a certain number of employees to be certified for CPR, then the training for those employees may be included, but training for any employee in excess of the required number may not be included.

The expenses that qualify for this credit include expenses relating to instructors, instructional materials and equipment, and the construction and maintenance by an employer of facilities designated for training purposes. These expenses may include travel, accommodations, rental of facilities, cost of copies, etc. The eligible amounts are those that are allowed to be deductible in the employer's Mississippi income tax return. For the purposes of this credit, maintenance means repairs to the physical facility, not janitorial, landscaping, electricity, water, and other similar expenses.

Tuition reimbursement programs will qualify as long as they are related to the employee's job and there is an agreement between the employer and employee that the employee must work for the employer for a reasonable period of time after the tuition reimbursement program has been completed so that the training may be utilized. The expenses that qualify are net of any reimbursement or paybacks to the employer. If an employee begins a program and is terminated for cause by the employer, the employer does not have to recapture the amount previously taken as a credit, unless the employee must repay the employer.

The Mississippi Community College Board may be contacted with questions about the community college district where the business is located. A list of the community colleges and the cities where those main campuses are located are as follows:

Coahoma Community College	Clarksdale
Copiah-Lincoln Community College	Wesson
East Central Community College	Decatur

East Miss. Community College	Mayhew
Hinds Community College	Raymond
Holmes Community College	Goodman
Itawamba Community College	Tupelo
Jones College	Ellisville
Meridian Community College	Meridian
Miss. Delta Community College	Moorhead
Miss. Gulf Coast Community College	Perkinston
Northeast Miss. Community College	Booneville
Northwest Miss. Community College	Senatobia
Pearl River Community College	Poplarville
Southwest Miss. Community College	Summit

If the business has both Mississippi employees and employees whose post of duty is outside of Mississippi in an approved training program, the training expenses that qualify for the credit must be prorated.

The Skills Training Tax Credit can be used in combination with any other credit. The credit equals fifty percent (50%) of the amount of expenses the business incurs in that training. The credit is allowed up to fifty percent (50%) of the income tax liability attributable to the income derived from the operations in Mississippi for that year. The amount of training credit cannot exceed two thousand and five hundred dollars (\$2,500) per Mississippi employee per year. The credit is not refundable. It can only be used against the income tax liability. Any excess credit amount can be carried forward for up to five (5) years. It is more advantageous to use the earliest year's unexpired credit first. The maximum aggregate amount of tax credits that may be claimed by all taxpayers claiming a credit under this section in a taxable year shall not exceed one million dollars (\$1,000,000).

The skills training expenses cannot be used both as a credit and a deduction. If the expense is used as a basis for a credit, then the amount of the credit taken must be added back to Mississippi taxable income in the year the credit is used to reduce the amount of expense used as a deduction. The credit may be claimed only in the tax year in which the expenses are actually paid.

Only the business or corporation that actually incurred the expenses qualifying for the credit can receive the credit. 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.

The sale, merger, acquisition, reorganization, bankruptcy, or relocation from one county to another county within Mississippi of any business 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. A letter detailing the facts surrounding such an occurrence and requesting a ruling on the eligibility of any credits must be presented to the MDOR to determine whether qualifying net increases have occurred, or proper transfers of credit have been made. The MDOR may require additional information as needed for substantiation and qualification.

HOW TO APPLY FOR THE INCENTIVE

Before the credit can be claimed, the training program of the business must be certified by the local community college at least two weeks prior to implementation for applications. If you wish to determine what type of expenses qualify for the Skills Training Credit, submit the items detailed below and a review of the information will be made, and a response will be returned explaining which expenses qualify.

Provide the following:

- a copy of the certification and evaluation of the training program from the local community college;
- a final enrollment summary including the names and Social Security Numbers of the attendees;
- a financial summary of the expenses that create the credit; and
- a schedule showing a year-by-year calculation, including the current year, of all the types of credits taken and any

credit carryforward.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the credit, attach a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward.

The Skills Training Tax Credit Code is 09.

The Skills Training Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.50.

Revised June 1, 2025

A.5. MBFC Rural Economic Development (RED) Bond Tax Credit

An income tax credit is available equal to the debt service on industrial revenue bonds issued by the Mississippi Business Finance Corporation (MBFC) under the Mississippi Rural Economic Development Assistance Program for approved businesses receiving such bonds. This credit is limited to the lesser of the income tax liability attributable to the income generated by the economic development project or eighty percent (80%) of the income tax liability.

EXCEPTION: No medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this credit.

The debt service incurred by any eligible business which utilizes Industrial Revenue Bonds issued by the MBFC under the Mississippi Rural Economic Development Assistance Program can be taken as a credit on the Mississippi income tax return. The MBFC was created to finance economic development projects to induce the location of manufacturing, telecommunications, data processing, distribution, or warehouse facilities within this state. To accomplish this, the MBFC issues bonds under the authority of Miss. Code Ann. Sections 57-10-401 through 57-10-439. This credit is equal to the total amount paid to service the debt. This income tax credit is also known as the RED Credit or the Mississippi Business Finance Corporation Revenue Bond Service Credit. The credit is limited to the lesser of eighty percent (80%) of the total income tax liability or the income tax liability attributable to the income generated by the economic development project. The income generated by the project is determined by a formula adopted by the MBFC, referred to as the economic tax valuation percentage or ETVP.

An economic development project includes a related approved company that is merged into or consolidated with another approved company where the approved companies are engaged in a vertically integrated manufacturing or warehouse operation.

The ETVP is determined by multiplying the percentage of total increased employment by two (2), adding the percentage of increase of capital investment, and then dividing by three (3). The resulting ETVP will be the percentage of the Company's state income tax liability eligible for an income tax credit under the RED program. The ETVP must be recalculated annually. For more information regarding the ETVP calculation, contact:

Mississippi Business Finance Corporation
735 Riverside Drive, Suite 300
Jackson, MS 39202
601-355-6232

This credit is good for the life of the bond and may be used in combination with any other credit. Any excess credit amount may be carried forward three (3) succeeding years following the year in which the credit was earned. The debt service expense cannot be used both as a credit and a deduction. If any part of the debt service expense is taken as both a credit and a deduction, then the amount of the credit taken must be added back to Mississippi taxable income in the year the credit is used.

Only the business enterprise that entered into a financing agreement with MBFC and has debt service expenses is eligible to take the credit. Credit received by a partnership, LLC or an S-Corporation may be passed through to offset only the income 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.

If, within a group of related companies (parent and sub type), more than one company will benefit from the issuance of the RED bonds, one bond can be issued for the group and the debt service payments can be divided between the companies. Prior to the first payment being made, the group of related companies must obtain written approval from the MDOR for the method by which each separate company would pay their share of the debt service. Each company would then be able to use their share of the RED credit against the income generated from the project that utilized their share of the bond money.

If, within a group of companies that file a combined income tax return, one company incurs debt service on bonds that were issued, each company must calculate their individual tax liability to determine the eighty percent (80%) limit of the company receiving the credit. The income tax liability of the company incurring the debt service on the bonds attributable to the income generated by the economic development project must be determined by the formula adopted by the MBFC. Then each company's income tax liability within the group is combined and the credit limited by the lesser of the tax liability attributable to the income generated by the economic development project or eighty percent (80%) of the total income tax liability attributed to the entity receiving the bonds is taken. This credit is not refundable.

HOW TO APPLY FOR THE INCENTIVE

The business should complete an Application for Certification for Economic Incentives and the MBFC bond certificate must be attached. The application is found online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. Submit the items detailed below and a review of the information will be made, and a response will be returned explaining which expenses qualify and which do not. The TAP application contains a link to upload the additional items.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the credit, attach:

- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward;
- a schedule of computation of the current year's credit and expenses that created the credit;
- documentation showing the calculation of the ETVP; and
- a copy of the MBFC bond certificate.

The RED Bond Tax Credit Code is 13.

The RED Bond Tax Credit is authorized under Miss. Code Ann. Sections 27-7-22.3, 57-10-401, 57-10-409 and further defined in Title 35, Part X, Chapter 05 of the Mississippi Administrative Code as promulgated by the MDOR.

Revised June 1, 2025

A.6. Ad Valorem Tax Credit

An income tax credit is available equal to the ad valorem taxes on the inventory of the following businesses:

- manufacturers
- processors
- distributors
- wholesalers
- retailers

EXCEPTION: No medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this credit.

The Ad Valorem Tax Credit is an income tax credit equal to the amount of ad valorem tax paid on the commodities, raw materials, works-in-process, products, goods, wares, or merchandise held for resale by a business located in Mississippi. This includes any ad valorem tax paid to a county, city, school district, levee district or any other taxing authority of the state. Each location of the eligible business is considered separately. This means the limitation is applied to each specific location. This credit also includes the ad valorem taxes imposed on rental equipment paid by any person, firm or corporation to any taxing authority. Rental equipment means any rental equipment or other rental items which are held for short-term rental to the public:

- Under rental agreements with no specific term;
- Under at-will or open-ended agreements; or
- Under rental agreements with terms ordinarily of less than three hundred sixty-five (365) days; and
- Is not subject to privilege taxes imposed in Miss. Code Ann. Sections 27-19-1 et seq.

This credit may be used in combination with other credits. This credit is not refundable and can only be used to offset the income tax liability. The ad valorem tax cannot be used both as a credit and a deduction. If the ad valorem tax is taken both as a credit and as a deduction, then the amount of the deduction taken must be added back to Mississippi taxable income in the year the credit is used. The credit may be claimed only in the tax year in which the ad valorem taxes are actually paid. Any tax credit that was claimed but not used may be carried forward for five (5) consecutive years from the close of the tax year in which the credit was earned. The tax credit allowed must not exceed the amounts as follows:

- For the 2015 taxable year, the credit is limited to the lesser of fifteen thousand dollars (\$15,000) per location or the income tax attributable to such location.
- For the 2016 taxable year and each taxable year after, the credit is limited to the lesser of the amount of the actual ad valorem taxes paid or the amount of income taxes due that are attributable to the location

The same apportionment formula used to determine the amount of Mississippi net income and/or loss attributable to Mississippi would be used to determine the amount of Mississippi income attributable to a Mississippi location. When a business or individual is a partner or shareholder in a flow-through entity and has income and/or loss being reported to them generated from a Mississippi location, then such location's income and/or loss will not be used in any calculation of income tax due by such partner or shareholder of the flow-through entity. The credit is not transferable and cannot be applied, used, or assigned to any other person or business or tax account. Any amount of ad valorem taxes that have been applied and used as a tax credit by a refinery under Miss. Code Ann. Section 27-7-22.5 may not be used again as a credit under this incentive.

To calculate the amount of income tax attributable to each location of the business, the numerator of the sales, property and/or payroll ratios is based on the respective sales, property, and payroll of the business operation at a certain location. The denominator of the sales, property and/or payroll ratios includes the respective total business sales, property and/or payroll within Mississippi. The ratios are computed on the same type of sales, property, including annualized rentals, and payroll as would be employed in the calculation of the sales, property and payroll ratios of a retailer or manufacturer in Mississippi as required by regulation, except no reductions shall be made for general and administrative property or payroll.

Example 1: Manufacturer Selling Principally at Retail

Corporation ABC is a domestic corporation taxable in multiple states. ABC is subject to both income and franchise tax and files its returns on a calendar-year basis. ABC is a manufacturer selling principally at retail with a retail location (location 1) and a manufacturing plant (location 2) located in Mississippi. ABC is required to calculate its Mississippi income tax

using the weighted three-factor apportionment method (the numerator is the average of the sum of the property and payroll factors plus the sales factor, and the denominator is two).

ABC reported Mississippi tax due prior to any adjustments for credits of \$100,000.

Total ad valorem taxes paid during the year were \$90,000.

Corporation ABC has the following amounts of property, payroll, and sales in Mississippi.

Mississippi Property =	\$300,000
Mississippi Payroll =	\$175,000
Mississippi Sales =	\$500,000

ABC has two locations in Mississippi. For tax year one, each location had the following amounts of property, payroll, and sales, and paid the following amounts of ad valorem tax.

<u>Location 1</u> – Retail Store	<u>Location 2</u> – Manufacturing Plant
Ad Valorem Tax Paid = \$ 45,000	Ad Valorem Tax Paid = \$ 45,000
Location 1 Property = \$ 50,000	Location 2 Property = \$250,000
Location 1 Payroll = \$ 25,000	Location 2 Payroll = \$150,000
Location 1 Sales = \$500,000	Location 2 Sales = \$ 0

Calculating the Tax Attributable to Location 1

Location 1 Mississippi Property Factor		
<u>Location 1 Property</u>	=	<u>\$ 50,000</u>
Mississippi Property		\$300,000
		= 16.6667%
Location 1 Mississippi Payroll Factor		
<u>Location 1 Payroll</u>	=	<u>\$ 25,000</u>
Mississippi Payroll		\$175,000
		= 14.2857%
Location 1 Mississippi Sales Factor		
<u>Location 1 Sales</u>	=	<u>\$500,000</u>
Mississippi Sales		\$500,000
		= 100.0000%
Location 1 Mississippi Property Factor		16.6667%
<u>Location 1 Mississippi Payroll Factor</u>		<u>14.2857%</u>
Average of Property and Payroll Factor		15.4762%
<u>Plus Location 1 Sales Factor</u>		<u>+ 100.0000%</u>
Tax Attribution Factor Numerator		<u>115.4762%</u>
Divided by 2		<u>2</u>
Location 1 Tax Attribution Factor		57.7381%
Total Company Mississippi Income Tax Due		<u>\$ 100,000</u>
Tax Attributable to Location 1		\$ 57,738

Calculating the Tax Attributable to Location 2

$$\frac{\text{Location 2 Mississippi Property Factor}}{\text{Location 2 Property}} = \frac{\$250,000}{\$300,000} = 83.3333\%$$

$$\frac{\text{Location 2 Mississippi Payroll Factor}}{\text{Location 2 Payroll}} = \frac{\$150,000}{\$175,000} = 85.7143\%$$

$$\frac{\text{Location 2 Mississippi Sales Factor}}{\text{Location 2 Sales}} = \frac{\$0}{\$500,000} = 0.0000\%$$

$$\text{Location 2 Mississippi Property Factor} = 83.3333\%$$

$$\text{Location 2 Mississippi Payroll Factor} = 85.7143\%$$

$$\text{Average of Property and Payroll Factor} = 84.5238\%$$

$$\text{Plus Location 2 Sales Factor} = + 0\%$$

$$\text{Tax Attribution Factor Numerator} = 84.5238\%$$

$$\text{Divided by 2} = \div 2$$

$$\text{Location 2 Tax Attribution Factor} = 42.2619\%$$

$$\text{Total Company Mississippi Income Tax Due} = \$100,000$$

$$\text{Tax Attributable to Location 2} = \$42,262$$

Tax Attributable to Location 1	\$ 57,738
Tax Attributable to Location 2	\$ 42,262
Total Mississippi Income Tax Due	\$ 100,000

Location 1 Tax Credit Allowed	
Location 1 Ad Valorem Taxes Paid	\$ 45,000
Tax Attributable to Location 1	\$ 57,738
Location 1 Credit Allowed (lesser of)	\$ 45,000

Location 2 Tax Credit Allowed	
Location 2 Ad Valorem Taxes Paid	\$ 45,000
Tax Attributable to Location 2	\$ 42,262
Location 2 Credit Allowed (lesser of)	\$ 42,262

Location 1 Credit to be Utilized	\$ 45,000
Location 2 Credit to be Utilized	\$ 42,262
Total Credit Utilized	\$ 87,262

Total Ad Valorem Taxes Paid	\$ 90,000
Total Credit Allowed	\$ 87,262
Credit Available to be Carried Forward to Next Year	\$ 2,738

Example 2: Manufacturer Selling Principally at Wholesale

Corporation ABC is a domestic corporation taxable in multiple states. ABC is subject to both income and franchise tax and files its returns on a calendar-year basis. ABC is a manufacturer selling principally at wholesale with a warehouse location (location 1) and a manufacturing plant (location 2) located in Mississippi. ABC is required to calculate its Mississippi income tax using the three-factor apportionment method (the numerator is the sum of the property, payroll, and the sales factor, and the denominator is three).

ABC reported Mississippi tax due prior to any adjustments for credits of \$100,000.

Total ad valorem taxes paid during the year were \$90,000.

Corporation ABC has the following amounts of property, payroll, and sales in Mississippi.

Mississippi Property = \$300,000
 Mississippi Payroll = \$175,000
 Mississippi Sales = \$500,000

ABC has two locations in Mississippi. For tax year one, each location had the following amounts of property, payroll, and sales, and paid the following amounts of ad valorem tax.

Location 1 – Warehouse

Ad Valorem Tax Paid = \$ 45,000
 Location 1 Property = \$ 50,000
 Location 1 Payroll = \$ 25,000
 Location 1 Sales = \$500,000

Location 2 – Manufacturing Plant

Ad Valorem Tax Paid = \$ 45,000
 Location 2 Property = \$250,000
 Location 2 Payroll = \$150,000
 Location 2 Sales = \$ 0

Calculating the Tax Attributable to Location 1

Location 1 Mississippi Property Factor

$$\frac{\text{Location 1 Property}}{\text{Mississippi Property}} = \frac{\$ 50,000}{\$300,000} = 16.6667\%$$

Location 1 Mississippi Payroll Factor

$$\frac{\text{Location 1 Payroll}}{\text{Mississippi Payroll}} = \frac{\$ 25,000}{\$175,000} = 14.2857\%$$

Location 1 Mississippi Sales Factor

$$\frac{\text{Location 1 Sales}}{\text{Mississippi Sales}} = \frac{\$500,000}{\$500,000} = 100.0000\%$$

Location 1 Mississippi Property Factor 16.6667%

Location 1 Mississippi Payroll Factor 14.2857%

Location 1 Mississippi Sales Factor + 100.0000%

Tax Attribution Factor Numerator 130.9524%

Divided by 3 ÷ 3

Location 1 Tax Attribution Factor 43.6508%

Total Company Mississippi Income Tax Due \$ 100,000

Tax Attributable to Location 1 \$ 43,651

Calculating the Tax Attributable to Location 2

$$\frac{\text{Location 2 Mississippi Property Factor}}{\frac{\text{Location 2 Property}}{\text{Mississippi Property}}} = \frac{\$250,000}{\$300,000} = 83.3333\%$$

$$\frac{\text{Location 2 Mississippi Payroll Factor}}{\frac{\text{Location 2 Payroll}}{\text{Mississippi Payroll}}} = \frac{\$150,000}{\$175,000} = 85.7143\%$$

$$\frac{\text{Location 2 Mississippi Sales Factor}}{\frac{\text{Location 2 Sales}}{\text{Mississippi Sales}}} = \frac{\$0}{\$500,000} = 0.0000\%$$

$$\text{Location 2 Mississippi Property Factor} = 83.3333\%$$

$$\text{Location 2 Mississippi Payroll Factor} = 85.7143\%$$

$$\text{Location 2 Mississippi Sales Factor} + 0\%$$

$$\text{Tax Attribution Factor Numerator} = 169.0476\%$$

$$\text{Divided by 3} \div 3$$

$$\text{Location 2 Tax Attribution Factor} = 56.3492\%$$

$$\text{Total Company Mississippi Income Tax Due} = \$100,000$$

$$\text{Tax Attributable to Location 2} = \$56,349$$

Tax Attributable to Location 1	\$ 43,651
Tax Attributable to Location 2	\$ 56,349
Total Mississippi Income Tax Due	\$ 100,000

Location 1 Tax Credit Allowed	
Location 1 Ad Valorem Taxes Paid	\$ 45,000
Tax Attributable to Location 1	\$ 43,651
Location 1 Credit Allowed (lesser of)	\$ 43,651

Location 2 Tax Credit Allowed	
Location 2 Ad Valorem Taxes Paid	\$ 45,000
Tax Attributable to Location 2	\$ 56,349
Location 2 Credit Allowed (lesser of)	\$ 45,000

Location 1 Credit to be Utilized	\$ 43,651
Location 2 Credit to be Utilized	\$ 45,000
Total Credit Utilized	\$ 88,651

Total Ad Valorem Taxes Paid	\$ 90,000
Total Credit Allowed	\$ 88,651
Credit Available to be Carried Forward to Next Year	\$ 1,349

Example 3: Retailer

Corporation ABC is a domestic corporation taxable in multiple states. ABC is subject to both income and franchise tax and files its returns on a calendar-year basis. ABC is a retail company with two store locations (locations 1 and 2) located in Mississippi. ABC is required to calculate its Mississippi income tax using the single-sales factor method.

ABC reported Mississippi tax due prior to any adjustments for credits of \$10,000.

Total ad valorem taxes paid during the year were \$40,000.

Corporation ABC has the following amount of sales in Mississippi.

Mississippi Sales = \$350,000

ABC has two locations in Mississippi. For tax year one, each location had the following amounts of sales and paid the following amounts of ad valorem tax.

Location 1 – Retail Store

Ad Valorem Tax Paid = \$ 15,000

Location 1 Sales= \$ 250,000

Location 2 – Retail Store

Ad Valorem Tax Paid = \$ 25,000

Location 2 Sales = \$100,000

Calculating the Tax Attributable to Location 1

Location 1 Mississippi Sales Factor

$$\frac{\text{Location 1 Sales}}{\text{Mississippi Sales}} = \frac{\$250,000}{\$350,000} = 71.4286\%$$

Location 1 Tax Attribution Factor

71.4286%

Total Company Mississippi Income Tax Due

\$ 10,000

Tax Attributable to Location 1

\$ 7,143

Calculating the Tax Attributable to Location 2

Location 2 Mississippi Sales Factor

$$\frac{\text{Location 2 Sales}}{\text{Mississippi Sales}} = \frac{\$100,000}{\$350,000} = 28.5714\%$$

Location 2 Tax Attribution Factor

28.5714%

Total Company Mississippi Income Tax Due

\$ 10,000

Tax Attributable to Location 2

\$ 2,857

Tax Attributable to Location 1

\$ 7,143

Tax Attributable to Location 2

\$ 2,857

Total Mississippi Income Tax Due

\$ 10,000

Location 1 Tax Credit Allowed

Location 1 Ad Valorem Taxes Paid

\$ 15,000

Tax Attributable to Location 1

\$ 7,143

Location 1 Credit Allowed (lesser of)

\$ 7,143

Location 2 Tax Credit Allowed	
Location 2 Ad Valorem Taxes Paid	\$ 25,000
Tax Attributable to Location 2	<u>\$ 2,857</u>
Location 2 Credit Allowed (lesser of)	\$ 2,857
Location 1 Credit to be Utilized	\$ 7,143
Location 2 Credit to be Utilized	<u>\$ 2,857</u>
Total Credit Utilized	\$ 10,000
Total Ad Valorem Taxes Paid	\$ 40,000
Total Credit Allowed	\$ 10,000
Credit Available to be Carried Forward to Next Year	\$ 30,000

The Commissioner may require another method if it is determined that the apportionment method used inaccurately reflects the income and/or loss generated by an approved business operation within a Mississippi location.

Incentive credits may be used to offset all or a part of the corporate income tax liability. As mentioned in the overview above, the Ad Valorem Tax Credit has been amended throughout the years resulting in slightly different application and calculation of the credit. A copy of the tax receipt from the county that shows the inventory valuation and a schedule showing the calculation of the ad valorem tax paid based on the valuation must be attached to the return.

The Ad Valorem Tax Credit can be claimed by an individual as well. The credit can be acquired in two ways. The first would be from a pass-through entity and the second from a business whose income is being reported using a Schedule C in the individual tax return. This credit is calculated as follows: multiply the net income passing through from the entity or the income off the Schedule C by the effective tax rate/rates.

Generally, when carryforwards are available from different tax credits a taxpayer would maximize the benefits by using the oldest carrybacks and the credits that are unable to be carried forward, first.

Credit can only be taken by the business enterprise that paid the ad valorem tax. Credit received by a partnership, LLC, or an S-Corporation may be passed through to offset only the 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.

HOW TO APPLY/CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the credit, attach:

- a copy of the tax receipt from each county, city, or school district that shows the inventory valuation and the tax paid on such inventory for each location; and
- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward.

The Ad Valorem Tax Credit Code is 14.

The Ad Valorem Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.5 and further defined in Title 35 Miss. Admin. Code, Part X, Chapter 06 promulgated by the MDOR.

Revised June 1, 2025

A.7. Employer Provided Dependent Care Tax Credit

An income tax credit equal to one-half ($\frac{1}{2}$) of the expenses of providing dependent day care for employees is available to all types of businesses providing day care which is certified by the Mississippi State Department of Health (MSDH). The credit is also available for employers who provide a childcare stipend of at least six thousand dollars (\$6,000) to a licensed or registered entity providing dependent childcare in the State of Mississippi for an employee's children during the employee's work hours.

The Child/Dependent Care Tax Credit is an incentive to any business providing dependent day care (both children and adult) for its employees during the employee's working hours or assisting community-provided day care. The expenses must be incurred in the operation of a program certified by the MSDH or the MDOR. Employers will be certified as eligible for the tax credit by the MSDH for programs serving children twelve (12) years of age or younger and for programs serving elderly adults and by the MDOR for programs serving other dependents older than twelve (12) years of age.

In order to be considered qualified expenses, the programs incurring the costs must meet any one of the following criteria:

- A childcare facility having an average daily enrollment for the taxable year of no less than six (6) children who are twelve (12) years of age or younger;
- A family childcare/elder care facility serving five (5) or fewer children and/or elderly adults approved by the MSDH for participation in the United States Department of Agriculture child and adult nutrition program;
- A facility serving children over twelve (12) years of age but less than eighteen (18) years of age in either a community-based facility or a facility at the employment site;
- A facility serving adult relatives of employees in either a community-based elder care facility or a facility at the employment site; or
- A facility serving children or adult dependents having physical, emotional, or mental disabilities in either a community-based facility or a facility at the employment site.

For more information, contact:

Mississippi State Department of Health
Division of Child Care and Special Licensure
P. O. Box 1700
Jackson, MS 39215-1700
601-576-7400

For an employer contracting with a licensed or registered entity to provide dependent care for its employees during the employee's work hours, the credit is applied to the net cost of any contract executed by the employer. For another entity to provide dependent care, or if the employer elects to provide dependent care itself, the credit is applied to expenses of dependent care staff, learning and recreational materials and equipment, and the construction and maintenance of a facility. If the employer elects to provide a child care stipend to a licensed or registered entity providing dependent care in the State of Mississippi for the employee's children during the employee's work hours, the credit is applied to the amount of the stipend provided. Additional eligible expenses include costs assumed by the employer which increase the quality, availability, and affordability of dependent care in the community used by employees during the employee's work hours. For facilities and equipment, the eligible expense is the amount of depreciation expense allowable in computing taxable income. These expenses are net of any reimbursement.

The Child/Dependent Care Tax Credit may be used in combination with any other credit. The credit is equal to fifty percent (50%) of the qualified day care expenses. It is not refundable. It can be used to offset one hundred percent (100%) of the income tax liability. Any excess credit amount can be carried forward for up to five (5) years. It is more advantageous to use the oldest year's unexpired credit first. The child/dependent care expenses cannot be used both as a credit and a deduction. If the expense is taken both as a credit and as a deduction, then the amount of the credit taken must be added back to Mississippi taxable income in the year the credit is used. The credit may be claimed only in the tax year in which the expenses are actually paid.

Only the business enterprise or corporation that actually incurred the expenses can receive the credit. 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.

HOW TO APPLY FOR THE INCENTIVE

To be eligible for the credit the business should complete an Application for Certification for Economic Incentives. This application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The business should also submit a letter explaining the dependent care program and specifically requesting approval for the dependent care tax credit. Along with the written request include a certification from the MSDH for applicable programs. The TAP application contains a link to upload additional documentation.

In addition, for an employer who provides a childcare stipend to be eligible for the credit the employer must attach:

- The names of the employees on whose behalf the stipend is paid;
- The amount of the stipend paid on behalf of each of those employees; and
- The licensed or registered entity receiving the childcare stipend from the employer on behalf of the employee, including the entity's federal identification number, license, and registration number.

Once the information is reviewed, a certification will be sent detailing the qualifying and non-qualifying expenses.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the credit, attach:

- the certification from the MSDH or MDOR approving the facilities and/or the expenses;
- a financial summary of the expenses that creates the credit; and
- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward.

The Child/Dependent Care Tax Credit Code is 08.

The Child/Dependent Care Tax Credit is authorized under Miss. Code Ann. Section 57-73-23 and further defined in Title 35, Part X, Chapter 07 of the Mississippi Administrative Code promulgated by the MDOR.

Revised June 1, 2025

A.8. Export Port Charges Tax Credit

An income tax credit is available equal to the charges a business pays for exporting cargo through certain Mississippi ports.

The Export Port Charges Tax Credit is an incentive available to businesses that utilize port facilities at Mississippi state, county and municipal ports or harbors as established pursuant to Miss. Code Ann. Sections 59-5-1 through 59-5-69, Sections 59-7-1 through 59-7-519, Sections 59-9-1 through 59-9-85 or Sections 59-11-1 through 59-11-7. The credit is equal to the charges on export cargo paid by the business for:

- receiving into the port;
- handling to a vessel; and
- wharfage.

The credit is not refundable and can only be used to offset fifty percent (50%) of the income tax liability after all other credits have been used, except for estimated tax payments. Any excess credit amount can be carried forward for up to five (5) years. It is more advantageous to use the earliest year's unexpired credit first. The export cargo charges cannot be used both as a credit and a deduction. If the expense is taken both as a credit and as a deduction, then the amount of the credit taken must be added back to Mississippi taxable income in the year the credit is used. The credit may be claimed only in the tax year in which the charges are actually paid.

Only the business enterprise or corporation that actually incurred the expenses can receive the credit. 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.

This credit shall stand repealed on July 1, 2028. A taxpayer who is eligible for this credit before July 1, 2028, will remain eligible for this credit after July 1, 2028, even if the statute authorizing this credit is repealed.

HOW TO APPLY/CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the credit, attach:

- a statement from the governing authority of the port certifying the amount of charges paid by the business; and
- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward.

The Export Port Charges Tax Credit Code is 15.

The Export Port Charges Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.7 and further defined in Title 35, Part X, Chapter 08 of the Mississippi Administrative Code promulgated by the MDOR.

Revised June 1, 2025

A.9. Import Port Charges Tax Credit

An income tax credit is available equal to the charges an eligible business pays for importing cargo (except for forest products) through certain Mississippi ports. An eligible business must locate its US headquarters in Mississippi, have at least five (5) permanent full-time employees, and have a minimum capital investment of two million dollars (\$2,000,000) in Mississippi.

The Import Port Charges Tax Credit is an incentive available to businesses that utilize port facilities at Mississippi state, county and municipal ports or harbors as established pursuant to Miss. Code Ann. Sections 59-5-1 through 59-5-69, Sections 59-7-1 through 59-7-519, Sections 59-9-1 through 59-9-85 or Sections 59-11-1 through 59-11-7. The credit is equal to the charges on import cargo paid by the eligible business for:

- receiving into the port;
- handling to a vessel; and
- wharfage.

The business must have established its US headquarters in Mississippi and have at least five (5) permanent full-time employees at the headquarters location. The business must have a minimum capital investment of two million dollars (\$2,000,000) in order to qualify for the credit.

The maximum cumulative credit that may be claimed by the business is:

- One million dollars (\$1,000,000) if the business has between five (5) and twenty-five (25) permanent full-time employees at its headquarters;
- Two million dollars (\$2,000,000) if the business has between twenty-six (26) and one hundred (100) permanent full-time employees at its headquarters;
- Three million dollars (\$3,000,000) if the business has between one hundred and one (101) and two hundred (200) permanent full-time employees at its headquarters; or
- Four million dollars (\$4,000,000) if the business has two hundred and one (201) or more permanent full-time employees at its headquarters.

This credit is not refundable and can only be used to offset fifty percent (50%) of the income tax liability after all other credits except for estimated tax payments have been taken. Any excess credit amount can be carried forward for up to five (5) years. It is more advantageous to use the oldest year's unexpired credit first. The import cargo charges cannot be used both as a credit and a deduction. If the expense is taken both as a credit and as a deduction, then the amount of the credit taken must be added back to Mississippi taxable income in the year the credit is used. The credit may be claimed only in the tax year in which the charges are actually paid.

Only the business enterprise or corporation that actually incurred the expenses can receive the credit. 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.

HOW TO APPLY/CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the credit, attach:

- a statement from the governing authority of the port certifying the amount of charges paid by the business; and
- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward.

The Import Port Charges Tax Credit Code is 17.

The Import Port Charges Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.23.

Revised June 1, 2025

A.10. Airport Cargo Charges Tax Credit

An income tax credit is available equal to the charges a business pays for utilizing certain Mississippi airport facilities for the import or export of cargo.

The Airport Cargo Charges Tax Credit is an incentive available to eligible businesses that utilize airport facilities in Mississippi established pursuant to Miss. Code Ann. Sections 61-3-1 *et seq.* and 61-5-1 *et seq.* In order to be eligible for the credit, the business must locate its United States headquarters in Mississippi, employ at least five (5) new permanent full-time employees who work at the headquarters, and invest a minimum of two million dollars (\$2,000,000) in real or personal property in Mississippi. For the purposes of this credit, a full-time employee is one who works at least thirty-five (35) hours per week.

The credit is equal to the charges on the import or export of cargo paid by the business for:

- receiving into the airport;
- aircraft marshalling or handling fees; and
- aircraft landing fees.

The maximum cumulative credit that may be claimed by the business is:

- One million dollars (\$1,000,000) for those businesses employing five (5) to twenty-five (25) individuals.
- Two million dollars (\$2,000,000) for those businesses employing twenty-six (26) to one hundred (100) individuals.
- Three million dollars (\$3,000,000) for those businesses employing one hundred and one (101) to two hundred (200) individuals; or
- Four million dollars (\$4,000,000) for those businesses employing more than two hundred (200) individuals.

This credit is not refundable and can only be used to offset fifty percent (50%) of the income tax liability after all other credits except for estimated tax payments have been used. Any excess credit amount can be carried forward for up to five (5) years. It is more advantageous to use the earliest year's unexpired credit first. These airport cargo charges cannot be used both as a credit and a deduction. If the expense is taken both as a credit and as a deduction, then the amount of the credit taken must be added back to Mississippi taxable income in the year the credit is used. The credit may be claimed only in the tax year in which the charges are actually paid.

Only the business enterprise or corporation that actually incurred the expenses can receive the credit. 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.

A taxpayer who is eligible for this credit before July 1, 2028, will remain eligible for this credit after July 1, 2028, even if the statute authorizing this credit is repealed.

HOW TO APPLY/CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the credit, attach:

- a statement from the governing authority of the airport certifying the amount of charges paid by the business; and
- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward.

The Airport Cargo Charges Tax Credit Code is 22.

The Airport Cargo Charges Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.25.

Revised June 1, 2025

A.11. Income Tax Exemption for Growth and Prosperity (GAP) Areas

An income tax exemption is available for a period of ten (10) years for certain businesses locating in a GAP area. The eligible businesses include ones that:

- manufacture • process • assemble • store • warehouse • service • distribute
- sell any products or goods, including products of agriculture • research and development
- others as determined by MDA which will create at least ten (10) jobs

EXCEPTION: No retail establishment, gaming business or casino, electrical generation facility, or medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this credit.

The Growth and Prosperity (GAP) Areas Tax Exemption was created to encourage businesses to locate facilities and hire individuals in areas that have thirty percent (30%) or more of the population at or below the federal poverty level according to the most recent official data compiled by the United States Census Bureau or have an unemployment rate that is two hundred percent (200%) of the state's average unemployment rate. A county or supervisor's district applies to MDA to be designated as a GAP Area. After the application has been approved, the GAP Area is issued a certificate of public convenience and necessity. At this time, an eligible business that constructs a new facility or expands an existing facility located in one of these GAP Areas can apply to MDA to be exempted from state and local taxes for a period of ten (10) years or until December 31, 2029, whichever occurs first. Taxes levied by municipalities are exempted for ten (10) years or until December 31, 2033, whichever comes first. A business that relocates from a county in Mississippi to a GAP Area is not eligible for the exemption.

State taxes are defined as (1) sales and use tax on component materials, equipment and machinery for the initial construction of a business or an additional expansion of an existing business; (2) income tax on income generated by the business in the GAP Area; (3) franchise tax on the value of the capital used, invested or employed by the business in that GAP Area; and (4) sales and use tax imposed on the lease of machinery and equipment acquired in the initial construction of a business or an additional expansion of an existing business. Local taxes mean any county or municipal ad valorem taxes except for the school, fire, and police portions of the tax.

If the business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business cannot utilize the exemption, MDA may extend the exemption from state taxes for no more than two (2) years or until December 31, 2033, whichever occurs first.

The business must be in compliance with all state and local tax laws and related ordinances and resolutions to be eligible for the exemption. Such exemption is not transferable and cannot be applied, used, or assigned to any other entity. The approved business must also enter into an agreement with MDA which sets out performance requirements of the business that must be met and provisions to recapture any or all of the taxes exempted if the requirements are not met. The business must make available, at the Commissioner's request, all books, records, or other information, necessary to verify the correctness of any exemptions claimed. For more information on the GAP areas, contact:

Mississippi Development Authority
Business Incentives Division
Post Office Box 849
Jackson, MS 39205
financial@mississippi.org
601-359-3552

The exemption granted to a business is based on the Mississippi net income and/or loss attributable to its new or expanded operation within a GAP Area. A business may have, in addition to the business operation in the GAP Area, other business operations which are located outside of the GAP Area. These operations do not qualify as a MDA approved business operation and, therefore, are not allowed the exemption. Because of this, the income attributable to the GAP Area must be identified separately from its total Mississippi income. Any losses assigned to the GAP Area business operation from

the use of a formula or direct accounting shall not be carried backward or forward in computing Mississippi taxable income during the exemption period. A business cannot qualify for certain income tax credits from its operation within a GAP Area when the credit is determined by an expense incurred, such as the Ad Valorem Tax Credit, the RED Tax Credit, the Child/Dependent Care Tax Credit, and the Export Charges Tax Credit.

Generally, an apportionment formula would be used to determine the amount of Mississippi net income and/or loss attributable to a GAP Area. In very limited circumstances, direct accounting would be used in making the determination. When a business or individual is a partner or shareholder in a flow-through entity and has income and/or loss being reported to them generated in a GAP Area, then such GAP Area income and/or loss will not be used in any calculation of income tax due by such partner or shareholder of the flow-through entity. The exemption is not transferable and cannot be applied, used, or assigned to any other person or business or tax account, other than the one approved by MDA.

To calculate the amount of exemption for the business, an apportionment formula comprised of a property and a payroll ratio is used in A), B), and C). The numerator of both the property and the payroll ratio in A), B), and C) is based on the respective property and payroll of the MDA approved business operation in the GAP Area. The denominator of the property and payroll ratios in A) and B) includes the respective total business property and payroll. The denominator of the property and payroll ratios in C) includes the respective property and payroll within Mississippi. The ratios in A), B), and C) are computed on the same type of property, including annualized rentals, and payroll as would be employed in the calculation of the property and payroll ratios of a manufacturer in Mississippi as required by regulation, except no reductions shall be made for general and administrative property or payroll. The numerators of both the property and payroll ratios include only that property purchased or rented and payroll in the GAP Area that is necessary to the operation of the approved business operation in the GAP Area.

- A) Those businesses whose total business income is assigned to Mississippi by reason of not being taxable in another state should calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio should then be applied to the total business income or loss. The result is the income and/or loss attributed to the GAP Area. The GAP Area income will reduce the total business income. A GAP Area loss will reduce the total business loss.

Example: Corporation ABC is a domestic corporation not taxable in another state and, therefore, assigns both its business and non-business income to this state. ABC is subject to both state income and franchise taxes and files its returns on a calendar year basis. In year one, ABC received approval from the MDA for an expansion project inside a GAP Area. Construction of the new facility began in November of that year and was completed in July of year three.

For tax year one, ABC had GAP Area property and total company property of \$3 million and \$10 million respectively. ABC's total company business receipts were \$50 million, and payroll in the GAP Area was zero since the plant was still under construction. ABC's business income was \$2 million, and its non-business income was \$100,000 (one hundred thousand).

For tax year one, ABC computed the following GAP Area exclusion ratio:

Property Factor	=	$\frac{\text{GAP Area Property}}{\text{Total Company Property}}$	=	$\frac{\$0 \text{ million}}{\$10 \text{ million}}$	=	0%
Payroll Factor	=	$\frac{\text{GAP Area Payroll}}{\text{Total Company Payroll}}$	=	$\frac{\$0.00}{\text{Total Company Payroll}}$	=	0%

In year one, the property in the GAP Area was under construction, therefore, none of the property qualified for inclusion in the factor. Payroll expended for construction was capitalized as part of work-in-progress. ABC does not receive a GAP Area income exclusion for year one.

- B) Those businesses that employ a single ratio formula to apportion their business income to Mississippi should calculate a property factor and a double-weighted payroll factor and then divide by three as well. This ratio should then be applied to the total business income and/or loss subject to Mississippi apportionment. The result is the income and/or loss attributed to the GAP Area. GAP Area income will reduce the Mississippi apportioned income as calculated by

regulation, however, in no case should it reduce the Mississippi apportioned income below zero nor should a loss attributed to GAP Area reduce a Mississippi apportioned loss to an amount above zero.

Example: Corporation ABC is a domestic corporation, which is taxable in several other states and apportions its business income to this state using a single factor formula. In year one, ABC received approval from the MDA for an expansion project inside a GAP Area. Construction of the new facility was completed in year two. For year two, ABC's Mississippi and total company receipts are \$50 million and \$70 million respectively. ABC has GAP Area, Mississippi, and total company property of \$4 million, \$10 million, and \$12 million respectively. ABC's GAP Area, Mississippi, and total company payroll are \$2 million, \$4 million, and \$8 million respectively. ABC's business income is \$2 million and its non-business income is \$100,000 (one hundred thousand).

For tax year two, ABC computed the following GAP Area exclusion ratio:

$$\text{Property Factor} = \frac{\text{GAP Area Property}}{\text{Total Company Property}} = \frac{\$4 \text{ million}}{\$12 \text{ million}} = 33.33\%$$

$$\text{Payroll Factor} = \frac{\text{GAP Area Payroll}}{\text{Total Company Payroll}} = \frac{\$2 \text{ million}}{\$8 \text{ million}} = 25\%$$

$$\text{GAP Area Exclusion Ratio} = (\text{GAP Area Property Factor} + \text{GAP Area Payroll Factor} + \text{GAP Area Payroll Factor})/3 \\ = (33.33\% + 25\% + 25\%)/3 = 27.78\%$$

$$\text{Income Apportionment Ratio} = \frac{\$50 \text{ million}}{\$70 \text{ million}} = 71.43\%$$

The exclusion from business income is equal to \$555,554 (\$2,000,000 * 27.78%). MS business taxable income prior to the exclusion is \$1,428,572. MS taxable income is \$973,018 (\$1,428,572 - \$555,554 + \$100,000)

- C) Those businesses that employ a three-factor formula to apportion their business income to Mississippi should calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio should then be applied to the Mississippi apportioned income and/or loss as determined by regulation. The result should be that income and/or loss attributed to the GAP Area. The GAP Area income will reduce the Mississippi apportioned income as calculated by regulation. A GAP Area loss will reduce any Mississippi apportioned loss as calculated by regulation.

Example: Assume the same facts as example B except that ABC is a wholesale manufacturer who employs a three-factor formula for apportioning income to this state.

For tax year three, ABC computed the following GAP Area exclusion ratio:

$$\text{Exclusion Property Factor} = \frac{\text{GAP Area Property}}{\text{Total MS Property}} = \frac{\$4 \text{ million}}{\$10 \text{ million}} = 40\%$$

$$\text{Exclusion Payroll Factor} = \frac{\text{GAP Area Payroll}}{\text{Total MS Payroll}} = \frac{\$2 \text{ million}}{\$4 \text{ million}} = 50\%$$

$$\text{Income Apport. Receipts Factor} = \frac{\text{MS Business Receipts}}{\text{Total Business Receipts}} = \frac{\$50 \text{ million}}{\$70 \text{ million}} = 71.43\%$$

$$\text{Income Apport. Payroll Factor} = \frac{\text{MS Payroll}}{\text{Total Company Payroll}} = \frac{\$4 \text{ million}}{\$8 \text{ million}} = 50\%$$

$$\text{Income Apport. Property Factor} = \frac{\text{Total MS Business Property}}{\text{Total Bus Prop. Everywhere}} = \frac{\$10 \text{ million}}{\$12 \text{ million}} = 83.33\%$$

$$\text{GAP Area Exclusion Ratio} = (\text{GAP Area Property Factor} + \text{GAP Area Payroll Factor} + \text{GAP Area Payroll Factor})/3$$

$$= (40\% + 50\% + 50\%)/3 = 46.67\%$$

$$\text{Income Apportionment Ratio} = (71.43\% + 50\% + 83.33\%)/3 = 68.25\%$$

MS business income prior to the GAP Area exclusion = \$1,365,080. The GAP Area exclusion is equal to \$637,038 (\$1,365,080 * 46.67%). Mississippi taxable income is equal to \$828,042 (\$1,365,080 - \$637,038 + \$100,000)

- D) Those multi-state businesses employing direct accounting for income tax reporting should calculate a ratio in the same manner as described in C). This ratio should be applied to the direct accounting income and/or loss to determine the amount of income and/or loss attributable to the GAP Area. The GAP Area income will reduce the total business income. A GAP Area loss will reduce the total business loss.
- E) The Commissioner may require another method if it is determined that the apportionment of the income and/or loss as required under A), B), C), or D) inaccurately reflects the income and/or loss generated by an approved business operation within a GAP Area.

HOW TO APPLY FOR THE INCENTIVE

Before the exemption can be calculated and taken on the return, application must be made to MDA for designation as a GAP Area business. To be eligible for the GAP exemption, the business should submit a copy of the certification from the MDA and a completed Application for Certification for Economic Incentives application. The application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the MDA certification.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the exemption, attach:

- a schedule showing the calculation of how the exemption was calculated;
- a copy of the MDA certification letter; and
- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward.

The GAP Area Exemption is authorized under Miss. Code Ann. Sections 27-7-21 and 57-80-1 through 57-80-11.

Revised June 1, 2025

A.12. Broadband Technology Tax Credit

An income tax credit is available for telecommunications businesses based on a percentage of the cost of equipment used in the deployment of broadband technology.

EXCEPTIONS: Radio stations, television stations and news organizations are not considered telecommunications businesses and are not eligible to receive this credit.

This incentive was created to encourage telecommunications businesses to invest in the infrastructure needed to develop high speed access to the Internet for all counties in the State. Telecommunications businesses that deploy such equipment are eligible for an income tax credit based on a percentage of the cost paid to a vendor for any equipment used for the transmission of information at a high speed. To be eligible for the credit, the item(s) must be **sold directly to, billed directly to, and paid for directly by** the business receiving the credit.

Telecommunications businesses are defined as companies engaged in the creation, display, management, storage, processing, transmission, or distribution for compensation of images, text, voice, video, or data by wire or by wireless means. They also include companies engaged in the construction, design, development, manufacture, maintenance, or distribution for compensation of devices, products, software, or structures used in the above-mentioned activities.

"Equipment used in the deployment of broadband technologies" means any equipment capable of being used for or in connection with the transmission of information at a rate, prior to taking into account the effects of any signal degradation, that is not less than thirty-five (35) megabits per second downlink and three (3) megabits per second uplink for mobile broadband or that is capable of providing fixed broadband service.

"Broadband service" means a mass-market retail service by wire, cable, fiber, or radio provided to customers in the State of Mississippi that provides the capability to transmit data to, and receive data from, all or substantially all Internet endpoints, at speeds of at least one hundred (100) megabits per second downstream and twenty (20) megabits per second upstream, and including, but not limited to, any capabilities that are incidental to and enable the operation of communications service, but excluding dial-up Internet access service.

The amount of the annual credit depends on where the equipment is being deployed or placed in service. In Mississippi, counties are ranked as Tier Three (less developed), Tier Two (moderately developed), and Tier One (developed). The counties are evaluated and ranked each year by the MDOR based on the unemployment rate and per capita income of each county for the most recent thirty-six (36) month period. They are then divided into the three (3) previously mentioned groups with one-third (1/3) of the counties in each group. This ranking determines the percentage used to calculate the credit. The ranking for a specific county can change from year to year based on this evaluation. The tier in which broadband technology is deployed shall be determined in the year in which such technology is deployed in a county and such tier shall not change if the county is later designated in another tier. The credit percentage amount for each county ranking is as follows:

<u>County Ranking</u>	<u>Credit Percentage Amount</u>
Tier One (developed)	5%
Tier Two (moderately developed)	10%
Tier Three (less developed)	15%

This credit is available from July 1, 2003, through June 30, 2030. The annual credit is available beginning in the year the equipment is placed in service and may be taken for that equipment each year for the following nine (9) years. The total amount of credit taken in any one (1) year is only allowed against fifty percent (50%) of the aggregate income and franchise tax liability for that year. Any excess credit amount can be carried forward for up to ten (10) consecutive years. The total amount of credits taken over the ten (10) consecutive year period cannot exceed one hundred percent (100%) of the original investment in the equipment. This credit is not refundable. The expense may not be used as both a credit and a deduction. If the expense is taken both as a credit and as a deduction, then the amount of the credit taken must be added back to Mississippi taxable income in the year the credit is used.

As of 2025 and for every year after, the aggregate amount of tax credits allowed under this incentive during a calendar year cannot exceed fifteen million dollars (\$15,000,000), and the credits issued during a calendar year cannot exceed one million five hundred thousand dollars (\$1,500,000) for any single telecommunications enterprise, exclusive of credits that might be carried forward from previous taxable years. For calendar year 2025, and for each calendar year thereafter, a telecommunications enterprise will need to file the cost of equipment used in the deployment of broadband technologies with the Department of Revenue between March 1 and March 20 for the expenditures incurred in the preceding calendar year. If the total credits requested exceed the annual aggregate cap of fifteen million dollars (\$15,000,000), each telecommunications enterprise shall be allocated credits on a prorated basis.

No credit will be allowed if the equipment used in the deployment of broadband technologies was paid for, or its cost was reimbursed by funds made available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act or the Broadband Equity, Access, and Deployment (BEAD) Program.

HOW TO APPLY FOR THE INCENTIVE

An Application for Certification for Economic Incentives should be completed and a letter explaining the reason the business is eligible to claim the credit and the types of purchases that qualify for the credit must be attached. The application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the letter.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the credit, attach:

- a schedule showing the cost and description of the equipment being deployed and the county or counties in which the equipment was deployed that gave rise to the credit for the current period; and
- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward.

The Broadband Technology Tax Credit Code is 19.

The Broadband Technology Tax Credit is authorized under Miss. Code Ann. Sections 57-87-5 and 57-73-21.

Revised June 1, 2025

A.13. Manufacturing Investment Tax Credit

An income tax credit is available equal to five percent (5%) of the eligible investment made by manufacturers that have been in business in Mississippi for more than two (2) years. An eligible investment means an investment of at least one million dollars (\$1,000,000) in buildings and/or equipment used in the manufacturing enterprise.

EXCEPTION: No manufacturing enterprise for the transportation, handling, storage, processing, or disposal of hazardous waste is eligible to receive this tax credit. No medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this credit.

A manufacturer that has operated in Mississippi for two (2) or more years is allowed a manufacturing investment tax credit against its income tax liability equal to five percent (5%) of the eligible investments made by the manufacturer.

An eligible investment means an investment of at least one million dollars (\$1,000,000) in buildings and/or equipment used in the manufacturing enterprise. Although the one million dollars (\$1,000,000) may be spent over more than one (1) years' time, the investment must be for one project. The maximum credit that may be claimed by a taxpayer on any project shall be limited to one million dollars (\$1,000,000) or a twenty million dollar (\$20,000,000) eligible investment per project. A project is defined as a set of activities undertaken to reach a specifically intended outcome that is a new or one-time effort outside the normal business operations of the company. A project may include, but is not limited to, the construction of a new manufacturing facility or modernizing existing manufacturing facilities. The project must have a defined begin date and end date. A project must be able to be completed without being dependent upon any other set of activities or it would be considered part of a larger project. Other factors may be reviewed as well in determining what is included in the project, such as physical location, the bid process, the workflow, etc. Activities at multiple locations will usually not be grouped as a project; however, the MDOR may allow it after reviewing the specific circumstances. Normal maintenance or repair does not qualify as a project. When applying for approval of the investment tax credit, detailed information concerning the project must be presented in order for an appropriate decision to be made.

Only the cost of equipment and buildings that are capitalized as such and are used in the manufacturing enterprise will qualify for the credit. Any items expensed or capitalized under another category will not be included in the credit calculations. Leased equipment and buildings are eligible for the credit unless the lease is considered an operating lease under FASB ASC Section 840-10-25. Tagged vehicles are not eligible for the credit. Land on which a qualified building is constructed does not qualify. If the taxpayer has other non-manufacturing activity, such as a distribution center, the cost of the building and equipment for the distribution operations would not be included in the eligible investment.

The credit is not refundable and can only be used to offset fifty percent (50%) of the income tax liability after all other credits, except for estimated tax payments, have been used. If the credit cannot be used in the year it is initially generated, the credit can be carried forward for five (5) years.

To include an item in the credit calculation for any taxable year, that item must have actually been paid for in that same taxable year. However, the credit may not be claimed on a tax return prior to the one million dollars (\$1,000,000) actually being spent on the project by the time the return is filed. The taxpayer may amend its return to claim a credit for eligible investments spent during a previous tax year that did not qualify because the one million dollars (\$1,000,000) threshold had not been met by the time the return was filed.

If a manufacturer closes an out of state location and moves the manufacturing equipment to Mississippi, the use tax value of the equipment may be included in the eligible investment and calculation of the manufacturing investment tax credit. The use tax value is cost less straight-line depreciation with a minimum of twenty percent (20%) of the cost. A manufacturer cannot buy new equipment for an out of state location, move the older equipment to Mississippi and include the value of the older equipment in the eligible investment and calculation of the credit.

If the property for which the credit was received is disposed of or is converted to some other use than the manufacturing process in Mississippi, the tax credit must be recaptured. The amount of the credit to be recaptured is one hundred percent (100%) if the disposition or conversion is made in the first (1) year and fifty percent (50%) if the disposition or conversion

is made in the second year. If the entire facility is sold, the recapture rules do not apply.

Only the business enterprise or corporation that actually made the investment qualifying for the credit can receive the credit. Credit received by a partnership, LLC or an S-Corporation may be passed through to offset only 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.

The sale, merger, acquisition, reorganization, bankruptcy, or relocation from one county to another county within Mississippi of any business 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. A letter detailing the facts surrounding such an occurrence and requesting a ruling on the eligibility of any credits must be presented to the MDOR to determine whether the proper transfers of credit have been made.

HOW TO APPLY FOR THE CREDIT

If you wish to have the credit reviewed and approved prior to taking it on the return, submit the items detailed below. A review of the information will be made and a response will be returned. To make application for the credit, the business must submit an Application for Certification of Economic Incentives and the following information on company letterhead:

- the date the company began manufacturing operations in Mississippi, including the location of all operations in this state;
- a detailed description of the project giving rise to the eligible investment, including the total cost of the project, the begin and end dates, the objectives of the project and an explanation as to how the investment qualifies as a project under the MDOR definition of a project; and
- a listing of the equipment, a description of the equipment and the capitalized cost of the eligible investment.

The application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the letter.

HOW TO CLAIM THE CREDIT

To claim the Investment Tax Credit, the business must attach a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward to their MS Income/Franchise Tax Return.

The Manufacturing Investment Tax Credit Code is 23.

The Manufacturing Investment Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.30.

Revised June 1, 2025

A.14. Mississippi Equity Investment (New Markets) Tax Credit

An income tax, insurance premium tax, and/or a premium retaliatory tax credit is available for taxpayers paying a Qualified Community Development Entity for Qualified Equity Investments equal to a percentage of the adjusted purchase price paid to the Qualified Community Development Entity for the Qualified Equity Investment.

The New Markets Credit allows a credit for income, insurance premium, or premium retaliatory taxes to investors in eligible equity securities issued by a Qualified Community Development Entity (CDE) that has entered into an allocation agreement with the Community Development Financial Institutions Fund of the U.S. Treasury Department (CDFI) with respect to federal income tax credits authorized by the federal New Market Markets Tax Credit (NMTC) law, which includes the State of Mississippi in the service area outlined in such agreement.

The CDE must use eighty-five percent (85%) or more of the proceeds of the issuance of the equity security to make investments that are Mississippi Qualified Low-Income Community Investments (MQLICs), and those investments must be maintained for a minimum of seven (7) years. A MQLIC is an investment in Mississippi in a business that meets the requirements of a Qualified Active Low-Income Community Business (QALICB) or an investment in Mississippi approved as a Qualified Low Income Community Investment under the federal NMTC law. A security meeting these requirements is commonly referred to as a Qualified Equity Investment (QEI).

MDA will review the QEI to determine if it qualifies for the Mississippi New Markets Credit. If the QEI does qualify, MDA will issue a certification of credits allowed. MDA will not allocate any credits after July 1, 2029.

CALCULATING THE CREDIT

The amount of the credit shall be equal to the applicable percentage of the investment in the CDE for the QEI. The amount of the credit that may be utilized in any one tax year is limited to the total tax liability of the taxpayer for the applicable (income, insurance premium or premium retaliatory) tax. The New Markets Credit is not transferable or refundable. Any unused portion of the credit may be carried forward for seven (7) years beyond the last Credit Allowance Date. The Credit Allowance Date is the date that the QEI is made. In the case of an investment made prior to the allocation of credits, the date on which MDA issues a certificate allocating credits is the Credit Allowance Date. The Credit Allowance Date includes each of the next two anniversary dates of the investment, assuming that the investment requirements are maintained as required by statute.

If the CDE requests credits toward Mississippi income, insurance premium or premium retaliatory tax, the credit amount will be calculated at eight percent (8%) of the cash paid at issuance for the QEI per year for three (3) years. The total credit is awarded at the date of the issuance of the QEI, but only the annual allotment may be taken during the tax year in which the Credit Allowance Dates occurs.

The MDOR may recapture all or a portion of the credit claimed if:

- 1) Any amount of federal tax credits available with respect to a QEI that is eligible for the Mississippi New Markets Credit is recaptured under Section 45D of the IRC;
- 2) The CDE redeems or makes any principal repayment with respect to a QEI prior to the seventh anniversary of the issuance of the QEI; or
- 3) The CDE fails to maintain at least eighty-five percent (85%) of the proceeds of the QEI in MQLICs throughout the seven (7) year period from the date of issuance of the QEI.

Upon final documentation of the qualified low-income community investments, if the actual dollar amount of the investments is lower than the amount estimated, the MDA shall adjust the tax credit allowed under this section. Any credits that are subject to recapture shall be recaptured from the taxpayer who actually claimed the credit.

The total Mississippi New Markets Credit for all Mississippi taxpayers is capped at sixteen million dollars (\$16,000,000) per year.

HOW TO APPLY FOR THE INCENTIVE

A CDE must apply to MDA certifying the dollar amount of QEIs that it anticipates it will make in Mississippi from the Credit Allowance Date through the following twelve (12) months. The application must be accompanied by payment of a one-thousand-dollar (\$1,000) fee. Upon approval, MDA will issue to the CDE a Tax Credit Incentive Certificate allocating credits based on the anticipated investment amount certified in its application, and the CDE will have one hundred and twenty (120) days from the allocation date to issue the QEIs. Failure to timely issue the QEIs will result in cancellation of the allocation, which must be returned to MDA.

The taxpayer claiming the credit against its income, insurance premium or premium retaliatory tax must submit to the MDOR a request for certification that includes verification that QEIs were timely issued within one hundred and twenty (120) days from the date of the Tax Credit Incentive Certificate issued by MDA, and that the MQLICs have been made and maintained. A copy of the Tax Credit Incentive Certificate must be included in the request for certification.

If the credit is acquired by a flow-through entity or partnership, the taxpayer filing the income, insurance premium, or premium retaliatory tax return must submit with the return a signed statement from the flow-through entity or partnership setting forth the taxpayer's interest in the CDE, as well as the amount of credit allocated to the taxpayer.

HOW TO CLAIM THE CREDIT

When filing a state income/franchise tax return claiming the new markets credit, attach:

- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward;
- a copy of the MDA certification letter; and
- a copy of the member's or owner's distribution/allocation agreement.

The credit code for the Mississippi Equity Investment (New Markets) Tax Credit is 28.

The New Markets Tax Credit is authorized under Miss. Code Ann. Section 57-105-1.

Revised June 1, 2025

A.15. Income Tax Exemption for Clean Energy Business Enterprises

An income tax exemption is available for a ten (10) year period to certain clean energy business enterprises that locate or expand in this state with a minimum capital investment of fifty million dollars (\$50,000,000) and the creation of two hundred fifty (250) new, full-time jobs. The clean energy business enterprise must own or operate a facility that manufactures or assembles systems or components used in the generation of clean energy.

The Clean Energy Business Enterprises Exemption is an incentive created to induce companies developing the field of clean energy to locate or expand their facilities in Mississippi. Clean energy business enterprises that locate or expand in this state with a minimum capital investment of fifty million dollars (\$50,000,000) and also create two hundred fifty (250) new, full-time jobs may be eligible for the exemption. Clean energy includes energy generated from either a renewable energy source such as wind, water, biomass or solar or an alternative energy source such as nuclear. Biomass includes the following:

- Forest-related mill residues, pulping by-product and other by-products of wood processing, thinnings, slash, limbs, bark, brush and other cellulosic plant material or non-merchantable forest-related products;
- Solid wood waste materials, including dunnage, manufacturing and construction wood wastes, demolition and storm debris and landscape or right-of-way trimmings;
- Agriculture wastes, including orchard tree crops, vineyard, grain, legumes, sugar and other crop by-products or residues and livestock waste nutrients;
- All plant and grass material that is grown exclusively as a fuel for the production of electricity;
- Refuse derived fuels consisting of organic components and fibers of waste water treatment solids; and
- Whole trees.

A qualifying business enterprise will be exempt from state taxes for a period of ten (10) years from the date of certification. State taxes include: 1) any sales or use tax imposed on the business enterprise pursuant to law related to the purchase of component building materials and equipment for initial construction of facilities or expansion of facilities certified by the MDA; (2) all income tax imposed pursuant to law on income earned by the business enterprise certified by the MDA; (3) franchise tax imposed pursuant to law on the value of capital used, invested or employed by the business enterprise certified by the MDA; and (4) any sales or use tax imposed on the lease of machinery and equipment acquired in the initial construction to establish the facility or for an expansion certified by the MDA.

The incentive is not available to businesses that move from one location within this state to another location within this state. The business must be in compliance with all state and local tax laws and related ordinances and resolutions to be eligible for the exemption. The exemption is not transferable and cannot be applied, used, or assigned to any other entity unless approved by MDA. The approved business must also enter into an agreement with the MDA which sets out performance requirements of the business that must be met and provisions to recapture any or all of the taxes exempted if the requirements are not met. The business must make available, at the Commissioner's request, all books, records, or other information necessary to verify the correctness of the exemptions claimed. For more information on the application process for the Income Tax Exemption for Clean Energy Business Enterprises, contact:

Mississippi Development Authority
Business Incentives Division
Post Office Box 849
Jackson, Mississippi 39205
financial@mississippi.org
601-359-3552

If the business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business enterprise is unable to utilize the exemption from state taxes, the MDA may extend the period of time by which the minimum requirements must be met and duration of the exemption from state taxes for not more than two (2) years.

The exemption granted to a business is based on the Mississippi net income and/or loss attributable to its new or expanded clean energy business enterprise. A business may have, in addition to the clean energy business enterprise, other business operations which are not clean energy business enterprises. These operations do not qualify as an MDA approved business operation and, therefore, are not allowed the exemption. Because of this, the income attributable to the clean energy business enterprise must be identified separately from its total Mississippi income. Any losses assigned to the clean energy business enterprise from the use of a formula or direct accounting shall not be carried backward or forward in computing Mississippi taxable income during the exemption period. The clean energy business enterprise cannot qualify for certain income tax credits when the credit is determined by an expense incurred, such as the Ad Valorem Tax Credit, the RED Tax Credit, the Child/Dependent Care Tax Credit, and the Export Charges Tax Credit.

Generally, an apportionment formula would be used to determine the amount of Mississippi net income and/or loss attributable to a clean energy business. In very limited circumstances, direct accounting would be used in making the determination. When a business or individual is a partner or shareholder in a flow-through entity and has income and/or loss being reported to them generated by a clean energy business, then the business income and/or loss will not be used in any calculation of income tax due by such partner or shareholder of the flow-through entity. The exemption is not transferable and cannot be applied, used, or assigned to any other person or business or tax account, other than the one approved by MDA.

To calculate the amount of exemption for the business, an apportionment formula comprised of a property and a payroll ratio is used in A), B), and C). The numerator of both the property and the payroll ratio in A), B), and C) is based on the respective property and payroll of the MDA approved clean energy business. The denominator of the property and payroll ratios in A) and B) includes the respective total business property and payroll. The denominator of the property and payroll ratios in C) includes the respective property and payroll within Mississippi. The ratios in A), B), and C) are computed on the same type of property, including annualized rentals, and payroll as would be employed in the calculation of the property and payroll ratios of a manufacturer in Mississippi as required by regulation, except no reductions shall be made for general and administrative property or payroll. The numerators of both the property and payroll ratios include only that property purchased or rented and payroll in the clean energy business.

- A) Those businesses whose total business income is assigned to Mississippi by reason of not being taxable in another state should calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio should then be applied to the total business income or loss. The result is the income and/or loss attributed to the clean energy business. The clean energy business income will reduce the total business income. A clean energy business loss will reduce the total business loss.

Example: Corporation ABC is a domestic corporation not taxable in another state and, therefore, assigns both its business and non-business income to this state. ABC is subject to both state income and franchise taxes and files its returns on a calendar year basis. In year one, ABC received approval from the MDA for an expansion project as a clean energy business enterprise. Construction of the new facility began in November of that year and was completed in July of year three.

For tax year one, ABC was a clean energy business (CEB) and had property and total company property of \$3 million and \$10 million respectively. ABC's total company business receipts were \$50 million and payroll in the CEB was zero since the plant was still under construction. ABC's business income was \$2 million, and its non-business income was \$100,000 (one hundred thousand).

For tax year one, ABC computed the following CEB exclusion ratio:

Property Factor	=	$\frac{\text{CEB Property}}{\text{Total Company Property}}$	=	$\frac{\$0 \text{ million}}{\$10 \text{ million}}$	=	0%
Payroll Factor	=	$\frac{\text{CEB Payroll}}{\text{Total Company Payroll}}$	=	$\frac{\$0.00}{\text{Total Company Payroll}}$	=	0%

In year one, ABC's property was under construction, therefore none of the property qualified for inclusion in the factor. Payroll expended for construction was capitalized as part of work-in-progress. ABC does not receive a CEB exclusion for year one.

- B) Those businesses that employ a single ratio formula to apportion their business income to Mississippi should calculate a property factor and a double-weighted payroll factor and then divide by three as well. This ratio should then be applied to the total business income and/or loss subject to Mississippi apportionment. The result is the income and/or loss attributed to the CEB. CEB income will reduce the Mississippi apportioned income as calculated by regulation, however, in no case should it reduce the Mississippi apportioned income below zero nor should a loss attributed to a CEB reduce a Mississippi apportioned loss to an amount above zero.

Example: Corporation ABC is a domestic corporation, which is taxable in several other states and apportions its business income to this state using a single factor formula. In year one, ABC received approval from the MDA for an expansion project as a clean energy business enterprise. Construction of the new facility was completed in year two. For year two, ABC's Mississippi and total company receipts are \$50 million and \$70 million respectively. ABC has CEB, Mississippi, and total company property of \$4 million, \$10 million, and \$12 million respectively. ABC's CEB, Mississippi, and total company payroll are \$2 million, \$4 million, and \$8 million respectively. ABC's business income is \$2 million and its non-business income is \$100,000 (one hundred thousand).

For tax year two, ABC computed the following CEB exclusion ratio:

$$\begin{aligned} \text{Property Factor} &= \frac{\text{CEB Property}}{\text{Total Company Property}} = \frac{\$4 \text{ million}}{\$12 \text{ million}} = 33.33\% \\ \text{Payroll Factor} &= \frac{\text{CEB Payroll}}{\text{Total Company Payroll}} = \frac{\$2 \text{ million}}{\$8 \text{ million}} = 25\% \end{aligned}$$

$$\begin{aligned} \text{CEB Exclusion Ratio} &= (\text{CEB Property Factor} + \text{CEB Payroll Factor} + \text{CEB Payroll Factor})/3 \\ &= (33.33\% + 25\% + 25\%)/3 = 27.78\% \end{aligned}$$

$$\text{Income Apportionment Ratio} = \frac{\$50 \text{ million}}{\$70 \text{ million}} = 71.43\%$$

The exclusion from business income is equal to \$555,554 (\$2,000,000 * 27.78%). MS business taxable income prior to the exclusion is \$1,428,572. MS taxable income is \$973,018 (\$1,428,572 - \$555,554 + \$100,000).

- C) Those businesses that employ a three-factor formula to apportion their business income to Mississippi should calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio should then be applied to the Mississippi apportioned income and/or loss as determined by regulation. The result should be that income and/or loss attributed to the CEB. The CEB income will reduce the Mississippi apportioned income as calculated by regulation. A CEB loss will reduce any Mississippi apportioned loss as calculated by regulation.

Example: Assume the same facts as example B except that ABC is a wholesale manufacturer who employs a three-factor formula for apportioning income to this state.

For tax year three, ABC computed the following CEB exclusion ratio:

$$\begin{aligned} \text{Exclusion Property Factor} &= \frac{\text{CEB Property}}{\text{Total MS Property}} = \frac{\$4 \text{ million}}{\$10 \text{ million}} = 40\% \\ \text{Exclusion Payroll Factor} &= \frac{\text{CEB Payroll}}{\text{Total MS Payroll}} = \frac{\$2 \text{ million}}{\$4 \text{ million}} = 50\% \\ \text{Income Apport. Receipts Factor} &= \frac{\text{MS Business Receipts}}{\text{Total Business Receipts}} = \frac{\$50 \text{ million}}{\$70 \text{ million}} = 71.43\% \end{aligned}$$

$$\text{Income Apport. Payroll Factor} = \frac{\text{MS Payroll}}{\text{Total Company Payroll}} = \frac{\$4 \text{ million}}{\$8 \text{ million}} = 50\%$$

$$\text{Income Apport. Property Factor} = \frac{\text{Total MS Business Property}}{\text{Total Bus. Prop. Everywhere}} = \frac{\$10 \text{ million}}{\$12 \text{ million}} = 83.33\%$$

$$\begin{aligned} \text{CEB Exclusion Ratio} &= (\text{CEB Property Factor} + \text{CEB Payroll Factor} + \text{CEB Payroll Factor})/3 \\ &= (40\% + 50\% + 50\%)/3 = 46.67\% \end{aligned}$$

$$\text{Income Apportionment Ratio} = (71.43\% + 50\% + 83.33\%)/3 = 68.25\%$$

MS business income prior to the CEB exclusion = \$1,365,080. The CEB exclusion is equal to \$637,038 (\$1,365,080 * 46.67%). Mississippi taxable income is equal to \$828,042 (\$1,365,080 - \$637,038 + \$100,000).

- D) Those multi-state businesses employing direct accounting for income tax reporting should calculate a ratio in the same manner as described in C). This ratio should be applied to the direct accounting income and/or loss to determine the amount of income and/or loss attributable to the CEB. The CEB income will reduce the total business income. A CEB loss will reduce the total business loss.
- E) The Commissioner may require another method if it is determined that the apportionment of the income and/or loss as required under A), B), C), or D) inaccurately reflects the income and/or loss generated by the clean energy business enterprise.

HOW TO APPLY FOR THE INCENTIVE

Before construction or acquisition of the buildings for the location or expansion of the business enterprise begins, you must apply to the MDA for certification of eligibility for the incentive. The application to MDA must contain the following information:

- An overview of the project, including:
 - the selected site,
 - the number of jobs proposed, and
 - the length of time necessary for the company to meet its investment and employment requirements;
- A two (2) year business plan, which shall include pro forma financial statements for the project;
- Data supporting the expertise of the project's principals;
- An acknowledgment that the business entity will be required to provide annual documentation to demonstrate that the minimum job requirement is being maintained; and
- Such other information as may be requested by the MDA.

Upon approval, MDA will issue certification designating the business enterprise as eligible for the Clean Energy Business Enterprise Exemption. Once you have received certification of eligibility from the MDA, you must submit the MDA certification along with a completed Application for Certification of Economic Incentives to the MDOR. The application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the MDA certification.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the exemption, attach:

- a schedule showing the calculation of the exemption;
- a copy of the MDA certification letter; and
- a copy of the MDOR exemption acceptance letter.

The Income Tax Exemption for Clean Energy Business Enterprises is authorized under Miss. Code Ann. Sections 27-7-22.35 and 57-113-1 et seq.

Revised June 1, 2025

A.16. Income Tax Exemption for Aerospace Industry Enterprises

An income tax exemption is available for a period of ten (10) years for businesses that manufacture, assemble or process products, components, or systems for use in the aerospace industry, or that provide research and development or training services to the aerospace industry, that locate or expand in Mississippi. The business must invest a minimum of twenty-five million dollars (\$25,000,000) and create at least twenty-five (25) new, full-time jobs in Mississippi.

The Aerospace Industry Enterprises (AIE) Exemption is an incentive created to induce companies to locate or expand their manufacturing facilities in Mississippi. The incentive is also available to businesses that offer research and development or training services in the aerospace industry that locate or expand in the state. The business must make a minimum capital investment in Mississippi of twenty-five million dollars (\$25,000,000), and must also create a minimum of twenty-five (25) new, full-time jobs in Mississippi which provide an average annual salary, excluding benefits which are not subject to Mississippi income taxes, of at least one hundred ten percent (110%) of the most recently published state average annual wage or the most recently published average annual wage of the county in which the qualified business or industry is located as determined by the Mississippi Department of Employment Security, whichever is less. The aerospace industry is the industry that researches, designs, manufactures, repairs, operates and/or maintains products, components and systems which enable vehicles to move through the air and space.

A qualifying business enterprise will be exempt from state taxes for a period of ten (10) years from the date of certification. State taxes include: (1) any sales or use tax imposed on the business enterprise pursuant to law related to the purchase of component building materials and equipment for initial construction of facilities or expansion of facilities certified by the MDA; (2) all income tax imposed pursuant to law on income earned by the business enterprise certified by the MDA; (3) franchise tax imposed pursuant to law on the value of capital used, invested or employed by the business enterprise certified by the MDA; and (4) any sales or use tax imposed on the lease of machinery and equipment acquired in the initial construction to establish the facility or for an expansion certified by the MDA.

The business must be in compliance with all state and local tax laws and related ordinances and resolutions to be eligible for the exemption. The exemption is not transferable and cannot be applied to, used by, or assigned to any other entity or tax account without prior approval from the MDA. The approved business must also enter into an agreement with the MDA which sets out performance requirements of the business that must be met and provisions to recapture any or all of the taxes exempted if the requirements are not met. The business must make available, at the Commissioner's request, all books, records, or other information necessary to verify the correctness of the exemptions claimed. For more information on the application process for the Income Tax Exemption for Aerospace Industry Enterprises, contact:

Mississippi Development Authority
Business Incentives Division
Post Office Box 849
Jackson, Mississippi 39205
financial@mississippi.org
601-359-3552

If the business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business is unable to use the exemption from state taxes, the MDA may extend the period of time during which the minimum requirements must be met and the exemption may be taken for a period of time not to exceed two (2) years.

The exemption granted to a business is based on the Mississippi net income and/or loss attributable to its new or expanded AIE in this state. A business may have, in addition to the MDA-approved AIE, other business operations that are not MDA-approved AIEs. These operations do not qualify as MDA-approved business operations, and, therefore, are not allowed the exemption. Therefore, the income attributable to the AIE must be identified separately from its total Mississippi income. Any losses assigned to the AIE from the use of a formula or direct accounting shall not be carried backward or forward in computing Mississippi taxable income during the exemption period. An AIE business cannot qualify for income tax credits

that are determined by an expense incurred, such as the Ad Valorem Tax Credit, the RED Tax Credit, the Child/Dependent Care Tax Credit, and the Export Charges Tax Credit.

Generally, an apportionment formula would be used to determine the amount of Mississippi net income and/or loss attributable to an AIE. In very limited circumstances, direct accounting would be used in making the determination. When a business or individual is a partner or shareholder in a flow-through entity and has income and/or loss being reported to them generated from an AIE, then such AIE income and/or loss will not be used in any calculation of income tax due by such partner or shareholder of the flow-through entity. The exemption is not transferable and cannot be applied, used, or assigned to any other person or business or tax account, other than the one approved by MDA.

To calculate the amount of exemption for the business, an apportionment formula comprised of a property and a payroll ratio is used in A), B), and C). The numerator of both the property and the payroll ratio in A), B), and C) is based on the respective property and payroll of the MDA-approved AIE. The denominator of the property and payroll ratios in A) and B) includes the respective total business property and payroll. The denominator of the property and payroll ratios in C) includes the respective property and payroll within Mississippi. The ratios in A), B), and C) are computed on the same type of property, including annualized rentals, and payroll as would be employed in the calculation of the property and payroll ratios of a manufacturer in Mississippi as required by regulation, except no reductions shall be made for general and administrative property or payroll. The numerators of both the property and payroll ratios include only that property purchased or rented and payroll that are necessary to the operation of the AIE.

- A) Those businesses whose total business income is assigned to Mississippi for Mississippi income tax purposes by reason of not being taxable in another state should calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio should then be applied to the total business income or loss. The result is the income and/or loss attributable to the AIE. The AIE income will reduce the total business income. An AIE loss will reduce the total business loss.

Example: Corporation ABC is a domestic corporation not taxable in another state and, therefore, assigns both its business and non-business income to this state. ABC is subject to both state income and franchise taxes and files its returns on a calendar year basis. In year one, ABC received approval from the MDA for an AIE expansion project. Construction of the new facility began in November of that year and was completed in July of year three.

For tax year one, ABC had AIE property and total company property of \$3 million and \$10 million, respectively. ABC's total business receipts were \$50 million, and payroll for the AIE was zero since the plant was still under construction. ABC's business income was \$2 million, and its non-business income was \$100,000 (one hundred thousand dollars).

For tax year one, ABC computed the following AIE exclusion ratio:

Property Factor	=	$\frac{\text{AIE Property}}{\text{Total Company Property}}$	=	$\frac{\$0 \text{ million}}{\$10 \text{ million}}$	=	0%
Payroll Factor	=	$\frac{\text{AIE Payroll}}{\text{Total Company Payroll}}$	=	$\frac{\$0.00}{\text{Total Company Payroll}}$	=	0%

In year one, the AIE property was under construction, therefore, none of the property qualified for inclusion in the factor. Payroll expended for construction was capitalized as part of work in progress. ABC does not receive an AIE income exclusion for year one.

- B) Those businesses that employ a single ratio formula to apportion their business income to Mississippi should calculate a property factor and a double-weighted payroll factor and then divide by three as well. This ratio should then be applied to the total business income and/or loss subject to Mississippi apportionment. The result is the income and/or loss attributed to the AIE. The AIE income will reduce the Mississippi apportioned income as calculated by regulation, however, in no case should it reduce the Mississippi apportioned income below zero nor should a loss attributed to an AIE reduce a Mississippi apportioned loss to an amount above zero.

Example: Corporation ABC is a domestic corporation, which is taxable in several other states and apportions its business income to this state using a single factor formula. In year one, ABC received approval from the MDA for an AIE expansion project. Construction of the new facility was completed in year two. For year two, ABC's Mississippi and total company receipts are \$50 million and \$70 million, respectively. ABC has AIE, Mississippi, and total company property of \$4 million, \$10 million, and \$12 million, respectively. ABC's AIE, Mississippi, and total company payroll are \$2 million, \$4 million, and \$8 million respectively. ABC's business income is \$2 million, and its non-business income is \$100,000 (one hundred thousand dollars).

For tax year two, ABC computed the following AIE exclusion ratio:

$$\text{Property Factor} = \frac{\text{AIE Property}}{\text{Total Company Property}} = \frac{\$4 \text{ million}}{\$12 \text{ million}} = 33.33\%$$

$$\text{Payroll Factor} = \frac{\text{AIE Payroll}}{\text{Total Company Payroll}} = \frac{\$2 \text{ million}}{\$8 \text{ million}} = 25\%$$

$$\begin{aligned} \text{AIE exclusion ratio} &= (\text{AIE Property Factor} + \text{AIE Payroll Factor} + \text{AIE Payroll Factor})/3 \\ &= (33.33\% + 25\% + 25\%)/3 = 27.78\% \end{aligned}$$

$$\text{Income Apportionment Ratio} = \frac{\$50 \text{ million}}{\$70 \text{ million}} = 71.43\%$$

The exclusion from business income is equal to \$555,554 (\$2,000,000 × 27.78%). Mississippi business taxable income prior to the exclusion is \$1,428,572. Mississippi taxable income is \$973,018 (\$1,428,572 - \$555,554 + \$100,000).

- C) Those businesses that employ a three-factor formula to apportion their business income to Mississippi should calculate a property factor and double-weighted payroll factor and then divide by three. This ratio should then be applied to the Mississippi apportioned income and/or loss as determined by regulation. The result should be that income and/or loss attributed to the AIE. The AIE income will reduce the Mississippi apportioned income as calculated by regulation. An AIE loss will reduce any Mississippi apportioned loss as calculated by regulation.

Example: Assume the same facts as example B except that ABC is a wholesale manufacturer that employs a three-factor formula for apportioning income to this state.

For tax year three, ABC computed the following AIE exclusion ratio:

$$\text{Exclusion Property Factor} = \frac{\text{AIE Property}}{\text{Total MS Property}} = \frac{\$4 \text{ million}}{\$10 \text{ million}} = 40\%$$

$$\text{Exclusion Payroll Factor} = \frac{\text{AIE Area Payroll}}{\text{Total MS Payroll}} = \frac{\$2 \text{ million}}{\$4 \text{ million}} = 50\%$$

$$\text{Income Apport. Receipts Factor} = \frac{\text{MS Business Receipts}}{\text{Total Business Receipts}} = \frac{\$50 \text{ million}}{\$70 \text{ million}} = 71.43\%$$

$$\text{Income Apport. Payroll Factor} = \frac{\text{MS Payroll}}{\text{Total Company Payroll}} = \frac{\$4 \text{ million}}{\$8 \text{ million}} = 50\%$$

$$\text{Income Apport. Property Factor} = \frac{\text{Total MS Business Property}}{\text{Total Bus. Prop. Everywhere}} = \frac{\$10 \text{ million}}{\$12 \text{ million}} = 83.33\%$$

$$\text{AIE exclusion ratio} = (\text{AIE Property Factor} + \text{AIE Area Payroll Factor} + \text{AIE Payroll Factor})/3$$

$$= (40\% + 50\% + 50\%)/3 = 46.67\%$$

$$\text{Income Apportionment Ratio} = (71.43\% + 50\% + 83.33\%)/3 = 68.25\%$$

Mississippi business income prior to the AIE exclusion = \$1,365,080. The AIE exclusion is equal to \$637,038 ($1,365,080 \times 46.67\%$). Mississippi taxable income is equal to \$828,042 ($\$1,365,080 - \$637,038 + \$100,000$).

- D) Those multi-state businesses employing direct accounting for income tax reporting should calculate a ratio in the same manner as described in C). This ratio should be applied to the direct accounting income and/or loss to determine the amount of income and/or loss attributable to the AIE. The AIE income will reduce the total business income. An AIE loss will reduce the total business loss.
- E) The Commissioner may require another method if it is determined that the apportionment of the income and/or loss as required under A), B), C), or D) inaccurately reflects the income and/or loss generated by an approved AIE.

HOW TO APPLY FOR THE INCENTIVE

Before construction or acquisition of the buildings for the location or expansion of the business enterprise begins, you must apply to the MDA for certification of eligibility for the incentive. The application to MDA must contain the following information:

- An overview of the project, including:
 - the selected site;
 - the number of jobs proposed; and
 - the length of time necessary for the company to meet its investment and employment requirements;
- A two (2) year business plan, which shall include pro forma financial statements for the project;
- Data supporting the expertise of the project's principals;
- An acknowledgment that the business entity will be required to provide annual documentation to demonstrate that the minimum job requirement is being maintained; and
- Such other information as may be requested by the MDA.

Upon approval, MDA will issue certification designating the business enterprise as eligible for the Aerospace Industry Enterprise Exemption. Once you have received certification of eligibility from the MDA, you must submit the MDA certification along with a completed Application for Certification of Economic Incentives to the MDOR. The application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the MDA certification.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the exemption, attach:

- a schedule showing the calculation of the exemption;
- a copy of the MDA certification letter; and
- a copy of the MDOR exemption acceptance letter.

The Aerospace Industry Enterprise exemption is authorized under Miss. Code Ann. Sections 57-113-1, et seq.

Revised June 1, 2025

A.17. Income Tax Exemption for Data Center Enterprises

An income tax exemption is available for a ten (10) year period to any business enterprise owning or operating a data center enterprise making a minimum capital investment in this state of twenty million dollars (\$20,000,000) and creating a minimum of twenty (20) new, full-time jobs with a minimum average annual salary of not less than one hundred twenty-five percent (125%) of the average annual state wage.

The Data Center Enterprises (DCE) Exemption is an incentive created to induce companies to locate or expand data centers in Mississippi. The business must make a minimum capital investment in Mississippi of twenty million dollars (\$20,000,000) and must create a minimum of twenty (20) new full-time jobs with salaries not less than one hundred twenty-five percent (125%) of the average annual wage in Mississippi. A data center is a business enterprise that utilizes hardware, software, technology, infrastructure and/or workforce, to store, manage or manipulate digital data.

A qualifying business enterprise will be exempt from state taxes for a period of ten (10) years from the date of certification. State taxes include: (1) any sales or use tax imposed on the business enterprise pursuant to law related to the purchase or lease of component building materials and equipment for initial construction of facilities or expansion of facilities that are certified by the MDA; (2) any sales and use tax imposed by law on the business enterprise pursuant to law related to the purchase of replacement hardware, software or other necessary technology to operate a data center; (3) all income tax imposed pursuant to law on income earned by the business enterprise certified by the MDA; and (4) franchise tax imposed pursuant to law on the value of capital used, invested or employed by the business enterprise certified by the MDA.

The business must be in compliance with all state and local tax laws and related ordinances and resolutions to be eligible for the exemption. The exemption is not transferable and cannot be applied to, used by, or assigned to any other entity or tax account without prior approval from the MDA. The approved business must also enter into an agreement with the MDA which sets out performance requirements of the business that must be met and provisions to recapture any or all of the taxes exempted if the requirements are not met. The business must make available, at the Commissioner's request, all books, records, or other information necessary to verify the correctness of the exemptions claimed. For more information on the application process for the Income Tax Exemption for Data Center Enterprises, contact:

Mississippi Development Authority
Business Incentives Division
Post Office Box 849
Jackson, Mississippi 39205
financial@mississippi.org
601-359-3552

If the business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business is unable to use the exemption from state taxes, the MDA may extend the period of time during which the minimum requirements must be met and the exemption may be taken for a period of time not to exceed two (2) years.

The exemption granted to a business is based on the Mississippi net income and/or loss attributable to its new or expanded DCE in this state. A business may have, in addition to the MDA-approved DCE, other business operations that are not MDA-approved DCEs. These operations do not qualify as MDA-approved business operations, and, therefore, are not allowed the exemption. Therefore, the income attributable to the DCE must be identified separately from its total Mississippi income. Any losses assigned to the DCE from the use of a formula or direct accounting shall not be carried backward or forward in computing Mississippi taxable income during the exemption period. A DCE business cannot qualify for income tax credits that are determined by an expense incurred, such as the Ad Valorem Tax Credit, the RED Tax Credit, the Child/Dependent Care Tax Credit, and the Export Charges Tax Credit.

Generally, an apportionment formula would be used to determine the amount of Mississippi net income and/or loss

attributable to a DCE. In very limited circumstances, direct accounting would be used in making the determination. When a business or individual is a partner or shareholder in a flow-through entity and has income and/or loss being reported to them generated from a DCE, then such DCE income and/or loss will not be used in any calculation of income tax due by such partner or shareholder of the flow-through entity. The exemption is not transferable and cannot be applied, used, or assigned to any other person or business or tax account, other than the one approved by MDA.

To calculate the amount of exemption for the business, an apportionment formula comprised of a property and a payroll ratio is used in A), B), and C). The numerator of both the property and the payroll ratio in A), B), and C) is based on the respective property and payroll of the MDA-approved DCE. The denominator of the property and payroll ratios in A) and B) includes the respective total business property and payroll. The denominator of the property and payroll ratios in C) includes the respective property and payroll within Mississippi. The ratios in A), B), and C) are computed on the same type of property, including annualized rentals, and payroll as would be employed in the calculation of the property and payroll ratios of a manufacturer in Mississippi as required by regulation, except no reductions shall be made for general and administrative property or payroll. The numerators of both the property and payroll ratios include only that property purchased or rented and payroll that are necessary to the operation of the DCE.

- A) Those businesses whose total business income is assigned to Mississippi for Mississippi income tax purposes by reason of not being taxable in another state should calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio should then be applied to the total business income or loss. The result is the income and/or loss attributable to the DCE. The DCE income will reduce the total business income. A DCE loss will reduce the total business loss.

Example: Corporation ABC is a domestic corporation not taxable in another state and, therefore, assigns both its business and non-business income to this state. ABC is subject to both state income and franchise taxes and files its returns on a calendar year basis. In year one, ABC received approval from the MDA for a DCE expansion project. Construction of the new facility began in November of that year and was completed in July of year three.

For tax year one, ABC had DCE property and total company property of \$3 million and \$10 million, respectively. ABC's total business receipts were \$50 million and payroll for the DCE was zero since the plant was still under construction. ABC's business income was \$2 million, and its non-business income was \$100,000 (one hundred thousand dollars).

For tax year one, ABC computed the following DCE exclusion ratio:

$$\begin{aligned} \text{Property Factor} &= \frac{\text{DCE Property}}{\text{Total Company Property}} = \frac{\$0 \text{ million}}{\$10 \text{ million}} = 0\% \\ \text{Payroll Factor} &= \frac{\text{DCE Payroll}}{\text{Total Company Payroll}} = \frac{\$0.00}{\text{Total Company Payroll}} = 0\% \end{aligned}$$

In year one, the DCE property was under construction, therefore, none of the property qualified for inclusion in the factor. Payroll expended for construction was capitalized as part of work in progress. ABC does not receive a DCE income exclusion for year one.

- B) Those businesses that employ a single ratio formula to apportion their business income to Mississippi should calculate a property factor and a double-weighted payroll factor and then divide by three as well. This ratio should then be applied to the total business income and/or loss subject to Mississippi apportionment. The result is the income and/or loss attributed to the DCE. The DCE income will reduce the Mississippi apportioned income as calculated by regulation, however, in no case should it reduce the Mississippi apportioned income below zero nor should a loss attributed to a DCE reduce a Mississippi apportioned loss to an amount above zero.

Example: Corporation ABC is a domestic corporation, which is taxable in several other states and apportions its business income to this state using a single factor formula. In year one, ABC received approval from the MDA for a DCE expansion project. Construction of the new facility was completed in year two. For year two, ABC's Mississippi and total company receipts are \$50 million and \$70 million, respectively. ABC has DCE, Mississippi, and total company

property of \$4 million, \$10 million, and \$12 million, respectively. ABC's DCE, Mississippi, and total company payroll are \$2 million, \$4 million, and \$8 million respectively. ABC's business income is \$2 million, and its non-business income is \$100,000 (one hundred thousand dollars).

For tax year two, ABC computed the following DCE exclusion ratio:

$$\text{Property Factor} = \frac{\text{DCE Property}}{\text{Total Company Property}} = \frac{\$4 \text{ million}}{\$12 \text{ million}} = 33.33\%$$

$$\text{Payroll Factor} = \frac{\text{DCE Payroll}}{\text{Total Company Payroll}} = \frac{\$2 \text{ million}}{\$8 \text{ million}} = 25\%$$

$$\begin{aligned} \text{DCE exclusion ratio} &= (\text{DCE Property Factor} + \text{DCE Payroll Factor} + \text{DCE Payroll Factor})/3 \\ &= (33.33\% + 25\% + 25\%)/3 = 27.78\% \end{aligned}$$

$$\text{Income Apportionment Ratio} = \frac{\$50 \text{ million}}{\$70 \text{ million}} = 71.43\%$$

The exclusion from business income is equal to \$555,554 (\$2,000,000 × 27.78%). Mississippi business taxable income prior to the exclusion is \$1,428,572. Mississippi taxable income is \$973,018 (\$1,428,572 - \$555,554 + \$100,000).

- C) Those businesses that employ a three-factor formula to apportion their business income to Mississippi should calculate a property factor and double-weighted payroll factor and then divide by three. This ratio should then be applied to the Mississippi apportioned income and/or loss as determined by regulation. The result should be that income and/or loss attributed to the DCE. The DCE income will reduce the Mississippi apportioned income as calculated by regulation. An DCE loss will reduce any Mississippi apportioned loss as calculated by regulation.

Example: Assume the same facts as example B except that ABC is a wholesale manufacturer that employs a three-factor formula for apportioning income to this state.

For tax year three, ABC computed the following DCE exclusion ratio:

$$\text{Exclusion Property Factor} = \frac{\text{DCE Property}}{\text{Total MS Property}} = \frac{\$4 \text{ million}}{\$10 \text{ million}} = 40\%$$

$$\text{Exclusion Payroll Factor} = \frac{\text{DCE Area Payroll}}{\text{Total MS Payroll}} = \frac{\$2 \text{ million}}{\$4 \text{ million}} = 50\%$$

$$\text{Income Apport. Receipts Factor} = \frac{\text{MS Business Receipts}}{\text{Total Business Receipts}} = \frac{\$50 \text{ million}}{\$70 \text{ million}} = 71.43\%$$

$$\text{Income Apport. Payroll Factor} = \frac{\text{MS Payroll}}{\text{Total Company Payroll}} = \frac{\$4 \text{ million}}{\$8 \text{ million}} = 50\%$$

$$\text{Income Apport. Property Factor} = \frac{\text{Total MS Business Property}}{\text{Total Bus. Prop. Everywhere}} = \frac{\$10 \text{ million}}{\$12 \text{ million}} = 83.33\%$$

$$\begin{aligned} \text{DCE exclusion ratio} &= (\text{DCE Property Factor} + \text{DCE Area Payroll Factor} + \text{DCE Payroll Factor})/3 \\ &= (40\% + 50\% + 50\%)/3 = 46.67\% \end{aligned}$$

$$\text{Income Apportionment Ratio} = (71.43\% + 50\% + 83.33\%)/3 = 68.25\%$$

Mississippi business income prior to the DCE exclusion = \$1,365,080. The DCE exclusion is equal to \$637,038 ($1,365,080 \times 46.67\%$). Mississippi taxable income is equal to \$828,042 ($\$1,365,080 - \$637,038 + \$100,000$).

- D) Those multi-state businesses employing direct accounting for income tax reporting should calculate a ratio in the same manner as described in C). This ratio should be applied to the direct accounting income and/or loss to determine the amount of income and/or loss attributable to the DCE. The DCE income will reduce the total business income. A DCE loss will reduce the total business loss.
- E) The Commissioner may require another method if it is determined that the apportionment of the income and/or loss as required under A), B), C), or D) inaccurately reflects the income and/or loss generated by an approved DCE.

HOW TO APPLY FOR THE INCENTIVE

Before construction or acquisition of the buildings for the location or expansion of the business enterprise begins, you must apply to the MDA for certification of eligibility for the incentive. The application to MDA must contain the following information:

- An overview of the project, including:
 - the selected site;
 - the number of jobs proposed; and
 - the length of time necessary for the company to meet its investment and employment requirements;
- A two (2) year business plan, which shall include pro forma financial statements for the project;
- Data supporting the expertise of the project's principals;
- An acknowledgment that the business entity will be required to provide annual documentation to demonstrate that the minimum job requirement is being maintained; and
- Such other information as may be requested by the MDA.

Upon approval, MDA will issue certification designating the business enterprise as eligible for the Data Center Enterprise Exemption. Once you have received certification of eligibility from the MDA, you must submit the MDA certification along with a completed Application for Certification of Economic Incentives to the MDOR. The application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the MDA certification.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the exemption, attach:

- a schedule showing the calculation of the exemption;
- a copy of the MDA certification letter; and
- a copy of the MDOR exemption acceptance letter.

The Data Center Enterprises exemption is authorized under Miss. Code Ann. Sections 57-113-21 and 57-113-25.

Revised June 1, 2025

A.18. Entertainment District Incentive

An income tax incentive in the form of a five (5) year accelerated depreciation period is provided for construction and renovation projects of an entertainment facility in a Mississippi entertainment district. A Mississippi Entertainment District is an area designated by a local government in which entertainment services are centered. "Entertainment facility" means any structure that provides entertainment services and shall include a:

- theater
- amphitheater
- golf course
- automobile racetrack
- museum
- zoo
- arena
- stadium
- or similar venue

For receiving the benefit of a five (5) year accelerated depreciation period on construction or renovation projects, the qualifying business must collect two dollars (\$2) per ticket, pass or admission. This is in addition to the regular sales tax on amusement services provided for in Miss. Code Ann. Section 27-65-22.

EXCEPTION: Gaming establishments licensed under the gaming control act are not eligible for this incentive.

ESTABLISHMENT OF AN ENTERTAINMENT DISTRICT

The governing authorities of a local government may establish an entertainment district within its boundaries and shall designate the geographical areas in which it is established. Once established the local government shall submit to the MDOR an application for approval of the entertainment district.

An application to designate an area as a Mississippi Entertainment District should contain all of the following:

- A copy of the resolution issued by the governing authorities of the local government including the name of the district and the date it is established;
- A map or survey of the entertainment district in sufficient detail to identify the boundaries of the district and the property owned by the residents;
- A general statement of the nature and types of businesses that are or will be located within the entertainment district; and
- Identification of existing entertainment facilities within the entertainment district as well as any proposed establishments along with a time frame for their completion. At least one entertainment facility must be located in the proposed entertainment district or plans for a specific entertainment facility must be included for an application to be approved; plans include the address, blueprints, the name of the facility, and copies of applicable contracts with builders.

If a local government determines that an Entertainment District which it established no longer qualifies, it may submit a request to the MDOR to have the designation terminated. Upon termination of the entertainment district designation, businesses may no longer apply for the accelerated depreciation benefit. However, previously qualified businesses will continue to receive the accelerated depreciation benefit and continue to collect the two-dollar (\$2) ticket fee for the remainder of the five (5) years.

QUALIFYING BUSINESS

Once a local government receives approval from the MDOR for an entertainment district, businesses may apply to participate in the MS entertainment district program and receive the accelerated depreciation benefit. In order to qualify the entertainment facility must be 1) located in a Mississippi entertainment district as confirmed by the local government; 2) have construction or renovation of the entertainment facility starting on or after the entertainment district was established; 3) submit an Application for Certification of Economic Incentives to the MDOR; and 4) be approved by the MDOR.

HOW A BUSINESS APPLIES FOR THE ENTERTAINMENT DISTRICT INCENTIVE CERTIFICATION

The entertainment facility must submit to the MDOR an Application for Certification of Economic Development Incentives, a statement of election to participate in the program, a detailed description of the construction or renovation project including the project's name, a listing of the entertainment services to be provided, and the date they start. Listing of entertainment services should include a description of the types of events, methods by which tickets are sold, and how admission information is tracked. Description of the project should be sufficient to provide for identification of the qualifying

assets. A separate application is required for each construction or renovation project with approval of a new project restarting the five (5) year period for collection of the two-dollar (\$2) ticket fee.

Once a facility is approved, the qualifying assets are fully depreciated over a period of five (5) years. Sale of the entity owning the assets will not affect the depreciation expense deduction, but sale of a qualifying asset is subject to tax on any gain recognized in the same manner as other assets. Even though a business sells a qualifying asset(s), collection of the two-dollar (\$2) ticket fee continues for the full five (5) years.

COLLECTION OF THE TICKET FEE

When a qualifying business elects to utilize the accelerated depreciation, it must impose a two-dollar (\$2) fee per each ticket, pass, or admission to entertainment events (i.e., service) held at its facility. This fee is in addition to the sales tax on the admission. The fee applies on a per person per admission basis to events and other amusements subject to sales tax under Miss. Code Ann. Section 27-65-22. This includes free events and admissions if sales tax would have applied had a price for admission been charged. However, if it is customary not to charge admission to children under a certain age, then the admission fee will not be applied either.

Collection of the fee is applied on a per admission basis regardless of whether a ticket provides for one time admission or multiple admissions over a period of time, such as a season pass. Similarly, the fee is applied per person regardless of whether admission is sold on an individual or group basis. When a one-day event allows for participants once admitted to leave and return without charge, only the initial admission is subject to a fee.

Collection of the fee begins at the later of acceptance by MDOR into the program or the date in which business (i.e., admissions) begins. The accelerated depreciation expense deduction may begin when the taxpayer starts collecting the ticket fee or when the construction/renovation property is placed into service, whichever is later.

DEPRECIATION

A qualifying business may use a five-year depreciation system for construction or renovation property. It is the taxpayer's responsibility to determine whether it is most advantageous to utilize the normal depreciation method (i.e., the method normally elected for both federal and state tax purposes) including any immediate expensing under IRC Section 179 or to elect the five-year (5) depreciation method described below.

Income tax filings where accelerated depreciation is claimed must include separate schedules for the qualifying assets. Asset schedules need to provide a description of all construction or renovation property placed into service, the cost, date placed into service, a schedule of state and federal depreciation deductions taken, along with a reconciliation of such, and any other information used in making such calculations.

The following depreciation schedule should be used for any property in which the five (5) year accelerated depreciation deduction is made:

Depreciation Method: Straight Line

Recovery Period: 5 Year

Assumption: Property placed in service in middle of the month

Month the Property is Placed in Service:												
Recovery Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Annual Depreciation Rate:												
1	19%	18%	16%	14%	13%	11%	9%	8%	6%	4%	3%	1%
2	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
3	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
4	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
5	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
6	1%	2%	4%	6%	7%	9%	11%	12%	14%	16%	17%	19%

The depreciation for a short tax year is the annual rate of 20% prorated for the number of months the property is deemed in service for the tax year.

The Entertainment District Incentive is authorized under Miss Code Ann. Sections 17-29-1 et seq.

Revised June 1, 2025

A.19. Health Care Industry Zone Incentive

An income tax incentive in the form of a ten (10) year accelerated depreciation period is provided for construction and renovation of a health care industry facility within a Mississippi Health Care Industry Zone. A Mississippi Health Care Industry Zone is an area certified by the MDA in which health care industry facilities are centered. "Health care industry facility" includes any business that creates a minimum of twenty-five (25) new full-time jobs and/or ten million dollars (\$10,000,000) of capital investment after July 1, 2012, and is:

- Engaged in the research and development of pharmaceuticals, biotechnology, medical supplies, biologics, diagnostic imaging, medical equipment or medicine and related manufacturing or processing;
- A medical service provider;
- Engaged in medical product distribution; or
- Engaged in laboratory testing.

"Health care industry facility" may also include a business that is located on land owned by or leased from an academic health science center with a medical school accredited by the Liaison Committee on Medical Education and a hospital accredited by the Joint Committee on Accreditation of Healthcare Organizations and creates a minimum of twenty-five (25) new full-time jobs and/or twenty millions dollars (\$20,000,000) of capital investment after July 1, 2012.

EXCEPTION: No medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this credit.

HEALTH CARE INDUSTRY ZONE INCENTIVE

The Health Care Industry Zone Incentive was created to encourage health care related businesses to locate or expand within a qualified Health Care Zone in the state. It aims to expand access to high quality medical care for Mississippi residents and increase the number of health care jobs in the state. This credit shall stand repealed July 1, 2026.

ESTABLISHMENT OF A HEALTH CARE INDUSTRY ZONE

MDA may certify an area as a health care industry zone if the following requirements are met:

- The area is located within three (3) contiguous counties which have certificates of need of more than three hundred seventy-five (375) acute care hospital beds and/or a county which has a hospital with a minimum capital investment of two hundred fifty million dollars (\$250,000,000) and for which construction is completed before July 1, 2017;
- The health care industry facility is located within an eight-mile radius of a facility with a certificate of need for hospital beds and/or a university or college that is a) accredited by the Southern Association of Colleges and Schools and awards degrees and/or trains workers for jobs in health care or pharmaceutical fields of study and/or work, and b) located along or near Mississippi Highway 67 within a master planned community as defined in Section 19-5-10; and
- The zoning of the local government unit, if applicable, allows the construction or operation of the health care industry facility in the proposed health care industry zone.

QUALIFYING BUSINESS

Once an area is approved by the MDA as a Health Care Industry Zone, businesses may apply to participate in the Health Care Industry Zone Incentive and receive the accelerated depreciated benefit. In order to qualify, the health care industry facility must 1) apply to the MDA and be approved as a qualified business, and 2) have construction or renovation of a health care industry facility within a health care industry zone.

A health care industry facility that engages in an activity for which a certificate of need is required must comply with the provisions of Section 41-7-191 in order to be certified as a qualified business.

DEPRECIATION

A qualifying business may use a ten (10) year depreciation system for construction or renovation property. It is the taxpayer's responsibility to determine whether it is most advantageous to utilize the normal depreciation method (i.e., the method normally elected for both federal and state tax purposes) including any immediate expensing under IRC Section

179 or to elect the ten (10) year depreciation method.

HOW TO APPLY FOR THE INCENTIVE

Once you have received certification of eligibility from the MDA, you must submit the MDA certification along with a completed Application for Certification of Economic Incentives to the MDOR. The application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the MDA certification.

HOW TO CLAIM THE CREDIT

Income tax filings where accelerated depreciation is claimed must include a copy of the certification from the MDA and separate schedules for the qualifying assets. Asset schedules need to provide a description of all construction or renovation property placed into service, the cost, date placed into service, a schedule of state and federal depreciation deductions taken, along with a reconciliation of such, and any other information used in making such calculations.

The Health Care Industry Incentive is authorized under Miss Code Ann. Sections 57-117-1 et seq.

Revised June 1, 2025

A.20. Historic Rehabilitation Tax Credit

An income tax credit or rebate is available in an amount equal to twenty five percent (25%) of the total costs and expenses for the rehabilitation of either residential or business property located in Mississippi and qualifying as a certified historic structure or a structure in a certified historic district. Costs and expenditures include but are not limited to qualified rehabilitation expenditures as defined under IRC Section 47(c)(2)(a). The tax credit may be carried forward for up to ten (10) years. Not for profit entities are not eligible for the rebate or credit.

A rebate or income tax credit of twenty five percent (25%) of the total costs and expenses for the rehabilitation is available if the costs and expenses exceed five thousand dollars (\$5,000) in the case of an owner-occupied dwelling or exceed fifty percent (50%) of the adjusted basis in the property in the case of all other properties and the rehabilitation is consistent with the standards of the Secretary of the United States Department of the Interior as determined by the Mississippi Department of Archives and History (MDAH).

In lieu of claiming a tax credit, the taxpayer may elect to claim a rebate in the amount of seventy-five percent (75%) of the amount that would be eligible to claim as a credit. The election may be made at any time after the certification of the rebate. If the taxpayer has utilized a tax credit on an income tax return prior to making an election to claim a rebate, then the available rebate will be reduced by the amount of credit utilized.

The aggregate amount of rebates and credits that may be awarded is one hundred eighty million dollars (\$180,000,000). No more than twelve million dollars (\$12,000,000) for projects with total qualified rehabilitation costs and expenses of one million seven hundred and fifty dollars (\$1,750,000) or more may be certified in any one calendar year. No more than twelve million dollars (\$12,000,000) for projects with total qualified rehabilitation costs and expenses of less than one million seven hundred and fifty thousand dollars (\$1,750,000) may be certified in any one (1) calendar year.

Eligible property is defined as property located in Mississippi and offered or used for residential or business purposes.

A certified historic structure is defined as a property located in Mississippi that has been:

1. Listed individually on the National Register of Historic Places;
2. Determined to be eligible and will be listed by the United States Department of the Interior within thirty (30) months of claiming the credit; or
3. Designated a Mississippi Landmark by the MDAH.

A structure in a certified historic district is defined as a structure located in Mississippi and is:

1. Listed on the National Register of Historic Places;
2. Determined to be eligible and will be listed by the United States Department of the Interior within thirty (30) months of claiming the credit;
3. Located in a registered historic district listed on the National Register of Historic Places or located in a potential district that has been determined eligible for the National Register of Historic Places by the Secretary of the United States Department of the Interior and will be listed within thirty (30) months of claiming the rebate or credit authorized by this section, and is certified by the Secretary of the United States Department of the Interior as being of historic significance to the district;
4. Certified by the MDAH as contributing to the historic significance of:
 - a. A certified historic district listed on the National Register of Historic Places;
 - b. A potential district that has been determined eligible for the National Register of Historic Places by the Secretary of the United States Department of the Interior and will be listed within thirty (30) months of claiming the rebate or credit; or
 - c. A local district that has been certified by the United States Department of the Interior.

The credits cannot be discounted and sold in the open market. Only a taxpayer who has incurred costs and expenses for the rehabilitation of an eligible property is entitled to the income tax credit. Credits granted to a partnership or limited liability company (LLC) taxed as a partnership must be passed through to the partners or members on a pro rata basis or in accordance with an executed agreement. If a partnership or LLC does elect to claim a rebate of seventy-five percent (75%)

of the amount that would be eligible to claim as a credit, the rebate must be taken at the partnership level. A partner or member of a partnership or LLC that has elected to pass through the credit to its partners or members may sell his interest to another person or entity, in which case the new owner would receive any available credits that are available to be passed through. The new owner must purchase the interest in the partnership or LLC prior to the original or extended due date of the partner's or member's tax return for the tax year in which the credit is utilized. There is no mechanism in the law whereby any person other than a taxpayer incurring costs and expenses for the rehabilitation of an eligible property, or, in the case of a taxpayer that is a pass-through entity such as a partnership or LLC, the partners or members, can utilize the available credit.

Any taxpayer may claim the credit in phases if:

1. There exists a written set of architectural plans and specifications for all phases of the rehabilitation;
2. The written set of architectural plans and specifications are completed before physical work on the rehabilitation begins; and
3. The project receives final certification by the department within sixty (60) months of the project start date certified in the first phase.

The rebate or credit is subject to recapture if the property or the potential district in which the property is located is not listed on the National Register of Historic Places within thirty (30) months of claiming the credit, or the project has not received final certification by the MDAH within sixty (60) months of the project start date certified in the first phase. The taxpayer must notify the MDAH and the MDOR if any of the situations occur that subject the rebate or credit to recapture.

HOW TO APPLY FOR THE CREDIT

The MDAH is responsible for certifying the amount of the eligible rehabilitation costs and expenses and whether the rehabilitation is consistent with the Standards of the Secretary of the United States Department of the Interior. Contact the MDAH at 601-576-6950 for questions concerning certification.

HOW TO CLAIM THE CREDIT

When filing the state income tax return claiming the credit, attach:

- a copy of the certification of eligibility from MDAH;
- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward; and
- a copy of the member's or owner's distribution/allocation agreement.

The Historic Rehabilitation Tax Credit Code is 26.

A rebate claim may be submitted to the MDOR within twelve (12) months of the issuance of the certification by MDAH. The taxpayer must submit the certification to MDOR to receive payment.

The Historic Rehabilitation Income Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.31.

Revised June 1, 2025

A.21. Qualifying Charitable Organizations Tax Credit

Qualifying Foster Care Charitable Organizations Tax Credit

An income tax credit is available for voluntary cash contributions to a “qualifying charitable organization” (QCO) or a “qualifying foster care charitable organization” (QFCCO). The tax credit may be carried forward for five (5) years. The aggregate amount of the credits that may be awarded shall not exceed one million dollars (\$1,000,000). The credit allowed by this section is in lieu of a deduction pursuant to Section 170 of the Internal Revenue Code and taken for state tax purposes.

An income tax credit is available for voluntary cash contributions from individuals made to a QCO. The amount of the credit is limited to the lesser of twelve hundred dollars (\$1,200) or the amount of the contribution in any taxable year for a single individual or a head of household, and the lesser of twenty-four hundred dollars (\$2,400) or the amount of the contribution in any taxable year for a married couple filing a joint return. A credit will also be allowed against ad valorem taxes and will be limited to an amount not to exceed fifty percent (50%) of the total ad valorem tax liability. Any credit claimed but not used may be carried forward for five (5) years.

A separate credit is available for voluntary cash contributions during the taxable year made to a QFCCO. The amount of the credit is limited to the lesser of fifteen hundred dollars (\$1,500) or the amount of the contribution in any taxable year for a single individual or a head of household, and the lesser of three thousand dollars (\$3,000) or the amount of the contribution in any taxable year for a married couple filing a joint return. A credit will also be allowed against ad valorem taxes and will be limited to an amount not to exceed fifty percent (50%) of the total ad valorem tax liability. Any credit claimed but not used may be carried forward for five (5) years.

A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half (1/2) of the tax credit that would have been allowed for a joint return.

Contributions cannot be used for other state charitable contribution credits and cannot be used as a deduction for state income tax purposes.

QUALIFYING CHARITABLE ORGANIZATIONS

A QCO means a charitable organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code or is a designated community action agency that receives community services block grant program monies pursuant to 42 USC 9901. The organization must spend at least fifty percent (50%) of its budget on services to residents of this state who receive temporary assistance for needy families benefits, low-income residents of this state and their households, or to children who have a chronic illness or physical, intellectual, developmental, or emotional disability who are residents of this state. “Low-income residents” are persons whose household income is less than one hundred fifty percent (150%) of the federal poverty level. “Services” means (1) cash assistance, medical care, child care, food, clothing, shelter, and job-placement services or any other assistance that is reasonably necessary to meet immediate basic needs and that is provided and used in this state; (2) job-training or education services or funding for parents, foster parents or guardians; or (3) job-training or education services or funding provided as part of a foster care independent living program.

Taxpayers choosing to make donations through an umbrella charitable organization that collects donations on behalf of member charities must designate that the donation be directed to a member charitable organization that would qualify under this section on a stand-alone basis. A QCO does not include any entity that provides, pays for, or provides coverage of abortions or that financially supports any other entity that provides, pays for, or provides coverage of abortions.

HOW TO QUALIFY AS A QCO

To qualify as a QCO, the organization must submit a letter ruling request including the following:

1. Contact information including phone number, email address, mailing address, and physical address if different from mailing address.
2. A statement that the organization meets all criteria to be considered a QCO signed by an officer of the organization under penalties of perjury.

3. A copy of the exemption letter from the IRS verifying the organization qualifies under Section 501(c)(3) of the Internal Revenue Code or verification that the organization is a designated community action agency under 42 USC 9901.
4. An operating budget for the prior year.
5. A list of services provided by the organization.
6. A detailed schedule of total expenses for the prior year with a breakout of amounts expended on services to residents of this state who:
 - a. Receive temporary assistance for needy families benefits,
 - b. Are low-income residents of this state, and/or
 - c. Are children who have a chronic illness or physical, intellectual, developmental, or emotional disability.
7. The total number of individuals who received services from the organization in the prior year.
8. The total number of Mississippi residents who received services in the prior year and meet the criteria in number 6 above.
9. Copy of prior year's federal income tax return and financial statements.
10. A statement that the organization plans to continue spending at least fifty percent (50%) of its budget on services to individuals who meet the criteria in number 6 above.
11. Charitable organizations that do not spend at least fifty percent (50%) of their overall budget in Mississippi may still qualify if they meet all other requirements for a QFCO. These organizations must submit a statement that they spend at least fifty percent (50%) of their Mississippi budget on services to qualified individuals in Mississippi and that one hundred percent (100%) of the voluntary cash contributions they receive from Mississippi taxpayers will be spent on services to qualified individuals in Mississippi.
12. A statement that the organization does not provide, pay for, or provide coverage of abortions and does not financially support any other entity that provides, pays for, or provides coverage of abortions.

QUALIFYING FOSTER CARE CHARITABLE ORGANIZATION

A QFCCO means a qualifying charitable organization that each year provides services to at least one hundred (100) qualified individuals in this state and spends at least fifty percent (50%) of its budget on services to qualified individuals in this state. A "qualified individual" means a child in a foster care placement program established by the Department of Child Protection Services, a child placed under the Safe Families for Children model, or a child at significant risk of entering a foster care placement program established by the Department of Child Protection Services.

A charitable organization that meets all other requirements but does not spend at least fifty percent (50%) of its overall budget in Mississippi may still be a QFCCO. The charitable organization may still qualify if it spends at least fifty percent (50%) of its Mississippi budget on services to qualified individuals in Mississippi and it certifies to the MDOR that one hundred percent (100%) of the voluntary cash contributions from the taxpayer will be spent on services to qualified individuals in Mississippi.

HOW TO QUALIFY AS A QFCCO

To be considered as a QFCCO, the organization must submit a letter ruling request including the following:

1. Contact information including phone number, email address, mailing address, and physical address if different from mailing address.
2. A statement that the organization meets all criteria to be considered a QFCCO signed by an officer of the organization under penalties of perjury.
3. A copy of the exemption letter from the IRS verifying the organization qualifies under Section 501(c)(3) of the Internal Revenue Code or verification that the organization is a designated community action agency under 42 USC 9901.
4. An operating budget for the prior year.
5. A list of services provided by the organization.
6. A detailed schedule of total expenses for the prior year with a breakout of amounts expended on services to qualified individuals in Mississippi who:
 - a. Are children in a foster care placement program established by the Department of Child Protection Services,
 - b. Are children placed under the Safe Families for Children model, and/or
 - c. Are children at significant risk of entering a foster care placement program established by the Department of Child Protection Services.
7. The total number of individuals who received services from the organization in the prior year.

8. The total number of qualified individuals who received services in the prior year and meet the criteria in number 6 above.
9. Copy of prior year's federal income tax return and financial statements.
10. Copy of prior year's financial statements.
11. A statement that the organization plans to continue spending at least fifty percent (50%) of its budget on services to individuals who meet the criteria in number 6 above.
12. Charitable organizations that do not spend at least fifty percent (50%) of their overall budget in Mississippi may still qualify if they meet all other requirements for a QFCCO. These organizations must submit a statement that they spend at least fifty percent (50%) of their Mississippi budget on services to qualified individuals in Mississippi and that one hundred percent (100%) of the voluntary cash contributions they receive from Mississippi taxpayers will be spent on services to qualified individuals in Mississippi.
13. A statement that each operating year it provides services to at least one hundred (100) qualified individuals in this state.
14. A statement that the organization does not provide, pay for, or provide coverage of abortions and does not financially support any other entity that provides, pays for, or provides coverage of abortions.

A letter acknowledging the approval or denial of the organization as a QCO or a QFCCO will be issued. Please see our webpage concerning letter rulings for more information at: <https://www.dor.ms.gov/office-of-tax-policy>.

The MDOR maintains a webpage that lists all the approved QCOs and QFCCOs located at: <https://www.dor.ms.gov/credits/QCO-QFCCO>.

The organization must notify the MDOR of any changes that may affect any of the qualifications above.

HOW TO APPLY FOR THE CREDIT

A taxpayer can apply to be pre-approved for an allocation of credits with the MDOR using the "Apply for a Charitable Contribution Credit" link located at <https://tap.dor.ms.gov/>. Once the application has been submitted, a confirmation number along with a summary of the application will be generated and emailed to the e-mail address provided. The donation deadline and details for providing proof of the donation are included in a letter sent to the donor within thirty (30) days of the application date. A donor must make their donation within sixty (60) days of the MDOR's letter earmarking the requested allocation or by December 31st of the current year, whichever occurs first.

A donor may upload proof of their donation using the "Upload Requested Documentation" link available on the TAP home page (<https://tap.dor.ms.gov>) under the Upload Documents section. A login is not required to upload the proof of donation. However, the Letter ID included on the Proof Requested letter sent by the MDOR is required to upload the proof of donation. Usually, within thirty (30) days of the MDOR receiving the donor's proof of donation, the MDOR will mail the donor a letter confirming receipt of the proof of donation and credit status.

All contributions must be received by the charitable organization during the calendar year to be claimed on the return.

HOW TO CLAIM THE CREDIT

When filing the state income tax return claiming the credit, the individual should attach the Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward and indicate the name of the qualified organization. The QCO tax code is 34 and the QFCCO tax code is 35.

Pass-through entities awarded credits must provide the MDOR with a schedule of amounts allocated to its members by the end of the taxable year.

Documentation must be maintained by the taxpayer and provided upon request.

The Qualifying Charitable Organizations Tax Credit and the Qualifying Foster Care Charitable Organizations Tax Credit are authorized under Miss. Code Ann. Section 27-7-22.39.

Revised June 1, 2025

A.22. Eligible Charitable Business Contribution Tax Credit

A tax credit is available for voluntary cash contributions to an eligible charitable organization ("ECO"). ECOs include educational services charitable organizations ("ESCO"). The amount of the credit is limited to fifty percent (50%) of the taxpayer's total income tax liability, fifty percent (50%) of the taxpayer's total insurance premium tax liability, fifty percent (50%) of the taxpayer's total insurance premium retaliatory tax liability, and, in the case of taxpayers not operating as a corporation, fifty percent (50%) of the total real property ad valorem tax liability. The aggregate amount of the credits that may be awarded shall not exceed eighteen million dollars (\$18,000,000). Nine million dollars (\$9,000,000) is provided for both ECOs and ESCOs. The tax credit may be carried forward for five (5) years.

The tax credit is only available to a taxpayer who is a business enterprise engaged in commercial, industrial, or professional activities and operating as a corporation, limited liability company, partnership, or sole proprietorship.

Taxpayers may utilize the credit against income tax, insurance premium tax, and insurance premium retaliatory tax. Taxpayers, not operating as a corporation, may also utilize the credit against ad valorem taxes on real property. Contributions cannot be used for other state charitable contribution credits and cannot be used as a deduction for state income tax purposes.

HOW TO QUALIFY AS AN ELIGIBLE CHARITABLE ORGANIZATION

To qualify as an ECO, the organization must submit a letter ruling request to the MDOR including the following:

1. Contact information including phone number, email address, mailing address, and physical address if different from mailing address.
2. A copy of the exemption letter from the IRS verifying the organization qualifies under Section 501(c)(3) of the Internal Revenue Code.
3. A statement, signed by an officer of the organization under penalties of perjury, that the organization meets all criteria to be considered an ECO.
4. A statement that the organization does not provide, pay for, or provide coverage of abortions and does not financially support any other entity that provides, pays for, or provides coverage of abortions.
5. A statement that the funds generated from the tax credit shall be used for educational resources, staff, and expenditures and/or other purposes described in Miss. Code Ann. Section 27-7-22.41.
6. Documentation that the organization is:
 - (i) Licensed by or under contract or agreement with the Department of Child Protection Services and provides services for the following:
 - a. The prevention and diversion of children from custody with the Department of Child Protection Services;
 - b. The safety, care, and well-being of children in custody with the Department of Child Protection Services; or
 - c. The express purpose of creating permanency for children through adoption.

OR

- (ii) An educational services organization that provides services to:
 - a. Children in a foster care placement program established by the Department of Child Protection Services, children placed under the Safe Families for Children model, or children at significant risk of entering a foster care placement program established by the Department of Child Protections Services;
 - b. Children who have a chronic illness or physical, intellectual, developmental, or emotional disability; or
 - c. Children eligible for free or reduced-price meals programs under Miss. Code Ann. Section 37-11-7 or selected for participation in the Promise Neighborhoods Program sponsored by the U.S. Department of Education.

HOW TO QUALIFY AS AN EDUCATIONAL SERVICES CHARITABLE ORGANIZATION

Educating children must be the primary goal of an ESCO.

An ESCO provides instruction, tutoring or training delivered by teachers or instructors that explain, tell, demonstrate, supervise, and direct to help students learn. They may provide opportunities for academic enrichment activities during non-school hours or periods when school is not in session, such as before and after school or during summer recess. Services

can be provided through diverse means including internet or other electronic and distance learning methods as well as sign language.

Providing scholarships, day-care, therapy, or treatment does not qualify as educational services.

To qualify as an ESCO please submit the following:

1. The information requested in numbers 1 through 5 under “How to Qualify as an Eligible Charitable Organization.”
2. The number of students served in Mississippi in each category in 6(ii) a-c, above.
3. The total number of students served in Mississippi.
4. A list of services provided by the organization.
5. Documentation that the organization is accredited by a regional accrediting organization (RAO). A RAO is an independent nongovernmental organization that offers institution wide academic accreditation to schools and/or charitable organizations offering education in Mississippi, ensuring that they meet acceptable levels of quality. The organization must offer accreditation as an ongoing process, the initial earning of accreditation cannot guarantee indefinite accredited status. An accrediting organization that is not limited to a specific region or regions may qualify as a RAO if it has different educational requirements for different regions including Mississippi. Examples include but are not limited to the Mid-South Association of Independent Schools or the Southern Association of Colleges and Schools.

A letter acknowledging the approval or denial of the organization as an ECO will be issued. Please see our webpage concerning letter rulings for more information at <https://www.dor.ms.gov/office-of-tax-policy>.

The MDOR maintains a webpage that lists all approved ECOs at: <https://www.dor.ms.gov/credits/ECO-ESCO>.

The organization must notify the MDOR of any changes that may affect any of the qualifications above.

HOW TO APPLY FOR THE CREDIT

A taxpayer can apply to be pre-approved for an allocation of credits with the MDOR using the “Apply for a Charitable Contribution Credit” link located at <https://tap.dor.ms.gov/>. Once the application has been submitted, a confirmation number along with a summary of the application will be generated and emailed to the e-mail address provided. The donation deadline and details for providing proof of the donation are included in a letter sent to the donor within thirty (30) days of the application date. A donor must make their donation within sixty (60) days of the MDOR’s letter earmarking the requested allocation or by December 31st of the current year, whichever occurs first.

A donor may upload proof of their donation using the “Upload Requested Documentation” link available on the TAP home page (<https://tap.dor.ms.gov>) under the Upload Documents section. A login is not required to upload the proof of donation. However, the Letter ID included on the Proof Requested letter sent by the MDOR is required to upload the proof of donation. Usually, within thirty (30) days of the MDOR receiving the donor’s proof of donation, the MDOR will mail the donor a letter confirming receipt of the proof of donation and credit status.

All contributions must be received by the charitable organization during the calendar year to be claimed on the return.

HOW TO CLAIM THE CREDIT

When filing the state income tax return claiming the income tax credit, the taxpayer must attach the Mississippi Tax Credit Summary Schedule showing all credits taken, any credit carryforward, and the name of the qualified ECO. The Eligible Charitable Business Contribution Tax Credit code is 36.

Credits claimed on the Insurance Premium Tax Return, or the Insurance Premium Retaliatory Tax Return are to be reported on the appropriate line.

Pass-through entities awarded credits must provide the MDOR with a schedule of amounts allocated to its members by the end of the taxable year.

Documentation must be maintained by the taxpayer and provided upon request.

The Eligible Charitable Organizations Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.41.

Revised June 1, 2025

A.23. Pregnancy Resource Charitable Organization Contribution Tax Credit

A tax credit is available for voluntary cash contributions made to pregnancy resource charitable organizations (PRCO). The amount of the credit is limited to fifty percent (50%) of the taxpayer's total income tax liability, fifty percent (50%) of the taxpayer's total insurance premium tax liability, fifty percent (50%) of the taxpayer's total insurance premium retaliatory tax liability, and fifty percent (50%) of the total real property ad valorem tax liability. The aggregate amount of tax credits that may be allocated by the MDOR during a calendar year shall not exceed ten million dollars (\$10,000,000). The tax credit may be carried forward for five (5) years.

The tax credit is only available to a taxpayer who is a business enterprise engaged in commercial, industrial, or professional activities and operating as a corporation, partnership, limited liability company, or sole proprietorship.

Taxpayers may utilize the credit against income tax, insurance premium tax, insurance premium retaliatory tax, and ad valorem taxes on real property. Contributions cannot be used for other state charitable contribution credits and cannot be used as a deduction for state income tax purposes.

A PRCO is an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and is a pregnancy resource center or crisis center.

To qualify as a PRCO, the organization must submit a letter ruling request to the MDOR including the following:

1. Contact information including phone number, email address, mailing address, and physical address if different from mailing address.
2. A copy of the exemption letter from the IRS verifying the organization qualifies under Section 501(c)(3) of the Internal Revenue Code.
3. A statement that no more than twenty percent (20%) of the contributions received from the tax credit will be spent on administrative purposes.
4. A certification that the organization has annually filed the publicly available IRS filings with the Secretary of State.
5. A statement that the organization does not provide, pay for, or provide coverage of abortions and does not financially support any other entity that provides, pays for, or provides coverage for abortions.
6. A statement, signed by an officer of the organization under penalties of perjury, that the organization meets all criteria to be considered an PRCO.

A letter acknowledging the approval or denial of the organization as an PRCO will be issued. Please see our webpage concerning letter rulings for more information at <https://www.dor.ms.gov/office-of-tax-policy>.

The MDOR maintains a webpage that lists all approved PRCOs at: <https://www.dor.ms.gov/credits/PRCO>.

The organization must notify the MDOR of any changes that may affect any of the qualifications above.

HOW TO APPLY FOR THE CREDIT

A taxpayer can apply to be pre-approved for an allocation of credits with the MDOR using the "Apply for a Charitable Contribution Credit" link located at <https://tap.dor.ms.gov/>. Once the application has been submitted, a confirmation number along with a summary of the application will be generated and emailed to the e-mail address provided. The donation deadline and details for providing proof of the donation are included in a letter sent to the donor within thirty (30) days of the application date. A donor must make their donation within sixty (60) days of the MDOR's letter earmarking the requested allocation or by December 31st of the current year, whichever occurs first.

A donor may upload proof of their donation using the "Upload Requested Documentation" link available on the TAP home page (<https://tap.dor.ms.gov>) under the Upload Documents section. A login is not required to upload the proof of donation. However, the Letter ID included on the Proof Requested letter sent by the MDOR is required to upload the proof of donation. Usually, within thirty (30) days of the MDOR receiving the donor's proof of donation, the MDOR will mail the donor a letter confirming receipt of the proof of donation and credit status.

All contributions must be received by the charitable organization during the calendar year to be claimed on the return.

HOW TO CLAIM THE CREDIT

When filing the state income tax return claiming the income tax credit, the taxpayer must attach the Mississippi Tax Credit Summary Schedule showing all credits taken, any credit carryforward, and the name of the qualified PRCO. The Pregnancy Resource Charitable Organizations Tax Credit code is 39.

Credits claimed on the Insurance Premium Tax Return, or the Insurance Premium Retaliatory Tax Return are to be reported on the appropriate line.

Pass-through entities awarded credits must provide the MDOR with a schedule of amounts allocated to its members by the end of the taxable year.

Documentation must be maintained by the taxpayer and provided upon request.

The Pregnancy Resource Charitable Organization Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.43.

Revised June 1, 2025

A.24. Eligible Transitional Housing Organization Contribution Tax Credit

A tax credit is available for voluntary cash contributions made to eligible transitional housing organizations (ETHO). This credit is available to both individual and business taxpayers. The amount of the credit is limited to fifty percent (50%) of the taxpayer's total income tax liability, fifty percent (50%) of the taxpayer's total insurance premium tax liability, fifty percent (50%) of the taxpayer's total insurance premium retaliatory tax liability, and fifty percent (50%) of the total real property ad valorem tax liability. The aggregate amount of tax credits that may be allocated by the MDOR during a calendar year shall not exceed one million dollars (\$1,000,000) for individual taxpayers and ten million (\$10,000,000) for business taxpayers. The tax credit may be carried forward for five (5) years.

The tax credit is available to an individual taxpayer and a taxpayer who is a business enterprise engaged in commercial, industrial, or professional activities and operating as a corporation, partnership, limited liability company, or sole proprietorship.

Taxpayers may utilize the credit against income tax, insurance premium tax, insurance premium retaliatory tax, and ad valorem taxes on real property. Contributions cannot be used for other state charitable contribution credits and cannot be used as a deduction for state income tax purposes.

An ETHO is an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code that provides transitional housing for homeless persons aged twenty-five (25) and under, homeless families and/or homeless and/or referred unwed pregnant women.

To qualify as an ETHO, the organization must submit a letter ruling request to the MDOR including the following:

1. Contact information including phone number, email address, mailing address, and physical address if different from mailing address.
2. A copy of the exemption letter from the IRS verifying the organization qualifies under Section 501(c)(3) of the Internal Revenue Code.
3. Information about the facilities that demonstrate the applicant's ability to provide housing for homeless persons aged twenty-five (25) and under, homeless families, and/or homeless and/or referred unwed pregnant women. This includes but is not limited to the address, proof of utilities paid for the residence(s), and a listing of appliances included in the residence(s).
4. Sufficient materials to document that the applicant has and runs a program that offers structure, supervision, support, life skills, education and training for each individual and/or family to achieve and/or maintain independence.
5. A statement that the organization does not charge a fee for services or benefits provided in whole or in part by its transitional housing program.
6. A statement that the organization does not provide, pay for, or provide coverage of abortions and does not financially support any other entity that provides, pays for, or provides coverage of abortions.
7. A statement, signed by an officer of the organization under penalties of perjury, that the organization meets all criteria to be considered an ETHO.

A letter acknowledging the approval or denial of the organization as an ETHO will be issued. Please see our webpage concerning letter rulings for more information at <https://www.dor.ms.gov/office-of-tax-policy>.

The MDOR maintains a webpage that lists all approved ETHOs at: <https://www.dor.ms.gov/credits/ETHO>

The organization must notify the MDOR of any changes that may affect any of the qualifications above.

HOW TO APPLY FOR THE CREDIT

A taxpayer can apply to be pre-approved for an allocation of credits with the MDOR using the "Apply for a Charitable Contribution Credit" link located at <https://tap.dor.ms.gov/>. Once the application has been submitted, a confirmation number along with a summary of the application will be generated and emailed to the e-mail address provided. The donation deadline and details for providing proof of the donation are included in a letter sent to the donor within thirty (30) days of the application date. A donor must make their donation within sixty (60) days of the MDOR's letter earmarking the

requested allocation or by December 31st of the current year, whichever occurs first.

A donor may upload proof of their donation using the "Upload Requested Documentation" link available on the TAP home page (<https://tap.dor.ms.gov/>) under the Upload Documents section. A login is not required to upload the proof of donation. However, the Letter ID included on the Proof Requested letter sent by the MDOR is required to upload the proof of donation. Usually, within thirty (30) days of the MDOR receiving the donor's proof of donation, the MDOR will mail the donor a letter confirming receipt of the proof of donation and credit status.

All contributions must be received by the charitable organization during the calendar year to be claimed on the return.

HOW TO CLAIM THE CREDIT

When filing the state income tax return claiming the income tax credit, the taxpayer must attach the Mississippi Tax Credit Summary Schedule showing all credits taken, any credit carryforward, and the name of the qualified ETHO. The Eligible Transitional Housing Organizations Tax Credit code is 42.

Credits claimed on the Insurance Premium Tax Return, or the Insurance Premium Retaliatory Tax Return are to be reported on the appropriate line.

Pass-through entities awarded credits must provide the MDOR with a schedule of amounts allocated to its members by the end of the taxable year.

Documentation must be maintained by the taxpayer and provided upon request.

The Eligible Transitional Housing Organization Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.47.

Revised June 1, 2025

A.25. Eligible Health Care Organization Contribution Tax Credit

A tax credit is available for voluntary cash contributions made to eligible health care organizations (EHCO) on or after January 1, 2023. This credit is available to both individual and business taxpayers. The amount of the credit is limited to fifty percent (50%) of the taxpayer's total income tax liability, fifty percent (50%) of the taxpayer's total insurance premium tax liability, fifty percent (50%) of the taxpayer's total insurance premium retaliatory tax liability, and fifty percent (50%) of the total real property ad valorem tax liability. The aggregate amount of tax credits that may be allocated by the MDOR during a calendar year shall not exceed one million dollars (\$1,000,000) for individual taxpayers and three million dollars (\$3,000,000) for business taxpayers. The tax credit may be carried forward for five (5) years.

The tax credit is available to an individual taxpayer and a taxpayer who is a business enterprise engaged in commercial, industrial, or professional activities and operating as a corporation, partnership, limited liability company, or sole proprietorship.

Taxpayers may utilize the credit against income tax, insurance premium tax, insurance premium retaliatory tax, and ad valorem taxes on real property. Contributions cannot be used for other state charitable contribution credits and cannot be used as a deduction for state income tax purposes.

An EHCO is an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and spends at least fifty percent (50%) of its budget on contracting with physician and/or nurse practitioners to provide health care services to low-income residents of Mississippi.

To qualify as an EHCO, the organization must submit a letter ruling request to the MDOR including the following:

1. Contact information including phone number, email address, mailing address, and physical address if different from mailing address.
2. A copy of the exemption letter from the IRS verifying the organization qualifies under Section 501(c)(3) of the Internal Revenue Code.
3. A copy of prior year's federal income tax return and financial statements.
4. A statement that the organization spends fifty percent (50%) of its budget on contracting or making other agreements with physicians and/or nurse practitioners to provide health care services to low-income residents of this state including those who are mothers and to their households.
5. A statement that the organization does not provide, pay for, or provide coverage of abortions and does not financially support any other entity that provides, pays for, or provides coverage of abortions.
6. A statement, signed by an officer of the organization under penalties of perjury, that the organization meets all criteria to be considered an EHCO.

A letter acknowledging the approval or denial of the organization as an EHCO will be issued. Please see our webpage concerning letter rulings for more information at <https://www.dor.ms.gov/office-of-tax-policy>.

The MDOR maintains a webpage that lists all approved EHCOs at: <https://www.dor.ms.gov/credits/EHCO>.

The organization must notify the MDOR of any changes that may affect any of the qualifications above.

HOW TO APPLY FOR THE CREDIT

A taxpayer can apply to be pre-approved for an allocation of credits with the MDOR using the "Apply for a Charitable Contribution Credit" link located at <https://tap.dor.ms.gov/>. Once the application has been submitted, a confirmation number along with a summary of the application will be generated and emailed to the e-mail address provided. The donation deadline and details for providing proof of the donation are included in a letter sent to the donor within thirty (30) days of the application date. A donor must make their donation within sixty (60) days of the MDOR's letter earmarking the requested allocation or by December 31st of the current year, whichever occurs first.

A donor may upload proof of their donation using the "Upload Requested Documentation" link available on the TAP home page (<https://tap.dor.ms.gov/>) under the Upload Documents section. A login is not required to upload the proof of

donation. However, the Letter ID included on the Proof Requested letter sent by the MDOR is required to upload the proof of donation. Usually, within thirty (30) days of the MDOR receiving the donor's proof of donation, the MDOR will mail the donor a letter confirming receipt of the proof of donation and credit status.

All contributions must be received by the charitable organization during the calendar year to be claimed on the return.

HOW TO CLAIM THE CREDIT

When filing the state income tax return claiming the income tax credit, the taxpayer must attach the Mississippi Tax Credit Summary Schedule showing all credits taken, any credit carryforward, and the name of the qualified EHCO. The Eligible Health Care Organizations Tax Credit code is 43.

Credits claimed on the Insurance Premium Tax Return, or the Insurance Premium Retaliatory Tax Return are to be reported on the appropriate line.

Pass-through entities awarded credits must provide the MDOR with a schedule of amounts allocated to its members by the end of the taxable year.

Documentation must be maintained by the taxpayer and provided upon request.

The Eligible Health Care Organization Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.48.

Revised June 1, 2025

A.26. Food Bank Charitable Organization Contribution Tax Credit

A tax credit is available for voluntary cash contributions to food bank charitable organizations (FBCO) on or after July 1, 2023. The amount of the credit is limited to fifty percent (50%) of the taxpayer's total income tax liability, fifty percent (50%) of the taxpayer's total insurance premium tax liability, fifty percent (50%) of the taxpayer's total insurance premium retaliatory tax liability, and fifty percent (50%) of the total real property ad valorem tax liability. The aggregate amount of tax credits that may be allocated by the MDOR during a calendar year shall not exceed one million dollars (\$1,000,000). The tax credit may be carried forward for five (5) years.

The tax credit is only available to a taxpayer who is a business enterprise engaged in commercial, industrial, or professional activities and operating as a corporation, partnership, limited liability company, or sole proprietorship.

Taxpayers may utilize the credit against income tax, insurance premium tax, insurance premium retaliatory tax, and ad valorem taxes on real property. Contributions cannot be used for other state charitable contribution credits and cannot be used as a deduction for state income tax purposes.

A FBCO is an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and purchases, warehouses, and delivers food directly to food pantries or soup kitchens in more than five (5) Mississippi counties on a monthly basis.

To qualify as an FBCO, the organization must submit a letter ruling request to the MDOR including the following:

1. Contact information including phone number, email address, mailing address, and physical address if different from mailing address.
2. A copy of the exemption letter from the IRS verifying the organization qualifies under Section 501(c)(3) of the Internal Revenue Code.
3. A list, including address and delivery schedule, of all Mississippi food pantries and soup kitchens that the organization delivers food to monthly.
4. A statement that the organization will use the contribution only for the purchasing of food and will deliver the food to pantries and soup kitchens in the state.
5. A statement, signed by an officer of the organization under penalties of perjury, that the organization meets all criteria to be considered an FBCO.

A letter acknowledging the approval or denial of the organization as an FBCO will be issued. Please see our webpage concerning letter rulings for more information at <https://www.dor.ms.gov/office-of-tax-policy>.

The MDOR maintains a webpage that lists all approved FBCOs at: <https://www.dor.ms.gov/credits/FBCO>.

The organization must notify the MDOR of any changes that may affect any of the qualifications above.

HOW TO APPLY FOR THE CREDIT

A taxpayer can apply to be pre-approved for allocation credits with the MDOR using the "Apply for a Charitable Contribution Credit" link located at <https://tap.dor.ms.gov/>. Once the application has been submitted, a confirmation number along with a summary of the application will be generated and emailed to the e-mail address provided. The donation deadline and details for providing proof of the donation are included in a letter sent to the donor within thirty (30) days of the application date. A donor must make their donation within sixty (60) days of the MDOR's letter earmarking the requested allocation or by December 31st of the current year, whichever occurs first.

A donor may upload proof of their donation using the "Upload Requested Documentation" link available on the TAP home page (<https://tap.dor.ms.gov/>) under the Upload Documents section. A login is not required to upload the proof of donation. However, the Letter ID included on the Proof Requested letter sent by the MDOR is required to upload the proof of donation. Usually, within thirty (30) days of the MDOR receiving the donor's proof of donation, the MDOR will mail the donor a letter confirming receipt of the proof of donation and credit status.

All contributions must be received by the charitable organization during the calendar year to be claimed on the return.

HOW TO CLAIM THE CREDIT

When filing the state income tax return claiming the income tax credit, the taxpayer must attach the Mississippi Tax Credit Summary Schedule showing all credits taken, any credit carryforward, and the name of the qualified FBCO. The Food Bank Charitable Organizations Tax Credit code is 45.

Credits claimed on the Insurance Premium Tax Return, or the Insurance Premium Retaliatory Tax Return are to be reported on the appropriate line.

Pass-through entities awarded credits must provide the MDOR with a schedule of amounts allocated to its members by the end of the taxable year.

Documentation must be maintained by the taxpayer and provided upon request.

The Food Bank Charitable Organization Tax Credit is authorized under Miss Code Ann. Section 27-7-22.46.

Revised June 1, 2025

A.27. Railroad Reconstruction, Replacement, and New Rail Infrastructure Tax Credit

A tax credit is available for an eligible taxpayer making qualified railroad reconstruction, replacement, or new rail infrastructure for any railroad that is classified by the United States Surface Transportation Board as a Class II or Class III railroad expenditures after January 1, 2022.

The credit for expenditures incurred for maintenance, reconstruction or replacement of railroad infrastructure shall be the lesser of fifty percent (50%) of qualified expenditures for the taxable year or the product of five thousand dollars (\$5,000) multiplied by the number of miles of railroad track owned or leased within the State of Mississippi as of the close of the taxable year. The credit for expenditures incurred for new construction shall be fifty percent (50%) of qualified expenditures for the taxable year, capped at one million dollars (\$1,000,000) per new rail-served customer project.

The aggregate amount of tax credits that may be allocated by the department during a calendar year shall not exceed eight million dollars (\$8,000,000). The tax credit may be carried forward for five (5) years.

The tax credit shall not exceed the amount of tax imposed upon the taxpayer for the taxable year reduced by the sum of all other credits allowable to the taxpayer under this chapter, except credit for tax payments made by or on behalf of the taxpayer.

HOW TO APPLY FOR THE CREDIT

To apply an eligible taxpayer may submit a request, on company letterhead, that includes (1) the taxpayer's contact information, (2) the taxpayer's FEIN, and (3) the six (6) items identified below to mstaxpolicy@dor.ms.gov or Office of Tax Policy, P.O. Box 22828, Jackson, MS 39225. The Department will review the information submitted and issue a written response within thirty (30) days. If preapproval is obtained, the taxpayer should include a copy of the approval letter with its return.

HOW TO CLAIM/TRANSFER THE CREDIT

To claim the credit, the taxpayer must use the Railroad Infrastructure Tax Credit code, 40, on Form 83-401, when filing its return.

Additionally, the taxpayer should provide:

- a description of the reconstruction, replacement, or new construction project, including beginning and ending dates;
- a detailed listing of the qualifying expenditures along with documentation substantiating payment of the expenses;
- identification of the relevant railroad mileposts;
- the total number of miles of railroad track owned or leased by the taxpayer in Mississippi as of January 1, 2022;
- if leased, the name of the owner of the leased railroad track miles; and
- proof of classification by the United States Surface Transportation Board as a Class II or Class III railroad.

An eligible taxpayer may transfer, by written agreement, any unused tax credit to any taxpayer having a liability under Chapter 27 of the Mississippi Code at any time during the year in which the credit is earned and the five (5) years following the taxable year in which the qualified expenditures are made. The eligible taxpayer and the eligible transferee must jointly file a copy of Form 83-451 Transfer of Railroad Infrastructure Tax Credits and the written transfer agreement with the MDOR within thirty (30) days of the transfer.

The written agreement must contain the:

- name, address, and taxpayer identification number of the parties to the transfer;
- taxable year the eligible taxpayer incurred the qualified railroad reconstruction or replacement expenditures or the qualified new rail infrastructure expenditures;
- amount of credit being transferred; and
- taxable year or years for which the credit may be claimed by the eligible transferee.

Documentation must be maintained by the taxpayer and provided upon request.

The Railroad Reconstruction, Replacement, and New Rail Infrastructure Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.42.

Revised June 1, 2025

A.28. Blighted Property Rehabilitation Tax Credit

An income tax credit or rebate is available in an amount equal to twenty five percent (25%) of the total costs and expenses for the rehabilitation of eligible property located in Mississippi. Eligible property is tax forfeited property certified to the state, has been declared as blighted and will be offered or used for residential or business purposes. The tax credit may be carried forward for up to ten (10) years.

A rebate or income tax credit of twenty-five percent (25%) of the total costs and expenses for the rehabilitation is available if the costs and expenses incurred after January 1, 2026 exceed fifty thousand dollars (\$50,000) in the case of an owner-occupied dwelling or exceed one hundred thousand dollars (\$100,000) for a commercial structure. The actual expenses incurred rehabilitating the eligible property must be between eighty percent (80%) and one hundred twenty-five percent (125%) of the MSOS approved estimated expenses. The project costs must be certified by a licensed third party. The project must be completed within thirty-six (36) months of the application submission. In the case of a single-family dwelling the property must be purchased by an owner-occupant who is not the developer. Commercial buildings must be sold or leased to a commercial tenant that is not the developer.

In lieu of claiming a tax credit, the taxpayer may elect to claim a rebate in the amount of seventy-five percent (75%) of the amount that would be eligible to claim as a credit. The election may be made at any time after the certification of the rebate. If the taxpayer has utilized a tax credit on an income tax return prior to making an election to claim a rebate, then the available rebate will be reduced by the amount of credit utilized.

The maximum aggregate amount of rebates and credits that may be awarded in any one (1) calendar year is two million dollars (\$2,000,000). The aggregate amount of rebates or credits that may be awarded may not exceed ten million dollars (\$10,000,000).

"Blighted" means a property located in Mississippi that is declared by the governing authorities of the municipality or county in which the property is located to be unsafe, due to the physical condition of the property, to an extent that the property is an economic burden on the community that cannot be expected to be reversed absent redevelopment. Blighted property includes, but is not limited to: buildings in which it is unsafe or unhealthy for persons to live or work; conditions that prevent or substantially hinder the viable use or capacity of buildings or lots; and depreciated or stagnant property value.

The credits cannot be discounted and sold in the open market. Only a taxpayer who has incurred costs and expenses for the rehabilitation of an eligible property is entitled to the income tax credit. Credits granted to a partnership or limited liability company (LLC) taxed as a partnership must be passed through to the partners or members on a pro rata basis or in accordance with an executed agreement. If a partnership or LLC does elect to claim a rebate of seventy-five percent (75%) of the amount that would be eligible to claim as a credit, the rebate must be taken at the partnership level. A partner or member of a partnership or LLC that has elected to pass through the credit to its partners or members may sell his interest to another person or entity, in which case the new owner would receive any available credits that are available to be passed through. The new owner must purchase the interest in the partnership or LLC prior to the original or extended due date of the partner's or member's tax return for the tax year in which the credit is utilized. There is no mechanism in the law whereby any person other than a taxpayer incurring costs and expenses for the rehabilitation of an eligible property, or, in the case of a taxpayer that is a pass-through entity such as a partnership or LLC, the partners or members, can utilize the available credit.

The rebate or credit received by a taxpayer will be subject to recapture if any of the following occur: (1) in the case of a single-family dwelling, the property is not sold or put back into productive use with an owner/occupier that is not the developer; (2) in the case of a commercial building, the property is not sold or leased to a commercial tenant that is not the developer; or (3) the property is declared blighted by an appropriate governing authority within three (3) years of certification of completion. The taxpayer must notify the MSOS and MDOR if any of the situations occur that subject the rebate or credit to recapture.

HOW TO APPLY FOR THE CREDIT

The MSOS is responsible for certifying eligibility and the amount of eligible rehabilitation costs and expenses. Contact the

MSOS at 601-359-6318 for questions concerning certification.

HOW TO CLAIM THE CREDIT

When filing the state income tax return claiming the credit, attach:

- a copy of the certification of eligibility from MSOS;
- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward; and
- a copy of the member's or owner's distribution/allocation agreement.

The Blighted Property Rehabilitation Tax Credit Code is 46.

A rebate claim may be submitted to the MDOR within twelve (12) months of the issuance of the certification by MSOS. The taxpayer must submit the certification to MDOR to receive payment.

The Blighted Property Rehabilitation Tax Credit is authorized under House Bill 1201 of the 2025 Regular Session.

Revised June 1, 2025

B. Franchise Tax Incentives

B.1. Franchise Tax Exemption for Growth and Prosperity (GAP) Areas

A franchise tax exemption is available for a period of ten (10) years for certain businesses locating in a GAP area. The eligible businesses include:

- manufacturers
- processors
- distributors
- wholesalers
- services
- warehouses
- research and development
- sellers of products or goods, including products of agriculture
- others as determined by MDA which will create at least ten (10) jobs

EXCEPTION: No retail establishment, gaming business or casino, electrical generation facility, or medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this credit.

The Growth and Prosperity (GAP) Areas Tax Exemption was created to encourage businesses to locate facilities and hire individuals in areas that have thirty percent (30%) or more of the population at or below the federal poverty level according to the most recent official data compiled by the United States Census Bureau or have an unemployment rate that is two hundred percent (200%) of the state's average unemployment rate. A county or supervisor's district applies to MDA to be designated as a GAP Area. After the application has been approved, the GAP Area is issued a certificate of public convenience and necessity. At this time, an eligible business that constructs a new facility or expands an existing facility located in one of these GAP Areas can apply to MDA to be exempted from state and local taxes for a period of ten (10) years or until December 31, 2029, whichever occurs first. Taxes levied by municipalities are exempted for ten (10) years or until December 31, 2033, whichever comes first.

If the business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business cannot utilize the exemption, MDA may extend the exemption from state taxes for no more than two (2) years or until December 31, 2033, whichever occurs first.

State taxes are defined as (1) any sales and use tax on the purchase of component materials, equipment and machinery for the initial construction of a business or an additional expansion of an existing business in the GAP Area; (2) any sales and use tax on the lease of machinery and equipment acquired in the initial construction to establish the facility or for an expansion in a GAP Area; (3) income tax on income generated by the business in the GAP Area; and (4) the franchise tax on the value of the capital used, invested or employed by the business in that GAP Area. Local taxes mean any county or municipal ad valorem taxes except for the school, fire, and police portions of the tax.

The business must be in compliance with all state and local tax laws and related ordinances and resolutions to be eligible for the exemption. Such exemption is not transferable and cannot be applied, used, or assigned to any other entity. The approved business must also enter into an agreement with MDA which sets out performance requirements for the business that must be met and provisions to recapture any or all of the taxes exempted if the requirements are not met. The business must make available, at the Commissioner's request, all books, records, or other information, necessary to verify the correctness of any exemptions claimed. For more information on the GAP areas, contact:

Mississippi Development Authority
Business Incentives Division
Post Office Box 849
Jackson, MS 39205
financial@mississippi.org
601-359-3552

The exemption granted to an entity is based on the value of capital used, invested, or employed in its new operation within a GAP Area after it has been designated as an approved business enterprise within the GAP Area by MDA. An entity may have, in addition to an MDA approved business enterprise operating in the GAP Area, other business operations which are located within and/or outside the GAP Area that do not qualify as MDA approved business enterprises. If so, the capital attributable to the GAP Area must be determined separately from its total capital employed in Mississippi.

An apportionment formula comprised of a property and a payroll factor is used to determine the amount of capital

attributable to a GAP Area. The numerator of both the property and the payroll factor in A), B), and C) shall be based on the respective property and payroll of the MDA approved business enterprise(s) operating in the GAP Area. The denominator of the property and payroll factors in A) and B) shall include the respective total company property and payroll. The denominator of the property and payroll factors in C) shall include the respective property and payroll within Mississippi. The factors in A), B), and C) shall be computed on the same type of property, as would be employed for the property included in the factor under the Franchise Tax Laws in Miss. Code Ann. Sections 27-13-1 et seq., and payroll as would be employed in the calculation of the payroll factor of a manufacturer in Mississippi as required by Income Tax Regulation, except that no reductions shall be made for general and administrative payroll. The numerators of both the property and payroll factors shall only include that property purchased and payroll in the GAP Area that is necessary to the operation of the approved business enterprise in the GAP Area.

- A) Those businesses whose total business income is assigned to Mississippi by reason of not being taxable in another state shall calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio shall then be applied to the total company capital base. The result shall be that capital attributed to the GAP Area and will be applied as a reduction to the total company base to determine the taxable capital base.

Example: Corporation XYZ is a domestic corporation not taxable in another state and, therefore, allocates all of its taxable capital to this state. XYZ is subject to both state income and franchise taxes and files its returns on a calendar year basis. In year one, XYZ received approval from the MDA for an expansion project inside a GAP Area. Construction of the new facility began in November of that year and was completed in July of year three.

For tax year one, XYZ had GAP Area real and tangible personal property, reported on its books as construction-in-progress, of \$4 million and total company real and tangible personal property of \$20 million. XYZ's total company receipts were \$50 million and payroll in the GAP Area was zero since the plant was still under construction. XYZ's capital base was \$ 5 million.

For tax year one, XYZ computed the following GAP Area exclusion ratio:

Property Factor	=	$\frac{\text{GAP Area Property}}{\text{Total Company Property}}$	=	$\frac{\$4 \text{ million}}{\$20 \text{ million}}$	=	20%
Payroll Factor	=	$\frac{\text{GAP Area Payroll}}{\text{Total Company Payroll}}$	=	$\frac{\$0.00}{\text{Total Company Payroll}}$	=	0.00%

$$\text{GAP Area Exclusion Ratio} = (\text{GAP Area Property Factor} + \text{GAP Area Payroll Factor} + \text{GAP Area Payroll Factor})/3$$

$$= (20\% + 0\% + 0\%)/3 = 6.67\%$$

Therefore, the exclusion from the capital base was \$ 5,000,000 * 6.67% = \$333,333.

XYZ's taxable capital base was \$ 4,667,000 (rounded up) resulting in a tax liability of \$11,667.50.

Example: For tax year three, XYZ has real and tangible personal property in the GAP Area of \$9 million and total company real and tangible personal property of \$25 million. XYZ's total company receipts are \$70 million. Payroll in the GAP Area is \$2 million and total company payroll is \$ 8 million. XYZ's capital base is \$ 5.5 million.

For tax year three, XYZ computed the following GAP Area exclusion ratio.

Property Factor	=	$\frac{\text{GAP Area Property}}{\text{Total Company Property}}$	=	$\frac{\$9 \text{ million}}{\$25 \text{ million}}$	=	36%
Payroll Factor	=	$\frac{\text{GAP Area Payroll}}{\text{Total Company Payroll}}$	=	$\frac{\$2 \text{ million}}{\$8 \text{ million}}$	=	25%

$$\text{GAP Area Exclusion Ratio} = (\text{GAP Area Property Factor} + \text{GAP Area Payroll Factor} + \text{GAP Area Payroll Factor})/3$$

$$= (36\% + 25\% + 25\%)/3 = 28.66\%$$

Therefore, the exclusion from the capital base is \$ 5,500,000 * 28.67% = \$1,576,668.50.

XYZ's taxable capital base is \$ 3,924,000 (rounded up) resulting in a tax liability of \$9,810.

- B) Those businesses that employ a single factor formula to apportion their business income to this state shall calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio shall then be applied to the total company capital base. The result shall be that capital attributed to the GAP Area. The GAP Area capital will be applied as a reduction to the Mississippi capital as otherwise apportioned to this state to determine the taxable capital base.

Example: Corporation XYZ is a domestic retail sales corporation which is taxable in other states and apportions its taxable capital to this state. In year one, XYZ received approval from the MDA for an expansion project, a wholesale distribution center, inside a GAP Area. The GAP Area property was completed in year two. For year three, the real and tangible personal property in the GAP Area, Mississippi, and total everywhere is \$9 million, \$21 million, and \$25 million respectively. Gross receipts assigned to Mississippi and everywhere are \$50 million and \$70 million respectively. GAP Area, Mississippi, and total company payroll is \$2 million, \$6 million, and \$8 million respectively. XYZ's capital base is \$5.5 million.

For tax year three, XYZ computed the following GAP Area exclusion ratio:

$$\text{Property Factor} = \frac{\text{GAP Area Property}}{\text{Total Company Property}} = \frac{\$9 \text{ million}}{\$25 \text{ million}} = 36\%$$

$$\text{Payroll Factor} = \frac{\text{GAP Area Payroll}}{\text{Total Company Payroll}} = \frac{\$2 \text{ million}}{\$8 \text{ million}} = 25\%$$

$$\begin{aligned} \text{GAP Area Exclusion Ratio} &= (\text{GAP Area Property Factor} + \text{GAP Area Payroll Factor} + \text{GAP Area Payroll Factor})/3 \\ &= (36\% + 25\% + 25\%)/3 = 28.6667\% \end{aligned}$$

Therefore, the exclusion from the capital base is \$ 5,500,000 * 28.67% = \$1,576,668.50.

XYZ's taxable capital base is computed as follows:

$$\begin{aligned} \text{Franchise Apportionment Ratio} &= \frac{\text{MS receipts} + \text{MS real and tangible personal property}}{\text{Rec. everywhere} + \text{real and tangible personal prop. everywhere}} \\ &= \frac{(\$50 \text{ million} + \$21 \text{ million})}{(\$70 \text{ million} + \$25 \text{ million})} = 74.74\% \end{aligned}$$

(Capital Base * Franchise Tax Appt. Ratio) – GAP Area Exclusion = MS Taxable Capital = (\$5,500,000 * 74.74%) - \$1,576,668.50 = \$2,534,000 (rounded up to nearest thousand) resulting in a tax liability of \$ 6,335.00.

- C) Those businesses that employ a three-factor formula to apportion their business income to this state shall calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio shall then be applied to the Mississippi apportioned capital as regularly calculated. The GAP Area capital will be applied as a reduction to the Mississippi capital as otherwise apportioned to this state to determine the taxable capital base.

Example: Assume the same facts as example three except that XYZ corporation is a manufacturer which apportions its income using a three-factor formula.

For tax year three, XYZ computed the following GAP Area exclusion ratio.

$$\text{Property Factor} = \frac{\text{GAP Area Property}}{\text{Total MS Property}} = \frac{\$9 \text{ million}}{\$21 \text{ million}} = 42.86\%$$

$$\text{Payroll Factor} = \frac{\text{GAP Area Payroll}}{\text{Total MS Payroll}} = \frac{\$2 \text{ million}}{\$6 \text{ million}} = 33.33\%$$

$$\text{GAP Area Exclusion Ratio} = (\text{GAP Area Property Factor} + \text{GAP Area Payroll Factor} + \text{GAP Area Payroll Factor})/3 \\ = (42.86\% + 33.33\% + 33.33\%)/3 = 36.52\%$$

XYZ's taxable capital base is computed as follows:

$$\text{Franchise Apportion Ratio} = \frac{\text{MS Rec} + \text{MS Real \& Tangible Pers Prop}}{\text{Total Rec.} + \text{Total Real \& Tangible Pers Prop}} = \frac{(\$50 \text{ million} + \$21 \text{ million})}{(\$70 \text{ million} + \$25 \text{ million})} = 74.74\%$$

$$(\text{Capital Base} * \text{Franchise Tax Appt. Ratio}) * (1 - \text{GAP Area Exclusion Ratio}) = \text{MS Taxable Capital} = (\$5,500,000 * 74.74\%) * (1 - .37) = \$2,610,000 \text{ (rounded up to nearest thousand) resulting in a tax liability of } \$6,525.00.$$

- D) Those multi-state businesses employing direct accounting for income tax reporting shall employ the method described in paragraph C).
- E) The Commissioner may require another method if he believes that the apportionment of the capital as required under A), B), C), or D) inaccurately reflects the capital employed by an approved business enterprise within a GAP Area.

Each taxpayer will compute its franchise tax liability based on the greater of a) the assessed value of Mississippi real and tangible personal property not located in a GAP area, or b) the taxable capital base as determined above.

The taxpayer shall make available at the Commissioner's request all books, records, or other information, necessary to verify the correctness of any exemptions claimed.

In addition to the property and payroll of the entity, the property and payroll of flow-through entities are included when their assets and receipts are included in the regular Mississippi franchise tax apportionment factors. If an entity that is subject to franchise tax has an interest in a flow-through entity that is entitled to a GAP Area exemption, such GAP Area exemption does extend to a portion of the franchise tax due from its partners or shareholders. It will be necessary to include the property and payroll from flow-through entities in the formulas used in this regulation.

An entity that has an investment in another entity which has qualified, in whole or in part, as an approved business enterprise shall not receive the additional benefit of a holding company exclusion as authorized in Miss. Code Ann. Section 27-13-9(2) as amended.

HOW TO APPLY FOR THE INCENTIVE

Before the exemption can be calculated and taken on the return, application must be made to MDA for designation as a GAP Area business. To be eligible for the GAP exemption, the business should submit a copy of the certification from the MDA and a completed Application for Certification for Economic Incentives application. The application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the MDA certification.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the exemption, attach:

- a schedule showing the calculation of how the exemption was calculated;
- a copy of the MDA certification letter; and
- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward.

The GAP Area Exemption is authorized under Miss. Code Ann. Sections 27-13-5 and 7, and 57-80-1 through 57-80-11.

Revised June 1, 2025

B.2. Franchise Tax Exemption for Broadband Technology Tax Credit

A franchise tax credit is available for telecommunications businesses based on a percentage of the cost of equipment used in the deployment of broadband technology.

EXCEPTION: Radio stations, television stations and news organizations are not considered telecommunications businesses and are not eligible to receive this credit.

This incentive was created to encourage telecommunications businesses to invest in the infrastructure needed to develop high speed access to the Internet for all counties in the state. Telecommunications businesses that deploy such equipment are eligible for a franchise tax credit based on a percentage of the cost paid to a vendor for any equipment used for the transmission of information at a high speed. To be eligible for the credit, the item(s) must be **sold directly to, billed directly to, and paid for directly by** the business receiving the credit.

“Equipment used in the deployment of broadband technologies” means any equipment capable of being used for or in connection with the transmission of information at a rate, prior to taking into account the effects of any signal degradation, that is not less than thirty-five (35) megabits per second downlink and three (3) megabits per second uplink for mobile broadband or that is capable of providing fixed broadband service.

“Broadband service” means a mass-market retail service by wire, cable, fiber, or radio provided to customers in the State of Mississippi that provides the capability to transmit data to, and receive data from, all or substantially all Internet endpoints, at speeds of at least one hundred (100) megabits per second downstream and twenty (20) megabits per second upstream, and including, but not limited to, any capabilities that are incidental to and enable the operation of communications service, but excluding dial-up Internet access service.

The amount of the annual credit depends on where the equipment is being deployed or placed in service. In Mississippi, counties are ranked as Tier Three (less developed), Tier Two (moderately developed), and Tier One (developed). The counties are evaluated and ranked each year by the MDOR based on the unemployment rate and per capita income of each county for the most recent thirty-six (36) month period. They are then divided into the three (3) previously mentioned groups with one-third (1/3) of the counties in each group. This ranking determines the percentage used to calculate the credit. The ranking for a specific county can change from year to year based on this evaluation. The tier in which broadband technology is deployed shall be determined in the year in which such technology is deployed in a county and such tier shall not change if the county is later designated in another tier. The credit percentage amount for each county ranking is as follows:

<u>County Ranking</u>	<u>Credit Percentage Amount</u>
Tier One (developed)	5%
Tier Two (moderately developed)	10%
Tier Three (less developed)	15%

This credit is available from July 1, 2003, through June 30, 2030. The annual credit is available beginning in the year the equipment is placed in service and may be taken for that equipment each year for the following nine (9) years. The total amount of credit taken in any one (1) year is only allowed against fifty percent (50%) of the aggregate income and franchise tax liability for that year. Any excess credit amount can be carried forward for up to ten (10) consecutive years. The total amount of credits taken over the ten (10) consecutive year period cannot exceed one hundred percent (100%) of the original investment in the equipment. This credit is not refundable. The expense may not be used as both a credit and a deduction. If the expense is taken both as a credit and as a deduction, then the amount of the credit taken must be added back to Mississippi taxable income in the year the credit is used.

As of 2025 and for every year after, the aggregate amount of tax credits allowed under this incentive during a calendar year cannot exceed fifteen million dollars (\$15,000,000), and the credits issued during a calendar year cannot exceed one million five hundred thousand dollars (\$1,500,000) for any single telecommunications enterprise, exclusive of credits that might be carried forward from previous taxable years. For calendar year 2025, and for each calendar year thereafter, a

telecommunications enterprise will need to file the cost of equipment used in the deployment of broadband technologies with the Department of Revenue between March 1 and March 20 for the expenditures incurred in the preceding calendar year. If the total credits requested exceed the annual aggregate cap of fifteen million dollars (\$15,000,000), each telecommunications enterprise shall be allocated credits on a prorated basis.

No credit will be allowed if the equipment used in the deployment of broadband technologies was paid for, or its cost was reimbursed by funds made available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act or the Broadband Equity, Access, and Deployment (BEAD) Program.

HOW TO APPLY FOR THE INCENTIVE

An Application for Certification for Economic Incentives must be completed and a letter explaining the reason the business is eligible to claim the credit and the types of purchases that qualify for the credit must be attached. The application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the letter.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the credit, attach:

- a schedule showing the cost and description of the equipment being deployed and the county or counties in which the equipment was deployed that gave rise to the credit for the current period; and
- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward.

The Broadband Technology Tax Credit Code is 19.

The Broadband Technology Tax Credit is authorized under Miss. Code Ann. Sections 57-87-5 and 57-73-21.

Revised June 1, 2025

B.3. Franchise Tax Exemption for Clean Energy Business Enterprises

A franchise tax exemption is available for a ten (10) year period to certain clean energy business enterprises that locate or expand in this state with a minimum capital investment of fifty million dollars (\$50,000,000) and the creation of two hundred fifty (250) new, full-time jobs. The clean energy business enterprise must own or operate a facility that manufactures or assembles systems or components used in the generation of clean energy.

The Clean Energy Business Enterprises Exemption is an incentive created to induce companies developing the field of clean energy to locate or expand their facilities in Mississippi. Clean energy business enterprises that locate or expand in this state with a minimum capital investment of fifty million dollars (\$50,000,000) and also create two hundred fifty (250) new, full-time jobs may be eligible for the exemption. Clean energy includes energy generated from either a renewable energy source such as wind, water, biomass or solar or an alternative energy source such as nuclear. Biomass includes the following:

- Forest-related mill residues, pulping by-product and other by-products of wood processing, thinnings, slash, limbs, bark, brush and other cellulosic plant material or non-merchantable forest-related products;
- Solid wood waste materials, including dunnage, manufacturing and construction wood wastes, demolition and storm debris and landscape or right-of-way trimmings;
- Agriculture wastes, including orchard tree crops, vineyard, grain, legumes, sugar and other crop by-products or residues and livestock waste nutrients;
- All plant and grass material that is grown exclusively as a fuel for the production of electricity;
- Refuse derived fuels consisting of organic components and fibers of wastewater treatment solids; and
- Whole trees.

A qualifying business enterprise will be exempt from state taxes for a period of ten (10) years from the date of certification. State taxes include: (1) any sales or use tax imposed on the business enterprise pursuant to law related to the purchase of component building materials and equipment for initial construction of facilities or expansion of facilities certified by the MDA; (2) all income tax imposed pursuant to law on income earned by the business enterprise certified by the MDA; (3) franchise tax imposed pursuant to law on the value of capital used, invested or employed by the business enterprise certified by the MDA; and (4) any sales or use tax imposed on the lease of machinery and equipment acquired in the initial construction to establish the facility or for an expansion certified by the MDA.

The incentive is not available to businesses that move from one location within this state to another location within this state. The business must be in compliance with all state and local tax laws and related ordinances and resolutions to be eligible for the exemption. The exemption is not transferable and cannot be applied, used or assigned to any other entity unless approved by MDA. The approved business must also enter into an agreement with the MDA which sets out performance requirements of the business that must be met and provisions to recapture any or all of the taxes exempted if the requirements are not met. The business must make available, at the Commissioner's request, all books, records, or other information necessary to verify the correctness of the exemptions claimed. For more information on the application process for the Franchise Tax Exemption for Clean Energy Business Enterprises, contact:

Mississippi Development Authority
Business Incentives Division
Post Office Box 849
Jackson, Mississippi 39205
financial@mississippi.org
601-359-3552

If the business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business enterprise is unable to utilize the exemption from state taxes, the MDA may extend the period of time by which the minimum requirements must be met and duration of the exemption from state taxes for not more than two (2) years.

The exemption granted to an entity is based on the value of capital used, invested or employed in its new operation as a clean energy business (CEB) after it has been designated and approved by MDA. An entity may have, in addition to an MDA approved CEB, other business operations that do not qualify as MDA approved business enterprises. If so, the capital attributable to the CEB must be determined separately from its total capital employed in Mississippi.

An apportionment formula comprised of a property and a payroll factor is used to determine the amount of capital attributable to the CEB. The numerator of both the property and the payroll factor in A), B), and C) shall be based on the respective property and payroll of the MDA approved CEB. The denominator of the property and payroll factors in A) and B) shall include the respective total company property and payroll. The denominator of the property and payroll factors in C) shall include the respective property and payroll within Mississippi. The factors in A), B), and C) shall be computed on the same type of property, as would be employed for the property included in the factor under the Franchise Tax Laws in Miss. Code Ann. Sections 27-13-1 et seq., and payroll as would be employed in the calculation of the payroll factor of a manufacturer in Mississippi as required by Income Tax Regulation, except that no reductions shall be made for general and administrative payroll. The numerators of both the property and payroll factors shall only include that property purchased and payroll that is necessary to the operation of the approved CEB.

- A) Those businesses whose total business income is assigned to Mississippi by reason of not being taxable for income tax in another state shall calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio shall then be applied to the total company capital base. The result shall be that capital attributed to the CEB will be applied as a reduction to the total company base to determine the taxable capital base.

Example: Corporation XYZ is a domestic corporation not taxable in another state and, therefore, allocates all of its taxable capital to this state. XYZ is subject to both state income and franchise taxes and files its returns on a calendar year basis. In year one, XYZ received approval from the MDA for an expansion project as a CEB. Construction of the new facility began in November of that year and was completed in July of year three.

For tax year one, XYZ had CEB real and tangible personal property, reported on its books as construction-in-progress, of \$4 million and total company real and tangible personal property of \$20 million. XYZ's total company receipts were \$50 million and payroll in the CEB was zero since the plant was still under construction. XYZ's capital base was \$ 5 million.

For tax year one, XYZ computed the following CEB exclusion ratio:

$$\begin{aligned} \text{Property Factor} &= \frac{\text{CEB Property}}{\text{Total Company Property}} = \frac{\$4 \text{ million}}{\$20 \text{ million}} = 20\% \\ \text{Payroll Factor} &= \frac{\text{CEB Payroll}}{\text{Total Company Payroll}} = \frac{\$0.00}{\text{Total Company Payroll}} = 0.00\% \end{aligned}$$

$$\text{CEB Exclusion Ratio} = (\text{CEB Property Factor} + \text{CEB Payroll Factor} + \text{CEB Payroll Factor})/3 = 6.67\%$$

Therefore, the exclusion from the capital base was \$ 5,000,000 * 6.67% = \$333,333.

XYZ's taxable capital base was \$ 4, 667,000 (rounded up) resulting in a tax liability of \$11,667.50.

Example: For tax year three, XYZ has real and tangible personal property in the CEB of \$9 million and total company real and tangible personal property of \$25 million. XYZ's total company receipts are \$70 million. Payroll in the CEB is \$2 million and total company payroll is \$ 8 million. XYZ's capital base is \$ 5.5 million.

For tax year three, XYZ computed the following CEB exclusion ratio.

$$\text{Property Factor} = \frac{\text{CEB Property}}{\text{Total Company Property}} = \frac{\$9 \text{ million}}{\$25 \text{ million}} = 36\%$$

$$\text{Payroll Factor} = \frac{\text{CEB Payroll}}{\text{Total Company Payroll}} = \frac{\$2 \text{ million}}{\$8 \text{ million}} = 25\%$$

$$\begin{aligned} \text{CEB Exclusion Ratio} &= (\text{CEB Property Factor} + \text{CEB Payroll Factor} + \text{CEB Payroll Factor})/3 \\ &= (36\% + 25\% + 25\%)/3 = 28.66\% \end{aligned}$$

Therefore, the exclusion from the capital base is \$ 5,500,000 * 28.67% = \$1,576,668.50.

XYZ's taxable capital base is \$ 3,924,000 (rounded up) resulting in a tax liability of \$9,810.

- B) Those businesses that employ a single factor formula to apportion their business income to this state shall calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio shall then be applied to the total company capital base. The result shall be that capital attributed to the CEB. The CEB capital will be applied as a reduction to the Mississippi capital as otherwise apportioned to this state to determine the taxable capital base.

Example: Corporation XYZ is a domestic retail sales corporation which is taxable in other states and apportions its taxable capital to this state. In year one, XYZ received approval from the MDA for an expansion project as a CEB. The CEB property was completed in year two. For year three, the real and tangible personal property of the CEB, Mississippi, and total everywhere is \$9 million, \$21 million, and \$25 million respectively. Gross receipts assigned to Mississippi and everywhere are \$50 million and \$70 million respectively. CEB, Mississippi, and total company payroll is \$2 million, \$6 million, and \$8 million respectively. XYZ's capital base is \$5.5 million.

For tax year three, XYZ computed the following CEB exclusion ratio:

$$\text{Property Factor} = \frac{\text{CEB Property}}{\text{Total Company Property}} = \frac{\$9 \text{ million}}{\$25 \text{ million}} = 36\%$$

$$\text{Payroll Factor} = \frac{\text{CEB Payroll}}{\text{Total Company Payroll}} = \frac{\$2 \text{ million}}{\$8 \text{ million}} = 25\%$$

$$\begin{aligned} \text{CEB Exclusion Ratio} &= (\text{CEB Property Factor} + \text{CEB Payroll Factor} + \text{CEB Payroll Factor})/3 \\ &= (36\% + 25\% + 25\%)/3 = 28.6667\% \end{aligned}$$

Therefore, the exclusion from the capital base is \$ 5,500,000 * 28.67% = \$1,576,668.50.

XYZ's taxable capital base is computed as follows:

$$\begin{aligned} \text{Franchise Apportionment Ratio} &= \frac{\text{MS receipts} + \text{MS real and tangible personal property}}{\text{Rec. everywhere} + \text{real and tangible personal prop. everywhere}} \\ &= \frac{(\$50 \text{ million} + \$21 \text{ million})}{(\$70 \text{ million} + \$25 \text{ million})} = 74.74\% \end{aligned}$$

(Capital Base * Franchise Tax Appt. Ratio) – CEB Exclusion = MS Taxable Capital = (\$5,500,000 * 74.74%) - \$1,576,668.50 = \$2,534,000 (rounded up to nearest thousand) resulting in a tax liability of \$ 6,335.00

- C) Those businesses that employ a three-factor formula to apportion their business income to this state shall calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio shall then be applied to the Mississippi apportioned capital as regularly calculated. The CEB capital will be applied as a reduction to the Mississippi capital as otherwise apportioned to this state to determine the taxable capital base.

Example: Assume the same facts as example three except that XYZ corporation is a manufacturer which apportions its income using a three-factor formula.

For tax year three, XYZ computed the following CEB exclusion ratio:

$$\text{Property Factor} = \frac{\text{CEB Property}}{\text{Total MS Property}} = \frac{\$9 \text{ million}}{\$21 \text{ million}} = 42.86\%$$

$$\text{Payroll Factor} = \frac{\text{CEB Payroll}}{\text{Total MS Payroll}} = \frac{\$2 \text{ million}}{\$6 \text{ million}} = 33.33\%$$

$$\begin{aligned} \text{CEB Exclusion Ratio} &= (\text{CEB Property Factor} + \text{CEB Payroll Factor} + \text{CEB Payroll Factor})/3 \\ &= (42.86\% + 33.33\% + 33.33\%)/3 = 36.52\% \end{aligned}$$

XYZ's taxable capital base is computed as follows:

$$\text{Franchise Apportion Ratio} = \frac{\text{MS Rec} + \text{MS Real \& Tangible Pers Prop}}{\text{Total Rec.} + \text{Total Real \& Tangible Pers Prop}} = \frac{(\$50 \text{ million} + \$21 \text{ million})}{(\$70 \text{ million} + \$25 \text{ million})} = 74.74\%$$

$$\begin{aligned} (\text{Capital Base} * \text{Franchise Tax Appt. Ratio}) * (1 - \text{CEB Exclusion Ratio}) &= \text{MS Taxable Capital} \\ (\$5,500,000 * 74.74\%) * (1 - .37) &= \$2,610,000 \text{ (rounded up to nearest thousand) resulting in a tax liability of } \$6,525.00. \end{aligned}$$

- D) Those multi-state businesses employing direct accounting for income tax reporting shall employ the method described in paragraph C).
- E) The Commissioner may require another method if he believes that the apportionment of the capital as required under A), B), C), or D) inaccurately reflects the capital employed by an approved CEB.

Each taxpayer will compute its franchise tax liability based on the greater of a) the assessed value of Mississippi real and tangible personal property not owned by the CEB, or b) the taxable capital base as determined above.

The taxpayer shall make available at the Commissioner's request all books, records, or other information, necessary to verify the correctness of any exemptions claimed.

In addition to the property and payroll of the entity, the property and payroll of flow-through entities are included when their assets and receipts are included in the regular Mississippi franchise tax apportionment factors. If an entity that is subject to franchise tax has an interest in a flow-through entity that is entitled to the CEB exemption, such CEB exemption does extend to a portion of the franchise tax due from its partners or shareholders. It will be necessary to include the property and payroll from flow-through entities in the formulas used in this regulation.

An entity that has an investment in another entity which has qualified, in whole or in part, as an approved business enterprise shall not receive the additional benefit of a holding company exclusion as authorized in Miss. Code Ann. Section 27-13-9(2) as amended.

HOW TO APPLY FOR THE INCENTIVE

Before construction or acquisition of the buildings for the location or expansion of the business enterprise begins, you must apply to the MDA for certification of eligibility for the incentive. The application to MDA must contain the following information:

- An overview of the project, including:
 - the selected site,
 - the number of jobs proposed, and
 - the length of time necessary for the company to meet its investment and employment requirements;
- A two (2) year business plan, which shall include pro forma financial statements for the project;
- Data supporting the expertise of the project's principals;

- An acknowledgment that the business entity will be required to provide annual documentation to demonstrate that the minimum job requirement is being maintained; and
- Such other information as may be requested by the MDA.

Upon approval, MDA will issue certification designating the business enterprise as eligible for the Clean Energy Business Enterprise Exemption. Once you have received certification of eligibility from the MDA, you must submit the MDA certification along with a completed Application for Certification of Economic Incentives to the MDOR. The application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the MDA certification.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the exemption, attach:

- a schedule showing the calculation of the exemption;
- a copy of the MDA certification letter; and
- a copy of the MDOR exemption acceptance letter.

The Franchise Tax Exemption for Clean Energy Business Enterprises is authorized under Miss. Code Ann. Sections 57-113-1 et seq.

Revised June 1, 2025

B.4. Franchise Tax Exemption for Aerospace Industry Enterprises

A franchise tax exemption is available for a period of ten (10) years for businesses that manufacture, assemble or process products, components, or systems for use in the aerospace industry, or that provide research and development or training services to the aerospace industry, that locate or expand in Mississippi. The business must invest a minimum of twenty-five million dollars (\$25,000,000) and create at least twenty-five (25) new, full-time jobs in Mississippi.

The Aerospace Industry Enterprises (AIE) Exemption is an incentive created to induce companies to locate or expand their manufacturing facilities in Mississippi. The incentive is also available to businesses that offer research and development or training services in the aerospace industry that locate or expand in the state. The business must make a minimum capital investment in Mississippi of twenty-five million dollars (\$25,000,000), and must also create a minimum of twenty-five (25) new, full-time jobs in Mississippi which provide an average annual salary, excluding benefits which are not subject to Mississippi income taxes, of at least one hundred ten percent (110%) of the most recently published state average annual wage or the most recently published average annual wage of the county in which the qualified business or industry is located as determined by the Mississippi Department of Employment Security, whichever is less. The aerospace industry is the industry that researches, designs, manufactures, repairs, operates and/or maintains products, components and systems which enable vehicles to move through the air and space.

A qualifying business enterprise will be exempt from state taxes for a period of ten (10) years from the date of certification. State taxes include: (1) any sales or use tax imposed on the business enterprise pursuant to law related to the purchase of component building materials and equipment for initial construction of facilities or expansion of facilities certified by the MDA; (2) all income tax imposed pursuant to law on income earned by the business enterprise certified by the MDA; (3) franchise tax imposed pursuant to law on the value of capital used, invested or employed by the business enterprise certified by the MDA; and (4) any sales or use tax imposed on the lease of machinery and equipment acquired in the initial construction to establish the facility or for an expansion certified by the MDA.

The business must be in compliance with all state and local tax laws and related ordinances and resolutions to be eligible for the exemption. The exemption is not transferable and cannot be applied, used or assigned to any other entity. The approved business must also enter into an agreement with the MDA which sets out performance requirements of the business that must be met and provisions to recapture any or all of the taxes exempted if the requirements are not met. The business must make available, at the Commissioner's request, all books, records, or other information necessary to verify the correctness of the exemptions claimed. For more information on the application process for the Franchise Tax Exemption for Aerospace Industry Enterprises, contact:

Mississippi Development Authority
Business Incentives Division
Post Office Box 849
Jackson, Mississippi 39205
financial@mississippi.org
601-359-3552

If the business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business is unable to use the exemption from state taxes, the MDA may extend the period of time during which the minimum requirements must be met and the exemption may be taken for a period of time not to exceed two (2) years.

The exemption granted to a business is based on the value of capital used, invested, or employed in its new AIE after it has been designated as an approved AIE by the MDA. A business may have, in addition to the MDA-approved AIE, other business operations that are not MDA-approved AIEs. These operations do not qualify as MDA-approved business operations, and, therefore, are not allowed the exemption. Therefore, the capital attributable to the AIE must be identified separately from its total capital employed in Mississippi.

An apportionment formula comprised of a property and a payroll ratio is used to determine the amount of capital attributable to the AIE. The numerator of both the property and the payroll ratio in A), B), and C) is based on the respective property and payroll of the MDA-approved AIE. The denominator of the property and payroll ratios in A) and B) includes the respective total business property and payroll. The denominator of the property and payroll ratios in C) includes the respective property and payroll within Mississippi. The ratios in A), B), and C) are computed on the same type of property as would be employed for the property included in the ratio under the Franchise Tax Laws, Miss. Code Ann. Sections 27-13-1, *et seq.*, and payroll as would be employed in the calculation of the payroll ratio of a manufacturer in Mississippi as required by Income Tax regulation, except that no reductions shall be made for general and administrative payroll. The numerators of both the property and payroll ratios include only that property purchased and payroll that are necessary to the operation of the AIE.

- A) Those businesses whose total business income is assigned to Mississippi for Mississippi income tax purposes by reason of not being taxable in another state should calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio should then be applied to the total business capital base. The result is the capital attributable to the AIE and will be applied as a reduction to the total company base to determine the taxable capital base.

Example: Corporation XYZ is a domestic corporation not taxable in another state and, therefore, allocates all of its taxable capital to this state. XYZ is subject to both state income and franchise taxes and files its returns on a calendar year basis. In year one, ABC received approval from the MDA for an AIE expansion project. Construction of the new facility began in November of that year and was completed in July of year three.

For tax year one, ABC had real and tangible personal AIE property, reported on its books as construction-in-progress, of \$4 million, and total company real and tangible personal property of \$20 million. XYZ's total business receipts were \$50 million and payroll for the AIE was zero since the plant was still under construction. XYZ's capital base was \$5 million.

For tax year one, XYZ computed the following AIE exclusion ratio:

$$\begin{array}{lclclcl} \text{Property Factor} & = & \frac{\text{AIE Property}}{\text{Total Company Property}} & = & \frac{\$4 \text{ million}}{\$20 \text{ million}} & = & 20\% \\ \\ \text{Payroll Factor} & = & \frac{\text{AIE Payroll}}{\text{Total Company Payroll}} & = & \frac{\$0.00}{\text{Total Company Payroll}} & = & 0\% \end{array}$$

$$\text{AIE ratio} = (\text{AIE Property Factor} + \text{AIE Payroll Factor} + \text{AIE Payroll Factor})/3 = 6.67\%.$$

Therefore, the exclusion from the capital base was $\$5,000,000 \times 6.67\% = \$333,333$.

XYZ's taxable capital base was \$4,667,000 (rounded up) resulting in a tax liability of \$11,667.50.

Example: For tax year three, XYZ has real and tangible personal AIE property of \$9 million and total company real and tangible personal property of \$25 million. XYZ's total company receipts are \$70 million. AIE payroll is \$2 million and total company payroll is \$8 million. XYZ's capital base is \$5.5 million.

For tax year three, XYZ computed the following AIE exclusion ratio:

$$\begin{array}{lclclcl} \text{Property Factor} & = & \frac{\text{AIE Property}}{\text{Total Company Property}} & = & \frac{\$9 \text{ million}}{\$25 \text{ million}} & = & 36\% \\ \\ \text{Payroll Factor} & = & \frac{\text{AIE Payroll}}{\text{Total Company Payroll}} & = & \frac{\$2 \text{ million}}{\$8 \text{ million}} & = & 25\% \end{array}$$

$$\text{AIE exclusion ratio} = (\text{AIE Property Factor} + \text{AIE Payroll Factor} + \text{AIE Payroll Factor})/3$$

$$= (36\% + 25\% + 25\%)/3 = 28.66\%$$

Therefore, the exclusion from the capital base is $\$5,000,000 \times 28.67\% = \$1,576,668.50$.

XYZ's taxable capital base is \$3,924,000 (rounded up) resulting in a tax liability of \$9,810.

- B) Those businesses that employ a single ratio formula to apportion their business income to Mississippi should calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio should then be applied to the total company capital base. The result is the capital attributable to the AIE. The AIE capital will be applied as a reduction to the Mississippi capital as otherwise apportioned to this state to determine the taxable capital base.

Example: Corporation XYZ is a domestic retail sales corporation which is taxable in other states and apportions its taxable capital to this state. In year one, XYZ received approval from the MDA for an AIE expansion project, a wholesale distribution center. The AIE property was completed in year two. For year three, the AIE real and tangible personal property, Mississippi real and tangible personal property, and total real and tangible personal property everywhere are \$9 million, \$21 million, and \$25 million, respectively. Gross receipts assigned to Mississippi and everywhere are \$50 million and \$70 million, respectively. AIE, Mississippi, and total company payroll are \$2 million, \$6 million, and \$8 million, respectively. XYZ's capital base is \$5.5 million.

For tax year three, XYZ computed the following AIE exclusion ratio:

$$\text{Property Factor} = \frac{\text{AIE Property}}{\text{Total Company Property}} = \frac{\$9 \text{ million}}{\$25 \text{ million}} = 36\%$$

$$\text{Payroll Factor} = \frac{\text{AIE Payroll}}{\text{Total Company Payroll}} = \frac{\$2 \text{ million}}{\$8 \text{ million}} = 25\%$$

$$\begin{aligned} \text{AIE exclusion ratio} &= (\text{AIE Property Factor} + \text{AIE Payroll Factor} + \text{AIE Payroll Factor})/3 \\ &= (36\% + 25\% + 25\%)/3 = 28.6667\% \end{aligned}$$

Therefore, the exclusion from the capital base is $\$5,500,000 \times 28.67\% = \$1,576,668.50$.

XYZ's taxable capital base is computed as follows:

$$\begin{aligned} \text{Franchise Apportionment Ratio} &= \frac{\text{MS receipts} + \text{MS real and tangible personal property}}{\text{Rec. everywhere} + \text{real and tangible personal prop. Everywhere}} \\ &= \frac{(\$50 \text{ million} + \$21 \text{ million})}{(\$70 \text{ million} + \$25 \text{ million})} = 74.74\% \end{aligned}$$

$(\text{Capital Base} \times \text{Franchise Tax Appt. Ratio}) - \text{AIE exclusion} = \text{MS Taxable Capital} = (\$5,500,000 \times 74.74\%) - \$1,576,668.50 = \$2,534,000$ (rounded up to nears thousand) resulting in a tax liability of \$6,335.

- C) Those businesses that employ a three-factor formula to apportion their business income to Mississippi should calculate a property factor and double-weighted payroll factor and then divide by three. This ratio should then be applied to the Mississippi apportioned capital as regularly calculated. The AIE capital will be applied as a reduction to the Mississippi capital as otherwise apportioned to this state to determine the taxable capital base.

Example: Assume the same facts as example B except that XYZ is a manufacturer that apportions its income using a three-factor formula.

For tax year three, XYZ computed the following AIE exclusion ratio:

$$\begin{aligned}
 \text{Property Factor} &= \frac{\text{AIE Property}}{\text{Total MS Property}} = \frac{\$9 \text{ million}}{\$21 \text{ million}} = 42.86\% \\
 \text{Payroll Factor} &= \frac{\text{AIE Area Payroll}}{\text{Total MS Payroll}} = \frac{\$2 \text{ million}}{\$6 \text{ million}} = 33.33\% \\
 \text{AIE exclusion ratio} &= (\text{AIE Property Factor} + \text{AIE Area Payroll Factor} + \text{AIE Payroll Factor})/3 \\
 &= (42.86\% + 33.33\% + 33.33\%)/3 = 36.52\%
 \end{aligned}$$

XYZ's taxable capital base is computed as follows:

$$\begin{aligned}
 \text{Franchise Apportionment Ratio} &= \frac{\text{MS receipts} + \text{MS real and tangible personal property}}{\text{Rec. everywhere} + \text{real and tangible personal prop. Everywhere}} \\
 &= \frac{(\$50 \text{ million} + \$21 \text{ million})}{(\$70 \text{ million} + \$25 \text{ million})} = 74.74\%
 \end{aligned}$$

(Capital Base × Franchise Tax Appt. Ratio) × (1-AIE exclusion ratio) = MS Taxable Capital = (\$5,500,000 × 74.74%) × (1-.37) = \$2,610,000 (rounded up to nearest thousand) resulting in a tax liability of \$6,525.

- D) Those multi-state businesses employing direct accounting for income tax reporting should employ the method described in paragraph C).
- E) The Commissioner may require another method if it is determined that the apportionment of the capital as required under A), B), C), or D) inaccurately reflects the capital employed by an approved AIE.

Each taxpayer will compute its franchise tax liability based on the greater of: a) the assessed value of Mississippi real and tangible personal property that is not AIE property, or b) the taxable capital base as determined above.

HOW TO APPLY FOR THE INCENTIVE

Before construction or acquisition of the buildings for the location or expansion of the business enterprise begins, you must apply to the MDA for certification of eligibility for the incentive. The application to MDA must contain the following information:

- An overview of the project, including:
 - the selected site,
 - the number of jobs proposed, and
 - the length of time necessary for the company to meet its investment and employment requirements;
- A two (2) year business plan, which shall include pro forma financial statements for the project;
- Data supporting the expertise of the project's principals;
- An acknowledgment that the business entity will be required to provide annual documentation to demonstrate that the minimum job requirement is being maintained; and
- Such other information as may be requested by the MDA.

Upon approval, MDA will issue certification designating the business enterprise as eligible for the Aerospace Industry Enterprise Exemption. Once you have received certification of eligibility from the MDA, you must submit the MDA certification along with a completed Application for Certification of Economic Incentives to the MDOR. The application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the MDA certification.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the exemption, attach:

- a schedule showing the calculation of the exemption;
- a copy of the MDA certification letter; and
- a copy of the MDOR exemption acceptance letter.

The Aerospace Industry Enterprise exemption is authorized under Miss. Code Ann. Sections 57-113-1, et seq.

Revised June 1, 2025

B.5. Franchise Tax Exemption for Data Center Enterprises

A franchise tax exemption is available for a ten (10) year period to any business enterprise owning or operating a data center enterprise making a minimum capital investment in this state of twenty million dollars (\$20,000,000) and creating a minimum of twenty (20) new, full-time jobs with a minimum average annual salary of not less than one hundred twenty-five percent (125%) of the average annual state wage.

The Data Center Enterprises (DCE) Exemption is an incentive created to induce companies to locate or expand data centers in Mississippi. The business must make a minimum capital investment in Mississippi of twenty million dollars (\$20,000,000) and must create a minimum of twenty (20) new, full-time jobs with salaries not less than one hundred twenty-five percent (125%) of the average annual wage in Mississippi. A data center is a business enterprise that utilizes hardware, software, technology, infrastructure and/or workforce, to store, manage or manipulate digital data.

A qualifying business enterprise will be exempt from state taxes for a period of ten (10) years from the date of certification. State taxes include: (1) any sales or use tax imposed on the business enterprise pursuant to law related to the purchase or lease of component building materials and equipment for initial construction of facilities or expansion of facilities that are certified by the MDA; (2) any sales and use tax imposed by law on the business enterprise pursuant to law related to the purchase of replacement hardware, software or other necessary technology to operate a data center; (3) all income tax imposed pursuant to law on income earned by the business enterprise certified by the MDA; and (4) franchise tax imposed pursuant to law on the value of capital used, invested or employed by the business enterprise certified by the MDA.

The business must be in compliance with all state and local tax laws and related ordinances and resolutions to be eligible for the exemption. The exemption is not transferable and cannot be applied to, used by or assigned to any other entity or tax account without prior approval from the MDA. The approved business must also enter into an agreement with the MDA which sets out performance requirements of the business that must be met and provisions to recapture any or all of the taxes exempted if the requirements are not met. The business must make available, at the Commissioner's request, all books, records, or other information necessary to verify the correctness of the exemptions claimed. For more information on the application process for the Income Tax Exemption for Data Center Enterprises, contact:

Mississippi Development Authority
Business Incentives Division
Post Office Box 849
Jackson, Mississippi 39205
financial@mississippi.org
601-359-3552

If the business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business is unable to use the exemption from state taxes, the MDA may extend the period of time during which the minimum requirements must be met and the exemption may be taken for a period of time not to exceed two (2) years.

The exemption granted to a business is based on the value of capital used, invested, or employed in its new DCE after it has been designated as an approved DCE by the MDA. A business may have, in addition to the MDA-approved DCE, other business operations that are not MDA-approved DCEs. These operations do not qualify as MDA-approved business operations, and, therefore, are not allowed the exemption. Therefore, the capital attributable to the DCE must be identified separately from its total capital employed in Mississippi.

An apportionment formula comprised of a property and a payroll ratio is used to determine the amount of capital attributable to the DCE. The numerator of both the property and the payroll ratio in A), B), and C) is based on the respective property and payroll of the MDA-approved DCE. The denominator of the property and payroll ratios in A) and B) includes the respective total business property and payroll. The denominator of the property and payroll ratios in C) includes the respective property and payroll within Mississippi. The ratios in A), B), and C) are computed on the same type of property

as would be employed for the property included in the ratio under the Franchise Tax Laws, Miss. Code Ann. Sections 27-13-1, *et seq.*, and payroll as would be employed in the calculation of the payroll ratio of a manufacturer in Mississippi as required by Income Tax regulation, except that no reductions shall be made for general and administrative payroll. The numerators of both the property and payroll ratios include only that property purchased and payroll that are necessary to the operation of the DCE.

- A) Those businesses whose total business income is assigned to Mississippi for Mississippi income tax purposes by reason of not being taxable in another state should calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio should then be applied to the total business capital base. The result is the capital attributable to the DCE and will be applied as a reduction to the total company base to determine the taxable capital base.

Example: Corporation XYZ is a domestic corporation not taxable in another state and, therefore, allocates all of its taxable capital to this state. XYZ is subject to both state income and franchise taxes and files its returns on a calendar year basis. In year one, ABC received approval from the MDA for a DCE expansion project. Construction of the new facility began in November of that year and was completed in July of year three.

For tax year one, ABC had real and tangible personal AIE property, reported on its books as construction-in-progress, of \$4 million, and total company real and tangible personal property of \$20 million. XYZ's total business receipts were \$50 million and payroll for the DCE was zero since the plant was still under construction. XYZ's capital base was \$5 million.

For tax year one, XYZ computed the following DCE exclusion ratio:

$$\begin{aligned} \text{Property Factor} &= \frac{\text{DCE Property}}{\text{Total Company Property}} = \frac{\$4 \text{ million}}{\$20 \text{ million}} = 20\% \\ \text{Payroll Factor} &= \frac{\text{DCE Payroll}}{\text{Total Company Payroll}} = \frac{\$0.00}{\text{Total Company Payroll}} = 0\% \end{aligned}$$

$$\text{DCE ratio} = (\text{DCE Property Factor} + \text{DCE Payroll Factor} + \text{DCE Payroll Factor})/3 = 6.67\%.$$

Therefore, the exclusion from the capital base was $\$5,000,000 \times 6.67\% = \$333,333$.

XYZ's taxable capital base was \$4,667,000 (rounded up) resulting in a tax liability of \$11,667.50.

Example: For tax year three, XYZ has real and tangible personal DCE property of \$9 million and total company real and tangible personal property of \$25 million. XYZ's total company receipts are \$70 million. DCE payroll is \$2 million and total company payroll is \$8 million. XYZ's capital base is \$5.5 million.

For tax year three, XYZ computed the following DCE exclusion ratio:

$$\begin{aligned} \text{Property Factor} &= \frac{\text{DCE Property}}{\text{Total Company Property}} = \frac{\$9 \text{ million}}{\$25 \text{ million}} = 36\% \\ \text{Payroll Factor} &= \frac{\text{DCE Payroll}}{\text{Total Company Payroll}} = \frac{\$2 \text{ million}}{\$8 \text{ million}} = 25\% \\ \text{AIE exclusion ratio} &= (\text{DCE Property Factor} + \text{DCE Payroll Factor} + \text{DCE Payroll Factor})/3 \\ &= (36\% + 25\% + 25\%)/3 = 28.66\% \end{aligned}$$

Therefore, the exclusion from the capital base is $\$5,000,000 \times 28.67\% = \$1,576,668.50$.

XYZ's taxable capital base is \$3,924,000 (rounded up) resulting in a tax liability of \$9,810.

- B) Those businesses that employ a single ratio formula to apportion their business income to Mississippi should calculate a property factor and a double-weighted payroll factor and then divide by three. This ratio should then be applied to the total company capital base. The result is the capital attributable to the DCE. The DCE capital will be applied as a reduction to the Mississippi capital as otherwise apportioned to this state to determine the taxable capital base.

Example: Corporation XYZ is a domestic retail sales corporation which is taxable in other states and apportions its taxable capital to this state. In year one, XYZ received approval from the MDA for a DCE expansion project, a wholesale distribution center. The DCE property was completed in year two. For year three, the DCE real and tangible personal property, Mississippi real and tangible personal property, and total real and tangible personal property everywhere are \$9 million, \$21 million, and \$25 million, respectively. Gross receipts assigned to Mississippi and everywhere are \$50 million and \$70 million, respectively. DCE, Mississippi, and total company payroll are \$2 million, \$6 million, and \$8 million, respectively. XYZ's capital base is \$5.5 million.

For tax year three, XYZ computed the following DCE exclusion ratio:

$$\text{Property Factor} = \frac{\text{DCE Property}}{\text{Total Company Property}} = \frac{\$9 \text{ million}}{\$25 \text{ million}} = 36\%$$

$$\text{Payroll Factor} = \frac{\text{DCE Payroll}}{\text{Total Company Payroll}} = \frac{\$2 \text{ million}}{\$8 \text{ million}} = 25\%$$

$$\begin{aligned} \text{DCE exclusion ratio} &= (\text{DCE Property Factor} + \text{DCE Payroll Factor} + \text{DCE Payroll Factor})/3 \\ &= (36\% + 25\% + 25\%)/3 = 28.6667\% \end{aligned}$$

Therefore, the exclusion from the capital base is \$5,500,000 × 28.67% = \$1,576,668.50.

XYZ's taxable capital base is computed as follows:

$$\begin{aligned} \text{Franchise Apportionment Ratio} &= \frac{\text{MS receipts} + \text{MS real and tangible personal property}}{\text{Rec. everywhere} + \text{real and tangible personal prop. everywhere}} \\ &= \frac{(\$50 \text{ million} + \$21 \text{ million})}{(\$70 \text{ million} + \$25 \text{ million})} = 74.74\% \end{aligned}$$

(Capital Base × Franchise Tax Appt. Ratio) – DCE exclusion = MS Taxable Capital = (\$5,500,000 × 74.74%) - \$1,576,668.50 = \$2,534,000 (rounded up to nearest thousand) resulting in a tax liability of \$6,335.

- C) Those businesses that employ a three-factor formula to apportion their business income to Mississippi should calculate a property factor and double-weighted payroll factor and then divide by three. This ratio should then be applied to the Mississippi apportioned capital as regularly calculated. The DCE capital will be applied as a reduction to the Mississippi capital as otherwise apportioned to this state to determine the taxable capital base.

Example: Assume the same facts as example B except that XYZ is a manufacturer that apportions its income using a three-factor formula.

For tax year three, XYZ computed the following DCE exclusion ratio:

$$\text{Property Factor} = \frac{\text{DCE Property}}{\text{Total MS Property}} = \frac{\$9 \text{ million}}{\$21 \text{ million}} = 42.86\%$$

$$\text{Payroll Factor} = \frac{\text{DCE Area Payroll}}{\text{Total MS Payroll}} = \frac{\$2 \text{ million}}{\$6 \text{ million}} = 33.33\%$$

$$\begin{aligned}\text{DCE exclusion ratio} &= (\text{DCE Property Factor} + \text{DCE Area Payroll Factor} + \text{DCE Payroll Factor})/3 \\ &= (42.86\% + 33.33\% + 33.33\%)/3 = 36.52\%\end{aligned}$$

XYZ's taxable capital base is computed as follows:

$$\begin{aligned}\text{Franchise Apportionment Ratio} &= \frac{\text{MS receipts} + \text{MS real and tangible personal property}}{\text{Rec. everywhere} + \text{real and tangible personal prop. everywhere}} \\ &= \frac{(\$50 \text{ million} + \$21 \text{ million})}{(\$70 \text{ million} + \$25 \text{ million})} = 74.74\%\end{aligned}$$

$$(\text{Capital Base} \times \text{Franchise Tax Appt. Ratio}) \times (1 - \text{DCE exclusion ratio}) = \text{MS Taxable Capital} = (\$5,500,000 \times 74.74\%) \times (1 - .37) = \$2,610,000 \text{ (rounded up to nearest thousand) resulting in a tax liability of } \$6,525.$$

- D) Those multi-state businesses employing direct accounting for income tax reporting should employ the method described in paragraph C).
- E) The Commissioner may require another method if it is determined that the apportionment of the capital as required under A), B), C), or D) inaccurately reflects the capital employed by an approved DCE.

Each taxpayer will compute its franchise tax liability based on the greater of: a) the assessed value of Mississippi real and tangible personal property that is not DCE property, or b) the taxable capital base as determined above.

HOW TO APPLY FOR THE INCENTIVE

Before construction or acquisition of the buildings for the location or expansion of the business enterprise begins, you must apply to the MDA for certification of eligibility for the incentive. The application to MDA must contain the following information:

- An overview of the project, including:
 - the selected site,
 - the number of jobs proposed, and
 - the length of time necessary for the company to meet its investment and employment requirements;
- A two (2) year business plan, which shall include pro forma financial statements for the project;
- Data supporting the expertise of the project's principals;
- An acknowledgment that the business entity will be required to provide annual documentation to demonstrate that the minimum job requirement is being maintained; and
- Such other information as may be requested by the MDA.

Upon approval, MDA will issue certification designating the business enterprise as eligible for the Data Center Enterprise Exemption. Once you have received certification of eligibility from the MDA, you must submit the MDA certification along with a completed Application for Certification of Economic Incentives to the MDOR. The application can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the MDA certification.

HOW TO CLAIM THE CREDIT

When filing the state income/franchise tax return claiming the exemption, attach:

- a schedule showing the calculation of the exemption;
- a copy of the MDA certification letter; and
- a copy of the MDOR exemption acceptance letter.

The Data Center Enterprises exemption is authorized under Miss. Code Ann. Sections 57-113-21 and 57-113-25.

Revised June 1, 2025

C. Sales and Use Tax Incentives

C.1. Sales / Use Tax Exemption for Construction or Expansion

A sales and/or use tax exemption is available for the construction or expansion of certain businesses. Eligible businesses include:

- manufacturers
- custom processors
- data/information enterprises
- technology intensive enterprises

EXCEPTION: The exemption is unavailable to medical cannabis establishments as defined in the Mississippi Medical Cannabis Act.

A sales and use tax exemption is available for the construction of a new facility or the expansion of an existing facility for manufacturers, custom processors, data/information enterprises and technology intensive enterprises that construct a new facility or expand an existing facility in this state. Data/information and technology intensive enterprises must be designated as such by the MDA and a copy of the certification notice must be attached to any application for exemption.

The incentive is intended to encourage certain businesses to construct new facilities or expand existing facilities. It is not available to businesses that modernize a facility or keep open (or re-open) an existing facility. It is also not available to businesses that move from one location within this state to another location within this state. The construction of a new facility includes the actual “bricks and mortar” construction of a new building or the expansion of an existing facility that has been purchased by a business establishing a new presence in the area.

The expansion of an existing facility may include such projects as the addition of another line of manufacturing, actual “bricks and mortar” construction of additional space and/or additional equipment to greatly increase current business operations. The exemption is not available for construction or expansion of office space. An expansion does not include the normal hiring of additional personnel, replacing old equipment or upgrading current equipment for a more efficient operation.

Normally, planned construction or addition to the building structure is required before the exemption is granted. If an existing facility is not physically expanded, but production lines are added that will increase employment, then the exemption may be granted. These applications will be considered on a case-by-case basis.

The exemption is from the retail rate of machinery and equipment, either seven percent (7%) or one and one-half percent (1½%). The amount of the exemption, one-half (50%) or full (100%), depends on where the facility is located. In Mississippi, counties are ranked as Tier Three (less developed), Tier Two (moderately developed), and Tier One (developed). The counties are evaluated and ranked each year by the MDOR based on the unemployment rate and per capita income of each county for the most recent thirty-six (36) month period. They are then divided into the three (3) previously mentioned groups with one-third (⅓) of the counties in each group. This ranking is used to determine whether the exemption will be a full exemption or a one-half (½) exemption. The ranking for a specific county can change from year to year based on this evaluation. The exemption amount for each county ranking is as follows:

<u>County Ranking</u>	<u>Exemption Amount</u>
Tier One (developed)	one-half (50%)
Tier Two (moderately developed)	one-half (50%)
Tier Three (less developed)	full (100%)

When a construction contractor builds a facility, the construction contractor may also sell and install manufacturing machinery related to the construction or expansion of the facility. In this specific situation, the contractor may be treated as both a construction contractor and a retailer of the manufacturing machinery. The exemption, whether full or half, will apply only for the sale and installation of the manufacturing machinery.

Contractor's tax on the gross proceeds of commercial construction activities is imposed directly on the contractor and is not passed on to the customer except as a part of overhead costs. This tax amount may be built into the contract amount computed by the contractor and cannot be broken out as a separate line item. If component materials or machinery and equipment (purchases covered under the exemption) are purchased through a construction contractor and included in the

construction contract amount rather than purchased directly by the business receiving the exemption, then the exemption is lost on those items except for manufacturing machinery and its installation as described above. The exempt items must be **sold directly to, billed directly to, and paid for directly by** the business receiving the exemption.

The exemption is for the period beginning with the date purchases are made for the expansion or construction through three (3) months after the initial startup date. Only component materials used in the construction, addition or improvement to a building and the machinery and equipment to be used therein are exempt from sales or use tax. Leases of machinery and equipment are included in the exemption for a data/information enterprise only. The exemption does not apply to tagged vehicles, ongoing expenses, or supply items. The exemption does not apply to the contractor's tax at three and one-half percent (3½%) or at one and one-half percent (1½%).

Any business that was eligible for either a full or partial sales tax exemption on initial construction or expansion that is destroyed or extensively damaged as the result of a disaster declared by the Governor may be eligible for the same exemption on replacement, reconstruction or repair of a building and replacement of machinery or equipment damaged or destroyed in the disaster.

HOW TO APPLY FOR THE INCENTIVE

Before construction is begun, the business must be certified as eligible for the exemption by the MDOR. To be certified as eligible for the exemption, the business must submit the following:

- for companies requiring MDA approval, a copy of the approval letter from MDA;
- a detailed letter with a description of the type of business and the type of construction or expansion or addition to the facility to justify the request for the exemption;
- include the purpose of the construction or expansion and the expected result;
- a completed Registration Application for a use tax account (if one has not been opened);
- a completed Application for Direct Pay Permit (if one has not been issued); and
- a completed Application for Certification for Economic Incentives.

Registration for a use tax account and a Direct Pay Permit can be completed online at <https://tap.dor.ms.gov>. Once registered for use tax, the Application for Certification for Economic Incentives can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the requested documentation. After all the required information has been submitted and the exemption approved, the business will receive a letter acknowledging the county designation, the amount of the exemption and the time period for the exemption. The construction or expansion must begin within one (1) year of the approval of certification. A letter of denial will be sent if the exemption is not approved.

The Direct Pay Permit number should be furnished to ALL vendors so that the retail sales or use tax will not be charged on ANY purchases. The correct tax on all purchases, if any is due, would then be remitted directly to the MDOR. Qualified purchases during the construction or expansion period would be either fully exempted (100%) or granted the one-half (50%) exemption. If the one-half (50%) exemption is granted, use either tax code 68 or 78 to report the purchases. For businesses that receive a Direct Pay Permit for the incentive only, the permit will no longer be effective and will stand rescinded when the project is complete. After this date, tax will be remitted to all vendors in the normal course of business.

The Direct Pay Permit cannot be used with, nor does the exemption apply to, the contractor's tax (Miss. Code Ann. Section 27-65-21) or the tax on vehicles tagged for highway use (Miss. Code Ann. Section 27-65-17). The exemption does not apply to the tax levied under Miss. Code Ann. Section 27-65-24(1)(b).

The Sales / Use Tax Exemption for Construction or Expansion is authorized under Miss. Code Ann. Sections 27-65-101(1)(q), (ff), (gg), (hh); 27-65-101 (2), (3), (4), (6) and 57-73-21.

Revised June 1, 2025

C.2. Sales / Use Tax Exemption for National or Regional Headquarters

A sales and/or use tax exemption is available to an eligible business that creates, transfers, or expands its national or regional headquarters for component materials used in the construction, addition or improvement of a building and machinery and equipment for use in the facility. A minimum number of twenty (20) new headquarters jobs must be created or assigned to receive the exemption.

EXCEPTION: No business that transports, handles, stores, processes, or disposes of hazardous waste is eligible to receive this exemption. No national or regional sales office is eligible to receive this exemption. No medical cannabis establishments as defined in the Mississippi Medical Cannabis Act is eligible to receive this exemption.

The exemption related to the transfer of National or Regional Headquarters is an incentive created to induce companies to establish, transfer, or expand their headquarters in Mississippi. The transfer, establishment, or expansion of a national or regional headquarters must create a minimum of twenty (20) jobs within one (1) year. These jobs must include officers and other high-level employees, along with the support staff normally associated with a headquarters. The support staff are those full-time employees required to assist management and other headquarters personnel to perform functions that are unique to, or required by, the operation of the headquarters. The classification of support personnel as headquarters employees is dependent on their duties being in direct relationship to the functions of the office or facility. Employees who are physically present at the location, but whose work is not related to the office functions of the headquarters, such as salesmen, truck drivers, janitors, etc., are not considered headquarters personnel and may not be counted toward the minimum twenty (20) jobs to be created.

A national headquarters is that office or location of a multi-state business where managerial, professional, technical, and administrative personnel are domiciled and employed. It is the location where the centralized functions such as financial, legal, technical and personnel functions are performed. The function and purpose of the national headquarters is to plan, direct and control all aspects of the organization's operations and it has final authority over all regional offices, operating facilities, or any other offices of the business enterprise. The national headquarters is subordinate only to the ownership of the organization or its representatives.

A regional headquarters is one of several management offices or facilities of a multi-state business that is responsible for planning, directing, and controlling all aspects of the business operations within a sub-divided area of the United States. A regional headquarters performs a function that is separate from the management of operational facilities within the region. A regional headquarters performs functions similar to the national headquarters, but within a more limited area. It has final authority over all matters within its region and is subordinate only to the national headquarters.

The exemption is for the retail rate of machinery and equipment, either seven percent (7%) or one and one-half percent (1½%) for manufacturing machinery. The exemption is on component materials used in the construction, addition or improvement to a building and the machinery and equipment to be used therein. To be eligible for the exemption, the item(s) must be purchased by the business receiving the exemption. Component materials cannot be purchased through the construction contractor.

Contractor's tax on the gross proceeds of commercial construction activities is imposed directly on the contractor and is not passed on to the customer except as a part of overhead costs. This tax amount must be built into the contract amount computed by the contractor and cannot be broken out as a separate line item. If component materials or machinery and equipment (purchases covered under the exemption) are purchased *through* a construction contractor and included in the construction contract amount rather than purchased directly by the business receiving the exemption, then the exemption is lost on those items included in the contract. The exempt items must be **sold directly to, billed directly to, and paid for directly by** the business receiving the exemption.

The exemption is for the period beginning with the initial date purchases are made for the expansion or construction through three (3) months after the completion of the building, addition, or improvement. Only component materials used in the construction, addition or improvement to a building and the machinery and equipment to be used therein are exempt from sales or use tax. The exemption does not apply to tagged vehicles, ongoing expenses, or supply items. The exemption

does not apply to contractor's tax at three and one-half percent (3½%).

Any business that was eligible for the exemption on initial construction, addition or improvement that is destroyed or extensively damaged as the result of a disaster declared by the Governor may be eligible for the same exemption on replacement, reconstruction or repair of a building and replacement of machinery or equipment damaged or destroyed in the disaster.

HOW TO APPLY FOR THE INCENTIVE

Before construction is begun, the business must be certified as eligible for the exemption by the MDOR. To be certified as eligible for the exemption, the business must submit the following:

- a completed Registration Application for a use tax account (if one has not been issued);
- a completed Application for Direct Pay Permit (if one has not been issued);
- a completed Application for Certification for Economic Incentives;
- a list of all facilities (in MS and outside MS) operating under the company's name;
- a description of the activity that would justify the headquarters status; and
- a list of the twenty (20) jobs created as a result of the establishment, transfer or expansion of the headquarters, including such information as:
 - title of each job;
 - purpose or description of each job;
 - education requirements for each job;
 - experience requirements for each job; and
 - salary or compensation amount.

Registration for a use tax account and a Direct Pay Permit can be completed online at <https://tap.dor.ms.gov>. Once registered for use tax, the Application for Certification for Economic Incentives can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the requested documentation. After all the required information has been submitted and the exemption approved, the business will receive a letter certifying the designation of a headquarters and the time period for the exemption. A letter of denial will be sent if the application is not approved.

The Direct Pay Permit number should be furnished to ALL vendors so that the retail sales or use tax will not be charged on ANY purchases. The correct tax on all purchases, if any is due, would then be remitted directly to the MDOR. For qualified purchases during the construction or expansion period, the correct tax would be exempt or zero percent (0%). For businesses that receive a Direct Pay Permit for the incentive only, the permit will no longer be effective and will stand rescinded when the project is complete. After the completion date, tax will be remitted to all vendors in the normal course of business.

The Direct Pay Permit cannot be used with, nor does the exemption apply to, the contractor's tax (Miss. Code Ann. Section 27-65-21) or the tax on vehicles tagged for highway use (Miss. Code Ann. Section 27-65-17). The exemption does not apply to the tax levied under Miss. Code Ann. Section 27-65-24(1)(b).

The Sales / Use Tax Exemption for Transfer of National / Regional Headquarters is authorized under Miss. Code Ann. Sections 27-65-101(1)(r) and (hh).

Revised June 1, 2025

C.3. Sales / Use Tax Exemption for Bond Financing

A sales and/or use tax exemption is available for an eligible business that has obtained bond financing through the MBFC. The type of eligible businesses depends upon what type of bond is being issued.

EXCEPTION: No medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this exemption.

The MDA and the MBFC administer a variety of finance programs that are intended to promote economic growth and increase employment in Mississippi. Through these finance programs, certain qualified businesses may obtain bond financing for construction or expansion in Mississippi. Purchases using bond proceeds for items, such as machinery and equipment, and component building materials may be exempt from sales and use tax. To be eligible for the exemption, the item(s) must be **sold directly to, billed directly to, and paid for directly by** the business receiving the exemption. Component materials cannot be purchased through the construction contractor.

MDA or MBFC determines whether a business qualifies for financing under these programs and the MDOR determines how the exemption is applied. The bonds must be issued within eighteen (18) months of the inducement date, or an extension must be requested by the business addressed to the MDOR. If bonds do not remain outstanding for at least one (1) year the purchase is not considered to be made with bond proceeds and would not be exempt from sales or use tax. A full accounting of the draws and expenditures associated with bond proceeds is required.

The exemption applies to all purchases of component building materials and other items of tangible personal property and services paid for with bond proceeds when such purchases are made to establish the project. The purchases must be made directly by the entity that has been induced by MBFC. The exemption does not apply to tagged vehicles or ongoing expenses and supply items that are not purchases required to establish the facility.

The exemption does not apply to the contractor's tax at three and one-half percent (3½%) or at one and one-half percent (1½%). Purchases of component materials for a construction project made by the contractor and reimbursed by the eligible business are considered part of the contractor's gross receipts subject to the three and one-half percent (3½%) contractor's tax. Amounts included in commercial construction contracts with manufacturers representing the sale of manufacturing machinery are taxed at the one and one-half percent (1½%) reduced rate of tax in lieu of the three and one-half percent (3½%) contractors' sales tax. However, the owner's exemption will apply on the sale by the construction contractor to the eligible business of manufacturing machinery that retains its identity as tangible personal property.

The bonds that qualify for the exemptions are authorized by:

1. Miss. Code Ann. Sections 57-10-1 et seq., also known by the short title of "Small Business Assistance."
2. Miss. Code Ann. Sections 57-61-1 et seq., also known by the short title of the "Mississippi Business Investment Act."
3. Miss. Code Ann. Sections 57-71-1 et seq., also known by the short title of the "Mississippi Small Enterprise Development Finance Act."

SMALL BUSINESS ASSISTANCE

Bonds issued under this program are administered by the Mississippi Business Finance Corporation. Industrial Revenue Development Bonds are authorized under Miss. Code Ann. Sections 57-10-201 through 57-10-261, and the Rural Economic Development Bonds (RED Bonds) are authorized under Miss Code Ann. Sections 57-10-401 through 57-10-445.

For Industrial Revenue Bonds, the recipient must be a "for profit" company. Only in very limited circumstances will a non-profit company qualify. Both income tax-exempt and taxable bonds are issued. Only businesses engaged in manufacturing or processing may qualify for the tax-exempt bonds. For taxable bonds, the following businesses may qualify: companies that manufacture, process, store, warehouse, assemble, or distribute agricultural, mining, or industrial products; research and development enterprises; offices used to manage, supervise or service a manufacturing operation; and any commercial enterprise.

For RED Bonds, the recipients must be manufacturing or processing companies, certain warehouse and distribution centers, certain telecommunication and data processing companies, multi-state national or regional headquarters, certain research and development enterprises, and technology intensive enterprises. The proceeds may be used to finance fixed assets at below market interest rates for terms of up to twenty-five (25) years.

The sales and use tax exemption is for all purchases, made with bond funds, including leases, that are necessary to establish the enterprise.

MISSISSIPPI BUSINESS INVESTMENT ACT

This program is administered by the MDA. It is a program designed for making low interest loans to counties and incorporated cities or towns ("Local Sponsors") to finance improvements necessary to complement investments by private companies which create and maintain new full-time jobs. The bonds issued are general obligation bonds of the state of Mississippi.

There is also a provision to make temporary borrowings that are in anticipation of the issuance of the bonds authorized by this program. It appears that this exemption for the temporary borrowings was intended to mirror the exemption for the bonds and will be treated the same way.

Agricultural, industrial, manufacturing, aquacultural or maricultural, tourism, service, regional shopping malls and research and development projects may be eligible for the assistance. To be eligible, the project must be located in Mississippi, a private match of at least three dollars (\$3) for every one dollar (\$1) of state assistance is required, the project must create and maintain new jobs as required by statute and MDA, and the project must be necessary for the operation of the company at a specific job generating site.

Loans are evidenced by a promissory note from the Local Sponsor to the state and a general obligation bond of the Local Sponsor issued to the state in accordance with state laws and the Mississippi Business Investment Act. A project agreement will also require the private company to operate the facility for a minimum period of time, grant a lien on the financed facility, and create and maintain a minimum number of jobs. If the agreement is not fulfilled, the state may require the Local Sponsor and/or the private company to repay the unpaid loan principal with interest and penalties. If necessary, a portion of the Local Sponsor's sales tax and/or homestead exemption reimbursement may be withheld in an amount that is sufficient to repay the obligation.

The sales and use tax exemption is for all purchases of tangible personal property and services to establish the facility that are made with bond funds.

MISSISSIPPI SMALL ENTERPRISE DEVELOPMENT FINANCE ACT

The MBFC makes loans to qualified private companies that will increase employment and investment in the state. If the project is located in the GO Zone area, most commercial businesses are eligible. Only manufacturers and processors are eligible if the project is located outside of the GO Zone.

Loan proceeds may be used for fixed asset financing, including land, buildings, and machinery and equipment with a long life span. Used equipment may not be financed with loan proceeds. Additionally, the loan may not be in excess of ninety percent (90%) of the market value of the financed assets, and the loan may not be used to refinance existing debt. The aggregate amount loaned to one borrower may not exceed four million dollars (\$4,000,000) and the term shall not exceed twenty (20) years. The project must create a minimum of ten (10) new jobs. Loans made under this program are eligible for incentives available under the Mississippi Rural Economic Development Assistance Program.

The sales and use tax exemption is for all purchases of tangible personal property and services to establish the facility that are made with bond funds.

HOW TO APPLY FOR THE INCENTIVE

To be certified as eligible for the exemption, the business must submit the following to the MDOR:

- a copy of the bond certificate issued by MBFC;
- a completed Registration Application for a use tax account (if one has not been issued);
- a completed Application for Direct Pay Permit (if one has not been issued); and
- a completed Application for Certification for Economic Incentives.

Registration for a use tax account and a Direct Pay Permit can be completed online at <https://tap.dor.ms.gov>. Once registered for use tax, the Application for Certification for Economic Incentives can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the requested documentation.

The Direct Pay Permit number should be furnished to ALL vendors so that the retail sales or use tax will not be charged on ANY purchases during the construction or expansion period. The correct tax on all purchases, if any is due, would then be remitted directly to the MDOR.

For businesses that receive a Direct Pay Permit for the incentive only, the permit will no longer be effective and will stand rescinded when the project is complete. After this date, tax will be remitted to all vendors in the normal course of business.

The Direct Pay Permit cannot be used with, nor does the exemption apply to, the contractor's tax (Miss. Code Ann. Section 27-65-21) or the tax on vehicles tagged for highway use (Miss. Code Ann. Section 27-65-17). The exemption does not apply to the tax levied under Miss. Code Ann. Section 27-65-24(1)(b).

The Sales / Use Tax Exemption for Bond Financing is authorized by Miss. Code Ann. Sections 27-65-111(w), 57-10-1 et seq., 57-61-1 et seq., and 57-71-1 et seq.

Revised June 1, 2025

C.4. Sales / Use Tax Exemption for Businesses in Growth and Prosperity (GAP) Areas

A sales and/or use tax exemption is available for a qualified business within a Growth and Prosperity (GAP) Area for a ten (10) year period only on component materials, machinery and equipment used in the initial construction or expansion of the business in the GAP Area.

EXCEPTION: No retail establishment, gaming business or casino, electrical generation facility, or medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this exemption.

The Growth and Prosperity (GAP) Areas Tax Exemption was created to encourage businesses to locate facilities and hire individuals in areas that have thirty percent (30%) or more of the population at or below the federal poverty level according to the most recent official data compiled by the United States Census Bureau or have an unemployment rate that is two hundred percent (200%) of the state's average unemployment rate. A county or supervisor's district applies to MDA to be designated as a GAP Area. After the application has been approved, the GAP Area is issued a certificate of public convenience and necessity. An eligible business that constructs a new facility or expands an existing facility located in one of these GAP Areas can apply to MDA to be exempted from state and local taxes for a period of ten (10) years or until December 31, 2029, whichever occurs first. Taxes levied by municipalities are exempted for ten (10) years or until December 31, 2033, whichever comes first. A business that relocates from a county in Mississippi to a GAP Area is not eligible for the exemption.

State taxes from which the business may be exempt are (1) any sales and use tax on the purchase of component materials, equipment and machinery for the initial construction of a business or an expansion of an existing business in the GAP Area; (2) any sales and use tax on the lease of machinery and equipment acquired in the initial construction to establish the facility or for an expansion in a GAP Area; (3) income tax on income generated by the business in the GAP Area; and (4) the franchise tax on the value of the capital used, invested or employed by the business in that GAP Area. Local taxes from which the business may be exempt include any county or municipal ad valorem taxes except for those benefitting schools, fire, and police.

The business must be in compliance with all state and local tax laws and related ordinances and resolutions to be eligible for the exemption. Such exemption is not transferable and cannot be applied to, used by, or assigned to any other entity. The approved business must also enter into an agreement with MDA that sets out mandatory performance requirements of the business and provisions to recapture any or all of the taxes exempted if these requirements are not met. The business must make available, at the Commissioner's request, all books, records, or other information necessary to verify the correctness of any exemptions claimed. For more information on the GAP areas, contact:

Mississippi Development Authority
Business Incentives Division
Post Office Box 849
Jackson, MS 39205
financial@mississippi.org
601-359-3552

The sales tax exemption is **ONLY** on component materials used in the initial construction, addition or improvement to a building and the machinery and equipment used therein. The exemption is for the retail rate on machinery and equipment, either seven percent (7%) or one and one-half percent (1½%). To be eligible for the exemption, the item(s) must be **sold or leased directly to, billed directly to, and paid for directly by** the business receiving the exemption. The exemption does not apply to contractor's tax at three and one-half percent (3½%) or at one and one-half percent (1½%).

When a construction contractor builds a facility, the construction contractor may also sell and install manufacturing machinery related to the construction or expansion of the facility. In this specific situation, the contractor may be treated as both a construction contractor and a retailer of the manufacturing machinery. The exemption will apply only for the sale

and installation of the manufacturing machinery. The manufacturing machinery is taxable at the regular manufacturer's rate of one and one-half percent (1½%).

Contractor's tax on the gross proceeds of commercial construction activities is imposed directly on the contractor regardless of who is the owner of the project. If component materials, or machinery and equipment (purchases covered under the exemption) are purchased through a construction contractor and included in the construction contract amount rather than purchased directly by the business receiving the exemption, then the exemption is lost on those items included in the contract. The exempt items must be **sold or leased directly to, billed directly to, and paid for directly by** the business receiving the exemption.

If the business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business cannot utilize the exemption, MDA may extend the exemption from state taxes for no more than two (2) years or until December 31, 2033, whichever occurs first. Any property or equipment purchased utilizing a sales tax exemption that is damaged or destroyed as a result of the disaster may be replaced exempt from tax.

HOW TO APPLY FOR THE INCENTIVE

Before applying to the MDOR for the exemption, application must be made to the MDA to be designated as a GAP Area business. A copy of the certification should be forwarded to the MDOR. To be certified as eligible for the exemption, the business must submit the following:

- a completed Registration Application for a use tax account (if one has not been assigned);
- a completed Application for Direct Pay Permit (if one has not been assigned); and
- a completed Application for Certification for Economic Incentives.

Registration for a use tax account and a Direct Pay Permit can be completed online at <https://tap.dor.ms.gov>. Once registered for use tax, the Application for Certification for Economic Incentives can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the requested documentation.

The Direct Pay Permit number should be furnished to ALL vendors so that the retail sales or use tax will not be charged on ANY purchases during the construction or expansion period. The correct tax on all purchases, if any is due, would then be remitted directly to the MDOR.

For businesses other than manufacturers, or other industries that normally do not receive a Direct Pay Permit, an expiration date may be required for the Direct Pay Permit issued for the exemption. After this date, the Direct Pay Permit would no longer be effective, and the tax would be remitted to the vendor in the normal course of business.

The Direct Pay Permit cannot be used with, nor does the exemption apply to, the contractor's tax (Miss. Code Ann. Section 27-65-21) or the tax on vehicles tagged for highway use (Miss. Code Ann. Section 27-65-17). The exemption does not apply to the tax levied under Miss. Code Ann. Section 27-65-24(1)(b).

The Sales / Use Tax Exemption for Businesses in GAP Areas is authorized under Miss. Code Ann. Sections 27-65-101(1)(v) and 57-80-1 et seq.

Revised June 1, 2025

C.5. Sales / Use Tax Exemptions for Broadband Technology

A sales and/or use tax exemption is available for telecommunications businesses on the purchase of equipment used in the deployment of broadband technology.

EXCEPTION: Radio stations, television stations and news organizations are not considered telecommunications businesses and are not eligible for this exemption.

This incentive was created to encourage telecommunication businesses to invest in the infrastructure needed to develop high-speed access to the Internet for all counties in the state. Telecommunication businesses that deploy such equipment are eligible for an exemption from sales and use taxes on any equipment used for the transmission of information at a high speed. To be eligible for the exemption, the item(s) must be **sold directly to, billed directly to, and paid for directly by** the business receiving the exemption.

Telecommunications businesses are defined as companies engaged in the creation, display, management, storage, processing, transmission, or distribution for compensation of images, text, voice, video, or data by wire or by wireless means. They also include companies engaged in the construction, design, development, manufacture, maintenance, or distribution for compensation of devices, products, software, or structures used in the above-mentioned activities.

"Equipment used in the deployment of broadband technologies" means any equipment capable of being used for or in connection with the transmission of information at a rate, prior to taking into account the effects of any signal degradation, that is not less than thirty-five (35) megabits per second downlink and three (3) megabits per second uplink for mobile broadband or that is capable of providing fixed broadband service.

"Broadband service" means a mass-market retail service by wire, cable, fiber, or radio provided to customers in the State of Mississippi that provides the capability to transmit data to, and receive data from, all or substantially all Internet endpoints, at speeds of at least one hundred (100) megabits per second downstream and twenty (20) megabits per second upstream, and including, but not limited to, any capabilities that are incidental to and enable the operation of communications service, but excluding dial-up Internet access service.

The amount of the exemption, one-half (50%) or full (100%) depends on where the facility is located. In Mississippi, counties are ranked as Tier Three (less developed), Tier Two (moderately developed), and Tier One (developed). The counties are evaluated and ranked each year by the MDOR based on the unemployment rate and per capita income of each county for the most recent thirty-six (36) month period. They are then divided into the three (3) previously mentioned groups with one-third ($\frac{1}{3}$) of the counties in each group. This ranking is used to determine whether the exemption will be a full exemption or a one-half ($\frac{1}{2}$) exemption. The ranking for a specific county can change from year to year based on this evaluation. The exemption amount for each county ranking is as follows:

<u>County Ranking</u>	<u>Exemption Amount</u>
Tier One (developed)	one-half (50%)
Tier Two (moderately developed)	full (100%)
Tier Three (less developed)	full (100%)

The exemption is effective beginning July 1, 2003, and ending June 30, 2030. The exemption is from the retail sales or use tax ONLY on the purchase of equipment used in the deployment of broadband technology. The exemption does not apply to contractor's tax at three and one-half percent ($3\frac{1}{2}\%$) or at one and one-half percent ($1\frac{1}{2}\%$).

Contractor's tax on the gross proceeds of commercial construction activities is imposed directly on the contractor regardless of the owner of the project. If component materials, or machinery and equipment (purchases covered under the exemption) are purchased *through* a construction contractor and included in the construction contract amount rather than purchased directly by the business receiving the exemption, then the exemption is lost on those items included in the contract. The exempt items must be **sold directly to, billed directly to, and paid for directly by** the business receiving

the exemption.

HOW TO APPLY FOR THE INCENTIVE

To be certified as eligible for the exemption, the business must submit the following:

- a completed Registration Application for a use tax account (if one has not been issued);
- a completed Application for Direct Pay Permit (if one has not been issued);
- a detailed letter with a description of the type of deployment being considered and the equipment planning to be purchased, as well as the county or counties in which the equipment will be sent to justify the request for the exemption; and
- a completed Application for Certification for Economic Incentives.

Registration for a use tax account and a Direct Pay Permit can be completed online at <https://tap.dor.ms.gov>. Once registered for use tax, the Application for Certification for Economic Incentives can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the requested documentation.

If the exemption is granted, then the Direct Pay Permit number should be furnished to ALL vendors so that the retail sales or use tax will not be charged on ANY purchases. The correct tax on all purchases, if any is due, would then be remitted directly to the MDOR. If the one-half (50%) exemption is granted, use either tax code 68 or 78 to report the purchases.

For businesses other than manufacturers or other industries that normally do not receive a Direct Pay Permit, an expiration date may be required for the Direct Pay Permit issued for the exemption. After this date, the Direct Pay Permit would no longer be effective and the tax would be remitted to the vendor in the normal course of business.

The Direct Pay Permit cannot be used with, nor does the exemption apply to, the contractor's tax (Miss. Code Ann. Section 27-65-21) or the tax on vehicles tagged for highway use (Miss. Code Ann. Section 27-65-17). The exemption does not apply to the tax levied under Miss. Code Ann. Section 27-65-24(1)(b).

The Sales / Use Tax Exemption for Broadband Technology is authorized under Miss. Code Ann. Sections 27-65-101(5), 57-73-21, and 57-87-5.

Revised June 1, 2025

C.6. Sales / Use Tax Exemption for Clean Energy Business Enterprises

A sales or use tax exemption is available for certain clean energy business enterprises that locate or expand in this state with a minimum capital investment of fifty million dollars (\$50,000,000) and the creation of two hundred fifty (250) new, full-time jobs. The clean energy business enterprise must own or operate a facility that manufactures or assembles systems or components used in the generation of clean energy.

The Clean Energy Business Enterprises Exemption is an incentive created to induce companies developing the field of clean energy to locate or expand their facilities in Mississippi. Clean energy business enterprises that locate or expand in this state with a minimum capital investment of fifty million dollars (\$50,000,000) and also create two hundred fifty (250) new, full-time jobs may be eligible for the exemption. Clean energy includes energy generated from either a renewable energy source such as wind, water, biomass or solar or an alternative energy source such as nuclear. Biomass includes the following:

- Forest-related mill residues, pulping by-product and other by-products of wood processing, thinnings, slash, limbs, bark, brush and other cellulosic plant material or non-merchantable forest-related products;
- Solid wood waste materials, including dunnage, manufacturing and construction wood wastes, demolition and storm debris and landscape or right-of-way trimmings;
- Agriculture wastes, including orchard tree crops, vineyard, grain, legumes, sugar and other crop by-products or residues and livestock waste nutrients;
- All plant and grass material that is grown exclusively as a fuel for the production of electricity;
- Refuse derived fuels consisting of organic components and fibers of wastewater treatment solids; and
- Whole trees.

A qualifying business enterprise will be exempt from state taxes for a period of ten (10) years from the date of certification. State taxes include: (1) any sales or use tax imposed on the business enterprise pursuant to law related to the purchase of component building materials and equipment for initial construction of facilities or expansion of facilities certified by the MDA; (2) all income tax imposed pursuant to law on income earned by the business enterprise certified by the MDA; (3) franchise tax imposed pursuant to law on the value of capital used, invested or employed by the business enterprise certified by the MDA; and (4) any sales or use tax imposed on the lease of machinery and equipment acquired in the initial construction to establish the facility or for an expansion certified by the MDA.

The incentive is not available to businesses that move from one location within this state to another location within this state. The business must be in compliance with all state and local tax laws and related ordinances and resolutions to be eligible for the exemption. The exemption is not transferable and cannot be applied, used, or assigned to any other entity unless approved by MDA. The approved business must also enter into an agreement with the MDA which sets out performance requirements of the business that must be met and provisions to recapture any or all of the taxes exempted if the requirements are not met. The business must make available, at the Commissioner's request, all books, records, or other information necessary to verify the correctness of the exemptions claimed. For more information on the application process for the Sales Tax Exemption for Clean Energy Business Enterprises, contact:

Mississippi Development Authority
Business Incentives Division
Post Office Box 849
Jackson, Mississippi 39205
financial@mississippi.org
601-359-3552

The sales tax exemption is **ONLY** on component materials used in the initial construction, addition or improvement to a building and the machinery and equipment used therein. The exemption is for the retail rate on machinery and equipment, either seven percent (7%) or one and one-half percent (1½%). To be eligible for the exemption, the item(s) must be **sold or leased directly to, billed directly to, and paid for directly by** the business receiving the exemption. The exemption

does not apply to contractor's tax at three and one-half percent (3½%) or at one and one-half percent (1½%).

When a construction contractor builds a facility, the construction contractor may also sell and install manufacturing machinery related to the construction or expansion of the facility. In this specific situation, the contractor may be treated as both a construction contractor and a retailer of the manufacturing machinery. The exemption will apply only for the sale and installation of the manufacturing machinery.

Contractor's tax on the gross proceeds of commercial construction activities is imposed directly on the contractor regardless of who is the owner of the project. If component materials, or machinery and equipment (purchases covered under the exemption) are purchased through a construction contractor and included in the construction contract amount rather than purchased directly by the business receiving the exemption, then the exemption is lost on those items included in the contract. The exempt items must be **sold or leased directly to, billed directly to, and paid for directly by** the business receiving the exemption.

If the business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business enterprise is unable to utilize the exemption from state taxes, the MDA may extend the period of time by which the minimum requirements must be met and duration of the exemption from state taxes for not more than two (2) years. Any business enterprise that has property or equipment purchased utilizing the state tax exemption that is damaged or destroyed as a result of the disaster may purchase replacement equipment and component building materials exempt from sales and use tax.

HOW TO APPLY FOR THE INCENTIVE

Before construction or acquisition of the buildings for the location or expansion of the business enterprise begins, you must apply to the MDA for certification of eligibility for the incentive. The application to MDA must contain the following information:

- An overview of the project, including:
 - the selected site,
 - the number of jobs proposed, and
 - the length of time necessary for the company to meet its investment and employment requirements;
- A two (2) year business plan, which shall include pro forma financial statements for the project;
- Data supporting the expertise of the project's principals;
- An acknowledgment that the business entity will be required to provide annual documentation to demonstrate that the minimum job requirement is being maintained; and
- Such other information as may be requested by the MDA.

Upon approval, MDA will issue certification designating the business enterprise as eligible for the Clean Energy Business Enterprise Exemption. Once you have received certification of eligibility from the MDA, you submit a completed Application for Certification of Economic Incentives to the MDOR.

To be certified as eligible for the exemption, the business must submit the following:

- a completed Registration Application for a use tax account (if one has not been assigned);
- a completed Application for Direct Pay Permit (if one has not been assigned); and
- a completed Application for Certification for Economic Incentives.

Registration for a use tax account and a Direct Pay Permit can be completed online at <https://tap.dor.ms.gov>. Once registered for use tax, the Application for Certification for Economic Incentives can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the requested documentation.

The Direct Pay Permit number should be furnished to ALL vendors so that the retail sales or use tax will not be charged on ANY purchases during the construction or expansion period. The correct tax on all purchases, if any is due, would then be remitted directly to the MDOR.

For businesses other than manufacturers or other industries that normally do not receive a Direct Pay Permit, an expiration date may be required for the Direct Pay Permit issued for the exemption. After this date, the Direct Pay Permit would no longer be effective, and the tax would be remitted to the vendor in the normal course of business.

The Direct Pay Permit cannot be used with, nor does the exemption apply to, the contractor's tax (Miss. Code Ann. Section 27-65-21) or the tax on vehicles tagged for highway use (Miss. Code Ann. Section 27-65-17). The exemption does not apply to the tax levied under Miss. Code Ann. Section 27-65-24(1)(b).

The Sales / Use Tax Exemption for Clean Energy Business Enterprises is authorized under Miss. Code Ann. Sections 27-65-101(1)(kk), (ll), and (nn) and 57-113-1 through 57-113-7.

Revised June 1, 2025

C.7. Sales / Use Tax Exemption for Aerospace Industry Enterprises

A sales and/or use tax exemption is available for a business enterprise certified by the MDA as an aerospace industry enterprise only on the purchase of component building materials and equipment, and the lease of machinery and equipment, used in the initial construction or expansion of the enterprise.

The Aerospace Industry Enterprises (AIE) Exemption is an incentive created to induce companies to locate or expand their manufacturing facilities in Mississippi. The incentive is also available to businesses that offer research and development or training services in the aerospace industry that locate or expand in the state. The business must make a minimum capital investment in Mississippi of twenty-five million dollars (\$25,000,000), and must also create a minimum of twenty-five (25) new, full-time jobs in Mississippi which provide an average annual salary, excluding benefits which are not subject to Mississippi income taxes, of at least one hundred ten percent (110%) of the most recently published state average annual wage or the most recently published average annual wage of the county in which the qualified business or industry is located as determined by the Mississippi Department of Employment Security, whichever is less. The aerospace industry is the industry that researches, designs, manufactures, repairs, operates and/or maintains products, components and systems which enable vehicles to move through the air and space.

A qualifying business enterprise will be exempt from state taxes for a period of ten (10) years from the date of certification. State taxes include: (1) any sales or use tax imposed on the business enterprise pursuant to law related to the purchase of component building materials and equipment for initial construction of facilities or expansion of facilities certified by the MDA; (2) all income tax imposed pursuant to law on income earned by the business enterprise certified by the MDA; (3) franchise tax imposed pursuant to law on the value of capital used, invested or employed by the business enterprise certified by the MDA; and (4) any sales or use tax imposed on the lease of machinery and equipment acquired in the initial construction to establish the facility or for an expansion certified by the MDA.

The business must be in compliance with all state and local tax laws and related ordinances and resolutions to be eligible for the exemption. The exemption is not transferable and cannot be applied to, used by or assigned to any other entity or tax account without prior approval from the MDA. The approved business must also enter into an agreement with MDA that sets out minimum performance requirements of the business and provisions to recapture any or all of the taxes exempted if these requirements are not met. The business must make available, at the Commissioner's request, all books, records, or other information necessary to verify the correctness of any exemptions claimed. For more information on obtaining approval from the MDA and the minimum performance requirements for the Aerospace Industry Enterprise Exemption, contact:

Mississippi Development Authority
Business Incentives Division
Post Office Box 849
Jackson, Mississippi 39205
financial@mississippi.org
601-359-3552

The sales tax exemption is **ONLY** on component materials used in the initial construction, addition or improvement to a building and the machinery and equipment used therein. The exemption is for the retail rate on machinery and equipment, either seven percent (7%) or one and one-half percent (1½%). To be eligible for the exemption, the item(s) must be **sold or leased directly to, billed directly to, and paid for directly by** the business receiving the exemption. The exemption does not apply to contractor's tax at three and one-half percent (3½%) or at one and one-half percent (1½%).

When a construction contractor builds a facility, the construction contractor may also sell and install manufacturing machinery related to the construction or expansion of the facility. In this specific situation, the contractor may be treated as both a construction contractor and a retailer of the manufacturing machinery. The exemption will apply only for the sale and installation of the manufacturing machinery.

Contractor's tax on the gross proceeds of commercial construction activities is imposed directly on the contractor

regardless of who is the owner of the project. If component materials, or machinery and equipment (purchases covered under the exemption) are purchased *through* a construction contractor and included in construction contract amount rather than purchased directly by the business receiving the exemption, then the exemption is lost on those items included in the contract. The exempt items must be **sold or leased directly to, billed directly to, and paid for directly by** the business receiving the exemption.

If the business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business is unable to use the exemption from state taxes, the MDA may extend the period of time during which the minimum requirements must be met and the exemption may be taken for a period of time not to exceed two (2) years. Any business that has property or equipment purchased utilizing this sales tax exemption that is damaged or destroyed as a result of the disaster may purchase replacement equipment and component building materials exempt from sales and use tax.

HOW TO APPLY FOR THE INCENTIVE

Before construction or acquisition of the buildings for the location or expansion of the business enterprise begins, you must apply to the MDA for certification of eligibility for the incentive. The application to MDA must contain the following information:

- An overview of the project, including:
 - the selected site,
 - the number of jobs proposed, and
 - the length of time necessary for the company to meet its investment and employment requirements;
- A two (2) year business plan, which shall include pro forma financial statements for the project;
- Data supporting the expertise of the project's principals;
- An acknowledgment that the business entity will be required to provide annual documentation to demonstrate that the minimum job requirement is being maintained; and
- Such other information as may be requested by the MDA.

Upon approval, MDA will issue certification designating the business enterprise as eligible for the Aerospace Industry Enterprise Exemption. Once you have received certification of eligibility from the MDA, you submit a completed Application for Certification of Economic Incentives to the MDOR. If you do not already have a Use Tax Account and Direct Pay Permit, you must also submit a completed Registration Application for a Use Tax Account and a completed Registration Application for a Direct Pay Permit in order to be certified as eligible by the MDOR.

Registration for a use tax account and a Direct Pay Permit can be completed online at <https://tap.dor.ms.gov>. Once registered for use tax, the Application for Certification for Economic Incentives can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the requested documentation.

The Direct Pay Permit number should be furnished to ALL vendors so that the retail sales or use tax will not be charged on ANY purchases during the construction or expansion period. The correct tax on all purchases, if any is due, would then be remitted directly to the MDOR.

For businesses other than manufacturers or other industries that normally do not receive a Direct Pay Permit, an expiration date may be required for the Direct Pay Permit issued for the exemption. After this date, the Direct Pay Permit will no longer be effective, and the tax should be remitted to the vendor in the normal course of business.

The Direct Pay Permit cannot be used with, nor does the exemption apply to, the contractor's tax (Miss. Code Ann. Section 27-65-21) or the tax on vehicles tagged for highway use (Miss. Code Ann. Section 27-65-17). The exemption does not apply to the tax levied under Miss. Code Ann. Section 27-65-24(1)(b).

The Aerospace Industry Enterprise exemption is authorized under Miss. Code Ann. Sections 27-65-101(1)(kk),(ll) and 57-113-1 through 57-113-7.

Revised June 1, 2025

C.8. Sales / Use Tax Exemption for Data Center Enterprises

A sales and/or use tax exemption is available for any business enterprise owning or operating a data center with a minimum capital investment in Mississippi of twenty million dollars (\$20,000,000) that creates at least twenty (20) new, full-time jobs with an annual salary of at least one hundred twenty-five percent (125%) of the average annual wage in this state.

The Data Center Enterprises Exemption is an incentive created to induce companies to locate or expand data centers in Mississippi. The business must make a minimum capital investment in Mississippi of twenty million dollars (\$20,000,000) and must also create a minimum of twenty (20) new, full-time jobs with salaries not less than one hundred twenty-five percent (125%) of the average annual wage in Mississippi. A data center is a business enterprise that utilizes hardware, software, technology, infrastructure and/or workforce to store, manage or manipulate digital data.

A qualifying business enterprise will be exempt from state taxes for a period of ten (10) years from the date of certification. State taxes include: (1) any sales or use tax imposed on the business enterprise pursuant to law related to the purchase or lease of component building materials and equipment for initial construction of facilities or expansion of facilities certified by the MDA; (2) any sales and/or use tax imposed on the business enterprise pursuant to law related to the purchase of replacement hardware, software or other necessary technology to operate a data center; (3) all income tax imposed pursuant to law on income earned by the business enterprise certified by the MDA; and (4) franchise tax imposed pursuant to law on the value of capital used, invested or employed by the business enterprise certified by the MDA.

The business must be in compliance with all state and local tax laws and related ordinances and resolutions to be eligible for the exemption. The exemption is not transferable and cannot be applied to, used by or assigned to any other entity or tax account without prior approval from the MDA. The approved business must also enter into an agreement with MDA that sets out minimum performance requirements of the business and provisions to recapture any or all of the taxes exempted if these requirements are not met. The business must make available, at the Commissioner's request, all books, records, or other information necessary to verify the correctness of any exemptions claimed. For more information on obtaining approval from the MDA and the minimum performance requirements for the Data Center Enterprise Exemption, contact:

Mississippi Development Authority
Business Incentives Division
Post Office Box 849
Jackson, Mississippi 39205
financial@mississippi.org
601-359-3552

The sales tax exemption is **ONLY** on component materials used in the initial construction, addition or improvement to a building and the machinery and equipment used therein; or on replacement hardware, software or other necessary technology for the operation of the data center. The exemption is for the retail rate on machinery and equipment, either seven percent (7%) or one and one-half percent (1½%). To be eligible for the exemption, the item(s) must be **sold or leased directly to, billed directly to, and paid for directly by** the business receiving the exemption. The exemption does not apply to contractor's tax at three and one-half percent (3½%) or at one and one-half percent (1½%).

When a construction contractor builds a facility, the construction contractor may also sell and install manufacturing machinery related to the construction or expansion of the facility. In this specific situation, the contractor may be treated as both a construction contractor and a retailer of the manufacturing machinery. The exemption will apply only for the sale and installation of the manufacturing machinery.

Contractor's tax on the gross proceeds of commercial construction activities is imposed directly on the contractor regardless of who is the owner of the project. If component materials, or machinery and equipment (purchases covered under the exemption) are purchased *through* a construction contractor and included in the construction contract amount rather than purchased directly by the business receiving the exemption, then the exemption is lost on those items included in the contract. The exempt items must be **sold or leased directly to, billed directly to, and paid for directly by** the

business receiving the exemption.

If the business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business is unable to use the exemption from state taxes, the MDA may extend the period of time during which the minimum requirements must be met and the exemption may be taken for a period of time not to exceed two (2) years. Any business that has property or equipment purchased utilizing this sales tax exemption that is damaged or destroyed as a result of the disaster may purchase replacement equipment and component building materials exempt from sales and use tax.

HOW TO APPLY FOR THE INCENTIVE

Before construction or acquisition of the buildings for the location or expansion of the business enterprise begins, you must apply to the MDA for certification of eligibility for the incentive. The application to MDA must contain the following information:

- An overview of the project, including:
 - the selected site,
 - the number of jobs proposed, and
 - the length of time necessary for the company to meet its investment and employment requirements;
- A two (2) year business plan, which shall include pro forma financial statements for the project;
- Data supporting the expertise of the project's principals;
- An acknowledgment that the business entity will be required to provide annual documentation to demonstrate that the minimum job requirement is being maintained; and
- Such other information as may be requested by the MDA.

Upon approval, MDA will issue certification designating the business enterprise as eligible for the Data Center Enterprise Exemption. Once you have received certification of eligibility from the MDA, you submit a completed Application for Certification of Economic Incentives to the MDOR. If you do not already have a Use Tax Account and Direct Pay Permit, you must also submit a completed Registration Application for a Use Tax Account and a completed Registration Application for a Direct Pay Permit in order to be certified as eligible by the MDOR.

Registration for a use tax account and a Direct Pay Permit can be completed online at <https://tap.dor.ms.gov>. Once registered for use tax, the Application for Certification for Economic Incentives can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the requested documentation.

The Direct Pay Permit number should be furnished to ALL vendors so that the retail sales or use tax will not be charged on ANY purchases during the construction or expansion period. The correct tax on all purchases, if any is due, would then be remitted directly to the MDOR.

For businesses other than manufacturers or other industries that normally do not receive a Direct Pay Permit, an expiration date may be required for the Direct Pay Permit issued for the exemption. After this date, the Direct Pay Permit will no longer be effective, and the tax should be remitted to the vendor in the normal course of business.

The Direct Pay Permit cannot be used with, nor does the exemption apply to, the contractor's tax (Miss. Code Ann. Section 27-65-21) or the tax on vehicles tagged for highway use (Miss. Code Ann. Section 27-65-17). The exemption does not apply to the tax levied under Miss. Code Ann. Section 27-65-24(1)(b).

The Data Center Enterprise exemption is authorized under Miss. Code Ann. Sections 27-65-101(1)(kk), (mm), and 57-113-21 et seq.

Revised June 1, 2025

C.9. Sales / Use Tax Exemption for Businesses in Health Care Industry Zones

A sales and/or use tax exemption is available for a qualified business located within a Health Care Industry Zone only on component materials used in the initial construction, addition or improvement of a health care facility, and machinery and equipment for use in such facility. A Mississippi Health Care Industry Zone is an area certified by the MDA in which health care industry facilities are centered. "Health care industry facility" includes any business that creates a minimum of twenty-five (25) new, full-time jobs and/or ten million dollars (\$10,000,000) of capital investment after July 1, 2012, and is:

- Engaged in the research and development of pharmaceuticals, biotechnology, medical supplies, biologics, diagnostic imaging, medical equipment or medicine and related manufacturing or processing;
- A Medical service provider;
- Engaged in medical product distribution; or
- Engaged in laboratory testing.

"Health care industry facility" may also include a business that is located on land owned by or leased from an academic health science center with a medical school accredited by the Liaison Committee on Medical Education and a hospital accredited by the Joint Committee on Accreditation of Healthcare Organizations and creates a minimum of twenty-five (25) new full-time jobs and/or twenty million dollars (\$20,000,000) of capital investment after July 1, 2012.

EXCEPTION: No medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this exemption.

HEALTH CARE INDUSTRY ZONE INCENTIVE

The Health Care Industry Zone Tax Exemption was created to encourage health care related businesses to locate or expand within a qualified Health Care Industry Zone in the state. It aims to expand access to high quality medical care for Mississippi residents and increase the number of health care jobs in the state. This credit shall stand repealed July 1, 2026.

ESTABLISHMENT OF A HEALTH CARE INDUSTRY ZONE

MDA may certify an area as a Health Care Industry Zone if the following requirements are met:

- The area is located within three (3) contiguous counties which have certificates of need of more than three hundred seventy-five (375) acute care hospital beds and/or a county which has a hospital with a minimum capital investment of two hundred fifty million dollars (\$250,000,000) and for which construction is completed before July 1, 2017;
- The health care industry facility is located within an eight-mile radius of a facility with a certificate of need for hospital beds and/or a university or college that is a) accredited by the Southern Association of Colleges and Schools and awards degrees and/or trains workers for jobs in health care or pharmaceutical fields of study and/or work, and b) located along or near Mississippi Highway 67 within a master planned community as defined in Section 19-5-10; and
- The zoning of the local government unit, if applicable, allows the construction or operation of the health care industry facility in the proposed health care industry zone.

QUALIFYING BUSINESS

Once an area is approved by the MDA as a Health Care Industry Zone, businesses located within the zone may apply to participate in Health Care Industry Zone Incentives. In order to qualify, the health care industry facility must: 1) apply to the MDA and be approved as a qualified business, and 2) have initial construction of, or make an addition or improvement to, a health care facility within a Health Care Industry Zone. A qualified business that constructs a new facility or improves an existing facility located in one of the Health Care Industry Zones can apply to the MDOR to be exempted from sales and/or use tax on component materials, machinery and equipment used in such construction or improvement. To be eligible for the exemption, the item(s) must be purchased by the business receiving the exemption. Component materials cannot be purchased through the construction contractor.

Contractor's tax on the gross proceeds of commercial construction activities is imposed directly on the contractor and is not passed on to the customer except as a part of overhead costs. This tax amount must be built into the contract amount computed by the contractor and cannot be broken out as a separate line item. If component materials or machinery and equipment (purchases covered under the exemption) are purchased through a construction contractor and included in the construction contract amount rather than purchased directly by the business receiving the exemption, then the exemption is lost on those items included in the contract. The exempt items must be **sold directly to, billed directly to, and paid for directly by** the business receiving the exemption.

The exemption is for the period beginning with the initial date purchases are made for the improvement or construction through three (3) months after the completion of the facility, addition, or improvement. Only component materials used in the construction, addition or improvement to a facility and the machinery and equipment to be used therein are exempt from sales or use tax. The exemption does not apply to tagged vehicles, ongoing expenses or supply items and does not apply to contractor's tax at three and one-half percent (3½%).

If the qualified business has not created the required minimum of twenty-five (25) new, full-time jobs, the certification of the business may be revoked by the MDA after five (5) years have elapsed from the effective date of certification.

HOW TO APPLY FOR THE INCENTIVE

Before applying to the MDOR for the exemption, application must be made to the MDA to be designated as a qualified Health Care Industry Zone business.

To be certified as eligible for the exemption, the business must submit the following:

- a copy of the certification from MDA qualifying the business as a Health Care Industry Zone business;
- a completed Registration Application for a use tax account (if one has not been issued);
- a completed Application for Direct Pay Permit (if one has not been issued); and
- a completed Application for Certification for Economic Incentives.

Registration for a use tax account and a Direct Pay Permit can be completed online at <https://tap.dor.ms.gov>. Once registered for use tax, the Application for Certification for Economic Incentives can be completed online within the applicant's Taxpayer Access Point (TAP) account by clicking the "Apply for Economic Incentives" link. The TAP application contains a link to upload the requested documentation.

The Direct Pay Permit number should be furnished to ALL vendors so that the retail sales or use tax will not be charged on ANY purchases during the construction, addition or improvement period. The correct tax on all purchases, if any is due, would then be remitted directly to the MDOR.

An expiration date may be required for the Direct Pay Permit issued for the exemption. After this date, the Direct Pay Permit would no longer be effective, and the tax would be remitted to the vendor in the normal course of business.

The Direct Pay Permit cannot be used with, nor does the exemption apply to, the contractor's tax (Miss. Code Ann. Section 27-65-21) or the tax on vehicles tagged for highway use (Miss. Code Ann. Section 27-65-17). The exemption does not apply to the tax levied under Miss. Code Ann. Section 27-65-24(1)(b).

The Sales / Use Tax Exemption for Businesses in Health Care Industry Zone is authorized under Miss. Code Ann. Sections 27-65-101(1)(pp) and 57-117-1 et seq.

Revised June 1, 2025

D. Rebate Incentive Programs

D.1. Advantage Jobs Incentive Program

An incentive in the form of a rebate of a percentage of state withholding tax for a period of ten (10) years is available to businesses which, within twenty-four (24) months, create a minimum number of jobs with salaries at least one hundred percent (100%) to one hundred and ten percent (110%), depending on the industry, of the state or county annual wage and provide a basic health benefits plan.

EXCEPTION: No retail establishment, gaming business or casino, or medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this credit.

The Mississippi Advantage Jobs Incentive Program is designed to provide an incentive in the form of a rebate of a percentage of Mississippi withholding tax to qualified businesses that promise significant development of the economy of the State of Mississippi through the creation of new quality jobs. The MDA and the MDOR have the responsibility to administer this program jointly. The MDA shall approve the qualified businesses for Advantage Jobs and the MDOR shall implement Advantage Jobs. MDA has complete discretionary authority in determining whether to certify a business, therefore all questions relating to the eligibility requirements or the qualification procedures should be addressed to the MDA. Any inquiries into the implementation of the program should be directed to the MDOR.

An eligible business has three (3) major requirements to fulfill to be eligible for the Advantage Jobs. If any of these requirements are not met, the business is not eligible and will not receive the incentive payment.

- The business must create new direct jobs with salaries exceeding the average annual wage of the state or of the county in which the business is located, whichever is lower. The average annual wage is determined by the most recently published figures of the MDES. The wage is based on the gross annual salary reported annually to the MDES. The total amount of wages divided by the total number of new direct jobs will result in the approved business' average salary.
 - a. An approved business which is a data/information processing enterprise must provide an average salary of at least one hundred percent (100%) of the average annual salary of the state or county (whichever is lower) and create not less than two hundred (200) new direct jobs.
 - b. An approved business which is a corporation, limited liability company, partnership, sole proprietorship, business trust or other legal entity and subunits or affiliates thereof must provide an average salary of at least one hundred ten percent (110%) of the average annual salary of the state or county (whichever is lower) and create not less than twenty-five (25) new direct jobs.
- The creation of these new direct jobs must be completed within twenty-four (24) months of the certification date issued by MDA.
- The business must offer and provide a basic health benefits plan for all employees within one hundred and eighty (180) days of the date it receives its first incentive payment.

The business must apply to the MDA for certification into the Advantage Jobs Incentive Program. After approval has been granted by the MDA, copies of the certification and related documents shall be submitted to the MDOR identifying the business certified for the Advantage Jobs Incentive Program. The certification and related information received from MDA contains the requirements that the business must meet and the criteria which must be used to determine eligibility for the Advantage Jobs Incentive Program. This information shall remain constant throughout the ten (10) year life of the Advantage Jobs Program or until such time as the MDA deems it necessary to revise. The criteria are unique to each Advantage Jobs group and include the following facts:

- The name of the business is needed. This business should have a withholding account under which the business files its state withholding tax. Retail businesses and gaming businesses do not qualify.
- The minimum number of jobs committed to be created is required. This is an agreed upon number between the business and the MDA. A full-time job is one employee that works at least thirty-five (35) hours a week. The job must be filled with an individual to be considered eligible for the incentive payment. If the job becomes available due to resignation, retirement, promotion, or other such act, it cannot remain open for more than one (1) quarter to continue

to be eligible. There cannot be a combination of several part-time jobs to equal one full-time job. The number of new direct jobs is used to calculate the amount of the incentive payment and is also used to calculate the average salary of the approved business. The approved business has twenty-four (24) months to establish these jobs after the approval process has been completed.

- The lesser of the average annual wage of the county where the business is located, or the state average annual wage is required to measure against the business' actual salary figures to ensure the percentage requirement. These average salaries are determined by the most recently published information from the Mississippi Employment Security Commission at the time of certification by MDA.
- The location of the business may determine the minimum number of jobs required to be created and also determines the county used to determine the average annual salary comparison to the state.
- The date of the certification is the date that begins the twenty-four (24) month period in which the job and salary requirement must be met.
- The job detail of the pre-existing personnel to have a benchmark to measure against future job growth and salary numbers.

The business has twenty-four (24) months after being certified by MDA to meet those requirements. The business should notify the MDOR as soon as all requirements are met. This notification can be a simple letter stating the date that all requirements set forth in the certification from MDA have been met and listing of job details of the Advantage Jobs and of all other Statewide jobs (if applicable) on the Advantage Jobs incentive Program Jobs Worksheet. The business must maintain its eligibility by continuing to meet all the requirements set out in the certification issued by MDA for a period of four (4) consecutive quarters, known as the compliance period. The compliance period will start the quarter after the company notifies MDOR that it has met all requirements.

Advantage Jobs runs on a time frame built around calendar quarters. These quarters will be set as follows:

- 1st Quarter - January, February and March.
- 2nd Quarter - April, May and June.
- 3rd Quarter - July, August and September.
- 4th Quarter - October, November and December.

Any reference to quarters will always refer to one of the above named quarters. These quarters are set and will not change. There will be no prorating quarters. Any action taken by the MDOR will begin at the beginning of the next appropriate quarter. If a business meets all requirements in the middle of a quarter, the incentive payments will begin at the end of the next full quarter.

After notifying the MDOR that the requirements have been met, the business must submit the job details on the Advantage Jobs incentive Program Jobs Worksheet to the MDOR each quarter. This information can be submitted in an electronic spreadsheet, such as Excel. This information will be used in conjunction with the withholding revenue remitted by the business to determine the amount of withholding tax to be diverted into the Advantage Jobs Payment Fund.

After the four consecutive quarter compliance period is over, the business should submit a claim for payment using the Advantage Jobs Payment Claim Form (Form 89-400) and Advantage Jobs Worksheet (Form 89-401), to claim the first incentive payment within sixty (60) months of when the business was certified. For each claim form submitted, the MDOR shall verify the number of jobs and the gross payroll and compare that information to the criteria set by the MDA approval process for that particular Advantage Jobs group. The amount of incentive payments that a business may receive is limited to the following:

- Incentive payments cannot exceed ninety percent (90%) of the amount of actual income tax withheld for employees.
- The business cannot receive incentive payments for a period exceeding ten (10) years.
- Total incentive payments cannot exceed four percent (4%) of the total annual salary paid for new direct jobs excluding benefits.

If, at any time, limitation 2 or 3 is met, the Advantage Jobs payments cease for that business. Notification shall be sent to the business that the limitation has been met and there will be no more payments for that specific Advantage Jobs group.

Diversion into the Payment Fund will be made from the withholding tax revenue remitted by the business specifically for the approved jobs or Advantage Jobs group. The amount of diverted revenue is the actual amount of withholding tax remitted by the business for the Advantage Jobs group. The amount is then transferred from the withholding tax revenue into the Advantage Jobs Payment Fund less a three percent (3%) administrative fee. The incentive payment to the business is then drawn from this Payment Fund.

GOVERNOR DECLARED DISASTER AREA

If the qualified business or industry is located in an area that has been declared by the Governor to be a disaster area and as a result of the disaster the business or industry is unable to create or maintain the jobs required:

- The Commissioner of the MDOR may extend the period of time an applicant may receive incentive payment up to two (2) years. The extension must be authorized in writing by the Commissioner.
- The Commissioner of the MDOR may waive the requirement that a certain number of jobs be maintained for a period of time not to exceed twenty-four (24) months.
- The MDA may extend the period of time within which the jobs must be created for a period of time not to exceed twenty-four (24) months.

NON-COMPLIANCE

If a business or Advantage Jobs group is found to have not complied with all of the requirements needed to be eligible at any time after the first incentive payment, the incentive payments shall stop as well as the diversion of the withholding tax revenue into the Payment Fund. The MDOR shall notify the business of the non-compliance and shall not resume the payments until the business has returned to compliance for a full quarter. Non-compliance does not stop the ten (10) year time period in which the Advantage Jobs is in effect. Once a business or Advantage Jobs group does not meet the necessary requirements, and loses that payment, it cannot be recovered.

For businesses that were certified before July 1, 2010, notification of qualification of a business to receive the incentive must be given to the MDOR within one calendar quarter of qualification to ensure the availability of funds upon the payment date. Failure to notify the MDOR will result in the loss of the maximum ten (10) year payment period. The payment period will be reduced quarterly for each quarter in which notification was delayed.

For businesses that were certified on July 1, 2010, or after, a qualified business may elect the date on which the ten (10) year period begins as long as the date is not later than sixty (60) months after the date the business was certified. Notice of qualification must be given to the MDOR when the business elects to begin the ten (10) year payment period or the period may be delayed as necessary.

HOW TO APPLY FOR THE INCENTIVE

- Apply to MDA to be certified for the Advantage Jobs Incentive Program.
- Complete all requirements set out in the MDA application.
- Notify the MDOR of the completion of all criteria set forth in the MDA certification by letter detailing the date of completion and appropriate job information.
- File monthly job information on the Advantage Jobs Incentive Program Jobs Worksheet in an Excel spreadsheet.
- Stay in compliance for four consecutive quarters.
- At the end of the compliance period, file a claim for payment with the MDOR including the required information.

The Advantage Jobs incentive is authorized under Miss. Code Ann. Sections 27-7-312, and 57-62-1 through 57-62-17.

Revised June 1, 2025

Advantage Jobs Timeline

Certification Date	A business applies to MDA for eligibility into the Advantage Jobs Incentive Program. MDA approves the business for the Advantage Jobs Incentive Program and sets the requirements needed to be met before eligible to receive incentive payments. MDA issues certificate and forwards copies to MDOR.
Requirements Met	The business meets its requirements and notifies the MDOR. The business provides the first filing of the Advantage Jobs Worksheet, for the approved jobs and for the statewide jobs (if applicable).
Beginning of Next Full Calendar Quarter	This is the beginning of the next calendar quarter after the requirements have been met. This also is the beginning of the first quarter of the compliance period. If the business met its requirements in the middle of a quarter, the compliance period begins the first of the next quarter. Compliance must be maintained for a period of four full consecutive quarters.
Each Quarter	At the end of each quarter for the rest of the Advantage Jobs Program, the business files the Advantage Jobs Worksheet (Form 89-401), detailing job information for both Advantage jobs and statewide jobs. The business also remits withholding tax revenue.
Ending of Fourth Quarter of Compliance	<p>The business files the first quarterly filing of the Advantage Jobs Payment Claim Form (Form 89-400) to claim payment of the Advantage Jobs rebate. This form and the withholding tax revenue will be used to determine the diversion of withholding revenue from the approved jobs into the Advantage Jobs Incentive Payment Fund.</p> <p>MDOR authorizes the incentive payment to the business for the end of the quarter after applying all limitations and calculations.</p>
Each Quarter	The business files the Advantage Jobs Payment Claim Form (Form 89-400), each quarter to receive the incentive payment until the end of the Advantage Jobs Program.

D.2. Sales / Use Tax Rebate for Tourism (Miss. Code Ann. Sections 57-26-1 et seq.)

There is available a sales tax rebate of taxes collected by a tourism project that may be diverted back to the owner of the tourism project to cover eligible project costs. The tourism project must be certified by MDA to be eligible for this rebate. No tourism project will be approved for the Mississippi Tourism Sales Tax Incentive Program after June 30, 2027.L

The Mississippi Tourism Sales Tax Incentive Program provides a rebate of the sales tax collected by an eligible tourism project. Any business desiring to participate in this program must first contact MDA to determine its eligibility. Eligibility will be determined by the amount of investment and type of attractions of the tourism project. MDA will issue a certificate when the enterprise is approved.

An eligible tourism project shall include any of the following as may be approved by the MDA:

- 1) Theme parks, water parks, entertainment parks or outdoor adventure parks, cultural or historical interpretive educational centers or museums, motor speedways, indoor or outdoor entertainment centers or complexes, convention centers, professional sports facilities, spas, attractions created around a natural phenomenon or scenic landscape and marinas open to the public with a minimum private investment of not less than ten million dollars (\$10,000,000);
- 2) A hotel with a minimum private investment of fifty million dollars (\$50,000,000) in land, buildings, architecture, engineering, fixtures, equipment, furnishings, amenities, and other related soft costs approved by the MDA. There must be a minimum private investment of two hundred thousand dollars (\$200,000) per guest room which can be included in the required minimum total investment of fifty million dollars (\$50,000,000);
- 3) A public golf course with a minimum private investment of ten million dollars (\$10,000,000);
- 4) A full-service hotel with a minimum private investment of twenty million dollars (\$20,000,000) in land, buildings, architecture, engineering, fixtures, equipment, furnishings, amenities and other related soft costs approved by the MDA. There must be a minimum private investment of two hundred fifty thousand dollars (\$250,000) per guest room or suite included in the twenty million dollars (\$20,000,000); a minimum of twenty-five (25) guest rooms or suites; and guest amenities such as restaurants, spas and other amenities as determined by the MDA. In a county where the Grammy Museum Mississippi, the Marty Stuart Congress of Country Music, or the Mississippi Arts and Entertainment Center is located, in a county in which the Saenger Theater and the main campus of a state institution of higher learning are located, and in the downtown historic district of the city in which the NWCC Performing Arts Center is located, the minimum private investment per guest room or suite is two hundred thousand dollars (\$200,000), which shall be included in the minimum private investment of twenty million dollars (\$20,000,000);
- 5) A tourism attraction located within an entertainment district, which is an area designated by a county or municipality in which entertainment services are centered, that is open to the public, has seating to accommodate at least forty (40) persons, is open at least five (5) days per week from at least 6:00 p.m. until midnight, serves food and beverages, and provides live entertainment at least three (3) nights per week;
- 6) A cultural retail attraction;
- 7) A tourism attraction located within a historic district where the district is listed in the National Register of Historic Places, where the tourism attraction is open to the public, has seating to accommodate at least forty (40) persons, is open at least five (5) days per week from at least 6:00 p.m. until midnight, serves food and beverages, and provides live entertainment at least three (3) nights per week; or
- 8) A tourism attraction, located in a county bordered by the Mississippi River and including Interstate 69 and U.S. Highways 3, 4, and 61, with a minimum investment of one hundred million dollars (\$100,000,000) and subject to an urban renewal plan that redevelops two (2) hotels, a golf course and clubhouse, a shooting range and a convention center and develops an entertainment center and waterpark, together with other attraction-related amenities, on an area not less than two thousand (2,000) acres.

The "tourism project" generally does not include any licensed gaming establishment owned, leased, or controlled by a business having a gaming license. However, a "tourism project" may include a project described in numbers 1 through 8 above that is owned, leased, or controlled by such a business, or in which the business has a direct or indirect financial interest if the project is in excess of the required non-gaming development for any applicant licensed by the Mississippi State Gaming Commission.

A tourism project would not include any facility within the project whose primary business is retail sales or any expansions of existing projects unless part of a resort development. However, pro shops, souvenir shops, gift shops, concessions and similar retail activities may be included in the tourism project.

The approved participant must notify the MDOR of the businesses that are included in the tourism project before the opening date of the project and of any changes in businesses operating within the tourism project during the year.

Various types of costs may be included in the total costs of the initial private investment requirements. These costs include the actual costs incurred by an approved participant for land acquisition, construction, engineering, design, and other costs approved by MDA relating to the tourism project. All costs must be verified by an independent third party approved by MDA; such verification being paid for by the approved participant.

After the required diversions, the remaining sales tax revenue collected during the preceding month from the operation of an approved tourism project is deposited into the Tourism Project Sales Tax Incentive Fund. The amount of the rebate to the approved participant will be for eighty percent (80%) of the amount of sales tax revenue collected from the operation of the tourism project, after making the required diversions. However, the aggregate amount of incentive payments that an approved participant may receive shall not exceed thirty percent (30%) of the approved costs incurred by the approved participant for the tourism project. Expansions, enlargements, or additional investment made by an approved participant will not increase the authorized incentive payments certified by the MDA. The MDA will cease making incentive payments the date that an aggregate amount of thirty percent (30%) of the approved project costs has been paid or twenty (20) years after the date the tourism project opens for commercial operation, whichever occurs first.

HOW TO APPLY FOR THE INCENTIVE

Application must be made to MDA. There is a five-thousand-dollar (\$5,000) application fee. If it is approved, a Mississippi Tourism Incentive Program Certificate will be issued. After MDA receives the Completion Certificate and the amount of the initial investment is confirmed, a Mississippi Tourism Incentive Agreement shall be executed between the applicant and MDA.

Mississippi Development Authority
Mississippi Tourism Incentive Program
Business Incentives Division
P O Box 849
Jackson, MS 39205
financial@mississippi.org
(601) 359-3552

MDA will notify the MDOR of the approved tourism project through the issuance of the Mississippi Tourism Incentive Program Certificate. Upon full execution of the Tourism Incentive Agreement, MDA will provide a copy to the MDOR.

MDA shall determine, based on the Completion Certificate, the amount of benefits the applicant may receive. MDA shall make benefit payments in January and July of each year until the full credit is reached or for twenty (20) years after the tourism project opens for commercial operation, whichever occurs first.

The Sales / Use Tax Rebate for Tourism is authorized under Miss. Code Ann. Sections 27-65-75(16) and 57-26-1 et seq.

Revised June 1, 2025

D.3. Sales / Use Tax Rebate for Tourism (Miss. Code Ann. Sections 57-28-1 et seq.)

There is available a sales tax rebate of taxes collected by a tourism project that may be diverted back to the owner of the tourism project to cover eligible project costs. The tourism project must be certified by MDA to be eligible for this rebate. The total amount of incentive payments authorized for all tourism projects located on a project site cannot exceed one hundred and fifty million dollars (\$150,000,000) in the aggregate.

The Mississippi Tourism Sales Tax Incentive Program provides a rebate of the sales tax collected by an eligible tourism project. Any business desiring to participate in this program must first contact MDA to determine its eligibility. Eligibility will be determined by amount of investment and type of attractions of the tourism project. MDA will issue a certificate when the enterprise is approved. For a tourism project to be eligible it must be located on a project site, and construction of the tourism project must have begun no later than June 1, 2017.

An eligible tourism project shall include any of the following as may be approved by the MDA:

- 1) A hotel with a minimum private investment of forty million dollars (\$40,000,000) in land, buildings, architecture, engineering, fixtures, equipment, furnishings, amenities, and other related soft costs approved by the MDA. There must be a minimum private investment of one hundred and fifty thousand dollars (\$150,000) per guest room which can be included in the required minimum total investment of forty million dollars (\$40,000,000);
- 2) A public golf course with a minimum private investment of ten million dollars (\$10,000,000);
- 3) A nationally branded, themed entertainment district consisting of restaurants, bars, amphitheaters, live theaters, other entertainment venues and commercial improvements that the MDA determines to be tourism related located within the entertainment district, with a minimum private investment of seventy-five million dollars (\$75,000,000); or
- 4) A nationally branded museum/aquarium with a minimum private investment of forty million dollars (\$40,000,000).

The approved participant must notify the MDOR of the businesses that are included in the tourism project before the opening date of the project and of any changes in businesses operating within the tourism project during the year.

Various types of costs may be included in the total costs of the initial private investment requirements. These costs include the actual costs incurred by an approved participant for land acquisition, construction, engineering, design, and other costs approved by MDA relating to the tourism project. All costs must be verified by an independent third party approved by MDA; such verification being paid for by the approved participant.

After the required diversions, the remaining sales tax revenue collected during the preceding month from the operation of an approved tourism project is deposited into the Tourism Sales Tax Incentive Fund. The amount of the rebate to the approved participant will be for eighty percent (80%) of the amount of sales tax revenue collected from the operation of the tourism project, after making the required diversions. However, the aggregate amount of incentive payments that an approved participant may receive shall not exceed thirty percent (30%) of the approved costs incurred by the approved participant for the tourism project. Expansions, enlargements, or additional investment made by an approved participant will not increase the authorized incentive payments certified by the MDA. The MDA will cease making incentive payments the date that an aggregate amount of thirty percent (30%) of the approved project costs has been paid or ten (10) years after the date the tourism project opens for commercial operation, whichever occurs first.

If an approved participant does not use or need all of the incentive payments approved by the MDA, then the approved participant may request that the MDA allow the transfer or assignment of a part of the incentive payments to another tourism project. The tourism project that the incentive payments will be transferred or assigned to must produce aggregate sales tax incentive payments over the ten (10) year period of less than thirty percent (30%) of approved project costs. The approved participant may make only one (1) request for transfer or assignment approved by the MDA for a project site.

HOW TO APPLY FOR THE INCENTIVE

Application must be made to MDA. If it is approved, a Mississippi Tourism Incentive Program Certificate will be issued. After MDA receives the Completion Certificate and the amount of the initial investment is confirmed, a Mississippi Tourism Incentive Agreement shall be executed between the applicant and MDA.

Mississippi Development Authority
Mississippi Tourism Incentive Program
Business Incentives Division
P O Box 849
Jackson, MS 39205
financial@mississippi.org
(601) 359-3552

MDA will notify the MDOR of the approved tourism project through the issuance of the Mississippi Tourism Incentive Program Certificate. Upon full execution of the Tourism Incentive Agreement, MDA will provide a copy to the MDOR.

MDA shall determine, based on the Completion Certificate, the amount of benefits the applicant may receive. MDA shall make benefit payments in January and July of each year until the full credit is reached or for ten (10) years after the tourism project opens for commercial operation, whichever occurs first.

The Sales / Use Tax Rebate for Tourism is authorized under Miss. Code Ann. Sections 27-65-75(20) and 57-28-1 et seq.

Revised June 1, 2025

D.4. Motion Picture Production Incentive

A rebate is available to production companies that have produced a state-certified motion picture project where the motion picture production company (MPPC) has expended at least fifty thousand dollars (\$50,000) in base investment, payroll and/or fringes in this state. Only projects that have been certified by the MDA are eligible for this rebate program.

The Motion Picture Incentive is a rebate program that was created as an incentive for the motion picture industry to locate its production business in Mississippi. The rebate is based on the amount of the base investment made in Mississippi, Mississippi resident employee payroll and fringes, and potentially non-resident employee payroll and fringes. The total amount of the rebate authorized for a motion picture project shall not exceed ten million dollars (\$10,000,000) for each certified production. The total amount of rebates authorized for any fiscal year shall not exceed twenty million dollars (\$20,000,000).

A MPPC can purchase certain industry related equipment at a reduced rate of tax. Instead of paying sales tax at the regular retail rate of seven percent (7%) to vendors when making certain purchases, the MPPC may remit use tax at the rate of one and one-half percent (1½%) directly to the MDOR. To take advantage of the reduction in tax rates, a MPPC must first apply for a Mississippi use tax account and then apply for a Direct Pay Permit.

DEFINITIONS

“MPPC” is defined as a company that is engaged in the business of producing a nationally distributed motion picture, video, DVD, television program or series, commercial, or computer or video game. This term does not include any company owned, affiliated, or controlled, in whole or in part, by any company or person which is in default on a loan made by the state or a loan guaranteed by the state, or any company or person who has ever declared bankruptcy under which an obligation of the company or person to pay or repay public funds or monies was discharged as a part of such bankruptcy.

“Motion Picture” is defined as a nationally distributed feature-length film, video, DVD, television program or series, commercial, or computer or video game made in Mississippi, in whole or in part, for theatrical or DVD release or television viewing or as a television pilot or viewing through streaming video or internet delivery, or for playing on a video game console, personal computer or handheld device. The term “motion picture” does not include the production of television coverage of news and athletic events, or a film, video, DVD, television program, series, or commercial that contains any material or performance defined in Miss. Code Ann. Section 97-29-103.

“Base investment” is defined as the amount of the actual investment made and expended in Mississippi by a MPPC in connection with the production of a state-certified production via the purchases of goods and/or services from “Mississippi vendors,” as defined below. This term also includes amounts expended in Mississippi by a MPPC as per diem or housing allowance provided to employees during production in the State of Mississippi.

“Mississippi vendor” is defined as a business that either owns an office building in Mississippi or has signed a lease for office space in Mississippi for at least a year, has at least one employee stationed full time at the Mississippi office, is registered with the MSOS, is known in the trade as a vendor active in the relevant line of business and advertises as a Mississippi vendor. This term also applies to Mississippi residents who are operating as an independent contractor in a specific trade or industry.

“Payroll” is defined as the salary, wages or other compensation including related benefits (i.e., fringes) paid to employees upon which Mississippi income tax is due and has been withheld.

“Fringes” is defined as the costs paid by a MPPC for employee benefits that are not subject to state income tax. Fringes may include, but are not limited to, payments by an employer for unemployment insurance, Federal Insurance Contribution Act (FICA) taxes, workers' compensation insurance, pension and welfare benefits, and health insurance premiums.

“Employee” is defined as an individual who has been employed by a production company, who is directly involved in the physical production and/or post-production of a television series that is being produced in this state, and whose wages are subject to the Mississippi withholding tax laws. This term may also apply to an individual who (1) has been hired through

a temporary staffing company, a casting agency, or a payroll service provider or (2) has utilized his/her personal service corporation or loan-out company to receive compensation provided if all other requirements have been met.

“Mississippi resident” is defined as an individual who is domiciled in Mississippi or who has maintained a permanent home in this state and spends in the aggregate more than six (6) months each year within the state. Proof of domicile or maintenance of a permanent home includes either a valid Mississippi driver’s license, Mississippi voter registration, valid Mississippi car tag, or Mississippi homestead exemption.

BASE INVESTMENT

Only purchases that have been incurred and paid for as of the MDA certificate effective date are considered eligible for the rebate. Purchases eligible for rebate are approved at the rate of twenty-five percent (25%).

In addition, the purchase of any good or service must satisfy the following criteria to be eligible for the rebate:

- the “vendor” should be considered a Mississippi vendor;
- purchases should have a specified production-related purpose;
- purchases cannot be a personal expenditure for a cast or crew member;
- purchases should be made in accordance with the state’s sales and/or use tax laws; and
- purchases of services should be wholly performed within this state or limited to only the services that were rendered in the state of Mississippi.

Purchases from out-of-state vendors or independent contractors are not eligible for the rebate. However, purchases from a Mississippi vendor that involve a good or service that has been acquired from an out-of-state source may qualify for the rebate if all the following are met:

- the vendor’s business is regularly engaged in providing in kind goods and/or services;
- the vendor’s business is considered to be a permanent (non-transient) business enterprise; and
- the sales transaction is considered to be “at arm’s length” by evidence of a markup that is consistent with industry norms and in which the vendor was not influenced by nor received any assistance in obtaining the good or service from the MPPC.

Note all transactions must be at arm’s length and will be reviewed for reasonableness. The MDOR will only approve purchases, or the portions thereof, that meet the requirements that have been outlined in this section.

Payments for contract labor to a Mississippi resident are eligible for the twenty-five percent (25%) rebate rate of base investment. Payments for contract labor to a non-resident are not eligible for rebate, excluding those payments that have been made to a loan-out company if certain requirements have been met as provided under the Payroll section.

Location rentals for housing, set/filming locations, office spaces, or other production-related purposes are eligible for the rebate.

Airline tickets purchased through a Mississippi travel agent may qualify for the rebate for flights arriving in or departing from airports located in Mississippi; Memphis, TN; New Orleans, LA; Baton Rouge, LA; or Mobile, AL. Flights to an out-of-state location for production related purposes will not qualify for rebate. Purchases of airline tickets through aggregate online websites will not qualify for rebate.

Expenses that are not eligible for base investment include, but are not limited to:

- Purchases from non-Mississippi vendors including online purchases;
- Postage and related supplies;
- Mileage or Box Rentals fees;
- Bank and finance fees;
- Credit card fees;
- Taxes and other fees paid to a government agency; and
- Personal expenses.

PAYROLL

Only the payroll that (1) is related to production or post-production activities inside the State of Mississippi, (2) was incurred and paid for starting as of the MDA certificate 'effective date,' and (3) was subject to Mississippi withholding tax laws is eligible for rebate. Any payroll that is related to production or post-production activities outside the state does not qualify for the rebate and should be excluded from the submission.

A MPPC must register for a Mississippi withholding tax account if it plans to process the project's payroll directly. If using a Mississippi-based payroll service provider, the fees related to the processing and handling of payroll are eligible for rebate at the base investment rate of twenty-five percent (25%).

In cases where the payroll (including fringes) that is paid to an employee exceeds three million dollars (\$3,000,000), only the first three million dollars (\$3,000,000) of the employee's payroll is eligible for rebate. If said employee has multiple positions within a project, then this limit would be applied to the total payroll received by the employee for all related positions.

Mississippi Residents. Resident payroll is eligible for rebate at the rate of thirty percent (30%). To determine residency status, the MDOR may request a copy of the resident's proof of residency for "Mississippi residents" as defined under "Definitions."

Compensation (i.e., 1099, gross income and employer paid fringes) paid to a personal service corporation or loan-out company for production related work rendered while in the State of Mississippi is eligible for rebate under the state's definition of an "employee" provided that an appropriate or reasonable amount of withholding tax has been withheld and remitted to the DOR (see the Loan Out Form) based on the withholding tax tables promulgated by the commissioner. However, compensation paid directly to a Mississippi resident does not qualify for the payroll rebate rate of thirty percent (30%). Instead, the compensation will be eligible for rebate at the base investment rate of twenty-five percent (25%) regardless of whether any tax was withheld. If included among the payroll information and reports, the MDOR will make the appropriate adjustments.

Non-Residents. Non-resident payroll is eligible for rebate at the rate of twenty-five percent (25%) for projects that either (1) are being produced by a Mississippi Production Company or (2) have engaged a pre-qualified Mississippi Production Partner during the application process with MDA in accordance with Miss. Code Ann. Section 57-89-3(a). The MDOR will defer to MDA regarding whether a project is eligible for non-resident payroll via the MDA certificate. Please contact the MDA, Mississippi Film Office, for more information at 601-359-3297.

Compensation (i.e., 1099, gross income and employer paid fringes) paid to a personal service corporation or loan-out company for production related work rendered by a Mississippi resident, considered as an "employee," in the state of Mississippi is eligible for rebate, provided that an appropriate amount of withholding tax has been withheld and remitted to the MDOR (see the Loan Out Form) based on the withholding tax tables promulgated by the commissioner. However, compensation paid directly to a Mississippi resident does not qualify for the payroll rebate rate of thirty percent (30%). Instead, the compensation will be eligible for rebate at the base investment rate of twenty-five percent (25%). If included among the payroll information and reports, the MDOR will make the appropriate adjustments.

Compensation paid directly to a non-Mississippi resident will not be eligible for rebate regardless of whether any tax was withheld.

A MPPC may receive an additional rebate equal to five percent (5%) of the payroll and fringes paid for any employee who is an honorably discharged veteran of the United States Armed Forces and whose wages are subject to the Mississippi Income Tax Withholding Law.

HOW TO APPLY FOR THE INCENTIVE

The MPPC must apply to the Mississippi Film Office within the MDA by submitting the Mississippi Motion Picture Incentive Application before production begins to have its project certified. The MDA will notify the MPPC of its acceptance via letter or email. Contact the Office of Tax Policy at 601-923-7440 for questions concerning the Motion Picture Production Incentive and templates.

Audit by MDOR: To claim the rebate, the MPPC must submit an Excel spreadsheet, to MDOR, upon completion of the project containing a detailed accounting of the base investment and the employee payroll. Proper documentation to prove payment was made by the MPPC that was certified for the rebate is also required. This includes copies of bank statements, credit card statements and any other form of payment used to purchase items eligible for the rebate. The MPPC should also specify at what stage of production the purchase was made: Preproduction, Production or Postproduction.

The Excel spreadsheet and supporting documentation are to be submitted to the MDOR on a USB Flash Drive (USB) and mailed to: Mississippi Department of Revenue, Office of Tax Policy, P.O. Box 22828, Jackson, MS 39225.

Audit by CPA:

The MPPC may also claim the rebate by engaging a qualified accountant to perform a third-party audit. The qualified accountant will perform the audit of the MPPC's production expenditures and verify each base investment, payroll, and fringes expenditure. CPAs engaged to perform a Motion Picture Incentive Submission Audit are required to perform certain steps, please see Miss. Admin. Code Title 35.X.09 or call the Office of Tax Policy at 601-923-7440 to obtain the third-party audit statement requirements.

The rebate is not transferrable.

The Motion Picture Incentive is authorized under Miss. Code Ann. Sections 57-89-1 through 57-89-7, 27-3-87, and is further defined in Title 35, Part X, Chapter 09 of the Mississippi Administrative Code promulgated by the MDOR.

Revised June 1, 2025

D.5. Television Series Incentive

A rebate is available to production companies that have produced a state-certified television series production where the production company has expended at least fifty thousand dollars (\$50,000) in base investment, payroll and/or fringes in this state. Only projects that have been certified by the MDA are eligible for this rebate program.

The Television Series Incentive is a rebate program that was created as an incentive for the television series production industry to locate its production business in Mississippi. The rebate is based on the amount of the base investment made in Mississippi, Mississippi resident employee payroll and fringes, and potentially non-resident employee payroll and fringes. The total amount of rebates authorized for any fiscal year shall not exceed ten million dollars (\$10,000,000).

A production company can purchase certain industry related equipment at a reduced rate of tax. Instead of paying sales tax at the regular retail rate of seven percent (7%) to vendors when making certain purchases, the production company may remit use tax at the rate of one and one-half (1½%) directly to the MDOR. To take advantage of the reduction in tax rates, a production company must first apply for a Mississippi use tax account and then apply for a Direct Pay Permit.

DEFINITIONS

"Production company" is defined as a company that is engaged in the business of producing a (television) series. This term does not include any company owned, affiliated, or controlled, in whole or in part, by any company or person which is in default on a loan made by the state or a loan guaranteed by the state, or any company or person who has ever declared bankruptcy under which an obligation of the company or person to pay or repay public funds or monies was discharged as a part of such bankruptcy.

"Series" is defined as a nationally distributed connected set of television program episodes, consisting of not less than two (2) episodes made in Mississippi, in whole or in part, for viewing through traditional television that is broadcast via cable, satellite or over-the-air aerial antenna systems; the digital distribution of television content as streaming media over the Internet through streaming platforms, which may be viewed on digital devices, such as a personal computer or handheld device; or through DVD release. The term "series" shall not include any production or work under the Motion Picture Production Incentive program or any production or work that contains any material or performances defined in Miss. Code Ann. Section 97-29-103.

"Base investment" is defined as the amount of the actual investment made and expended in Mississippi by a production company in connection with the production of a state-certified production via the purchases of goods and/or services from "Mississippi vendors," as defined below. This term also includes amounts expended in Mississippi by a production company as per diem or housing allowance provided to employees during production in the State of Mississippi.

"Mississippi vendor" is defined as a business that either owns an office building in Mississippi or has signed a lease for office space in Mississippi for at least a year, has at least one employee stationed full time at the Mississippi office, is registered with the MSOS, is known in the trade as a vendor active in the relevant line of business and advertises as a Mississippi vendor. This term also applies to Mississippi residents who are operating as an independent contractor in a specific trade or industry.

"Payroll" is defined as the salary, wages or other compensation including related benefits (i.e., fringes) paid to employees upon which Mississippi income tax is due and has been withheld.

"Fringes" is defined as the costs paid by a production company for employee benefits that are not subject to state income tax. Fringes may include, but are not limited to, payments by an employer for unemployment insurance, Federal Insurance Contribution Act (FICA) taxes, workers' compensation insurance, pension and welfare benefits, and health insurance premiums.

"Employee" is defined as an individual who has been employed by a production company, who is directly involved in the physical production and/or post-production of a television series that is being produced in this state, and whose wages are subject to the Mississippi withholding tax laws. This term may also apply to an individual who (1) has been hired through

a temporary staffing company, a casting agency, or a payroll service provider or (2) has utilized his/her personal service corporation or loan-out company to receive compensation provided if all other requirements have been met.

“Mississippi resident” is defined as an individual who is domiciled in Mississippi or who has maintained a permanent home in this state and spends in the aggregate more than six (6) months each year within the state. Proof of domicile or maintenance of a permanent home includes either a valid Mississippi driver’s license, Mississippi voter registration, valid Mississippi car tag, or Mississippi homestead exemption.

BASE INVESTMENT

Only purchases that have been incurred and paid for as of the MDA certificate effective date are considered eligible for the rebate. Purchases eligible for rebate are approved at the rate of twenty-five percent (25%).

In addition, the purchase of any good or service must satisfy the following criteria to be eligible for the rebate:

- the “vendor” should be considered a Mississippi vendor;
- purchases should have a specified production-related purpose;
- purchases cannot be a personal expenditure for a cast or crew member;
- purchases should be made in accordance with the state’s sales and/or use tax laws; and
- purchases of services should be wholly performed within this state or limited to only the services that were rendered in the State of Mississippi.

Purchases from out-of-state vendors or independent contractors are not eligible for the rebate. However, purchases from a Mississippi vendor that involve a good or service that has been acquired from an out-of-state source may qualify for the rebate if all the following are met:

- the vendor’s business is regularly engaged in providing in kind goods and/or services;
- the vendor’s business is considered to be a permanent (non-transient) business enterprise; and
- the sales transaction is considered to be “at arm’s length” by evidence of a markup that is consistent with industry norms and in which the vendor was not influenced by nor received any assistance in obtaining the good or service from the production company.

Note all transactions must be at arm’s length and will be reviewed for reasonableness. The MDOR will only approve purchases, or the portions thereof, that meet the requirements that have been outlined in this section.

Payments for contract labor to a Mississippi resident are eligible for the twenty-five percent (25%) rebate rate of base investment. Payments for contract labor to a non-resident are not eligible for rebate, excluding those payments that have been made to a loan-out company if certain requirements have been met as provided under the Payroll section.

Location rentals for housing, set/filming locations, office spaces, or other production-related purposes are eligible for the rebate.

Airline tickets purchased through a Mississippi travel agent may qualify for the rebate for flights arriving in or departing from airports located in Mississippi; Memphis, TN; New Orleans, LA; Baton Rouge, LA; or Mobile, AL. Flights to an out-of-state location for production related purposes will not qualify for rebate. Purchases of airline tickets through aggregate online websites will not qualify for rebate.

Expenses that are not eligible for base investment include, but are not limited to:

- Purchases from non-Mississippi vendors including online purchases;
- Postage and related supplies;
- Mileage or Box Rentals fees;
- Bank and finance fees;
- Credit card fees;
- Taxes and other fees paid to a government agency; and
- Personal expenses.

PAYROLL

Only the payroll that (1) is related to production or post-production activities inside the State of Mississippi, (2) was incurred and paid for starting as of the MDA certificate 'effective date,' and (3) was subject to Mississippi withholding tax laws is eligible for rebate. Any payroll that is related to production or post-production activities outside the state does not qualify for the rebate and should be excluded from the submission.

A production company must register for a Mississippi withholding tax account if it plans to process the project's payroll directly. If using a Mississippi-based payroll service provider, the fees related to the processing and handling of payroll are eligible for rebate at the base investment rate of twenty-five percent (25%).

In cases where the payroll (including fringes) that is paid to an employee exceeds three million dollars (\$3,000,000), only the first three million dollars (\$3,000,000) of the employee's payroll is eligible for rebate. If said employee has multiple positions within a project, then this limit would be applied to the total payroll received by the employee for all related positions.

Mississippi Residents. Resident payroll is eligible for rebate at the rate of thirty percent (30%). To determine residency status, the MDOR may request a copy of the resident's proof of residency for "Mississippi residents" as defined under "Definitions."

Compensation (i.e., 1099, gross income and employer paid fringes) paid to a personal service corporation or loan-out company for production related work rendered while in the State of Mississippi is eligible for rebate under the state's definition of an "employee" provided that an appropriate or reasonable amount of withholding tax has been withheld and remitted to the DOR (see the Loan Out Form) based on the withholding tax tables promulgated by the commissioner. However, compensation paid directly to a Mississippi resident does not qualify for the payroll rebate rate of thirty percent (30%). Instead, the compensation will be eligible for rebate at the base investment rate of twenty-five percent (25%) regardless of whether any tax was withheld. If included among the payroll information and reports, the MDOR will make the appropriate adjustments.

Non-Residents. Non-resident payroll is eligible for rebate at the rate of twenty-five percent (25%) for projects that either (1) are being produced by a Mississippi Production Company or (2) have engaged a pre-qualified Mississippi Production Partner during the application process with MDA in accordance with Miss. Code Ann. Section 57-89-3(a). The MDOR will defer to MDA regarding whether a project is eligible for non-resident payroll via the MDA certificate. Please contact the MDA, Mississippi Film Office, for more information at 601-359-3297.

Compensation (i.e., 1099, gross income and employer paid fringes) paid to a personal service corporation or loan-out company for production related work rendered by a Mississippi resident, considered as an "employee," in the state of Mississippi is eligible for rebate, provided that an appropriate amount of withholding tax has been withheld and remitted to the MDOR (see the Loan Out Form) based on the withholding tax tables promulgated by the commissioner. However, compensation paid directly to a Mississippi resident does not qualify for the payroll rebate rate of thirty percent (30%). Instead, the compensation will be eligible for rebate at the base investment rate of twenty-five percent (25%). If included among the payroll information and reports, the MDOR will make the appropriate adjustments.

Compensation paid directly to a non-Mississippi resident will not be eligible for rebate regardless of whether any tax was withheld.

A production company may receive an additional rebate equal to five percent (5%) of the payroll and fringes paid for any employee who is an honorably discharged veteran of the United States Armed Forces and whose wages are subject to the Mississippi Income Tax Withholding Law.

HOW TO APPLY FOR THE INCENTIVE

The production company must apply to the Mississippi Film Office within the MDA by submitting the Television Series Incentive Application before production begins to have its project certified. The MDA will notify the production company of its acceptance via letter or email. Contact the Office of Tax Policy at 601-923-7440 for questions concerning the Television Series Incentive and templates.

Audit by MDOR: To claim the rebate, the production company must submit an Excel spreadsheet, to MDOR, upon completion of the project containing a detailed accounting of the base investment and the employee payroll. Proper documentation to prove payment was made by the production company that was certified for the rebate is also required. This includes copies of bank statements, credit card statements and any other form of payment used to purchase items eligible for the rebate. The production company should also specify at what stage of production the purchase was made: Preproduction, Production or Postproduction.

The Excel spreadsheet and supporting documentation are to be submitted to the MDOR on a USB Flash Drive (USB) and mailed to: Mississippi Department of Revenue, Office of Tax Policy, P.O. Box 22828, Jackson, MS 39225.

Audit by CPA:

The production company may also claim the rebate by engaging a qualified accountant to perform a third-party audit. The qualified accountant will perform the audit of the production company's expenditures and verify each base investment, payroll, and fringes expenditure. CPAs engaged to perform a Television Series Incentive Submission Audit are required to perform certain steps, please see Miss. Admin. Code Title 35.X.09 or call the Office of Tax Policy at 601-923-7440 to obtain the third-party audit statement requirements.

The rebate is not transferrable.

The Television Series Incentive is authorized under Miss. Code Ann. Section 57-89-51.

Revised June 1, 2025

D.6. SMART Business Rebate

SMART Business Accelerate Initiative

The Strengthening Mississippi Academic Research Through (SMART) Business Rebate is available to investors who incur qualified research costs subject to a research agreement with college or research corporations in the State of Mississippi. The SMART Business Accelerate Initiative is to promote the development of state-owned intellectual property and is available to applicants that perform research validation pursuant to a research agreement.

SMART BUSINESS REBATE

The SMART Business Rebate is a program that allows approved investors who incur qualified research costs as a result of having entered into a new research agreement with a Mississippi public university or research corporation to be eligible for a rebate.

The total amount of rebate authorized for an investor is twenty-five percent (25%) of the qualified research costs but may not exceed one million dollars (\$1,000,000) in any fiscal year. The total amount of SMART Business Rebates authorized in any fiscal year may not exceed three million five hundred thousand dollars (\$3,500,000) in the aggregate. Rebates are allocated to investors by the MDOR in the order that SMART Business certificates are issued by the IHL.

Any research performed prior to certification by the IHL or performed outside the State of Mississippi will not be considered qualified research. Also, any research funded by any grant, contract or otherwise by another person or governmental entity will not be considered qualified research.

HOW TO APPLY FOR THE INCENTIVE

Application for certification must be made to the IHL. If it is approved, the IHL will issue a SMART Business Rebate certificate. The IHL will notify the MDOR when a certificate is issued.

TO CLAIM A REBATE:

Once research is complete, or annually if approved for a project spanning multiple years, the investor must submit a Rebate Allocation Claim form (Form 50-124) to MDOR that includes the following:

- Proof of payment to the Mississippi college or research corporation;
- Copy of SMART Business Rebate certificate issued by the IHL;
- Copy of the research agreement; and
- Any other documentation requested by the MDOR.

The MDOR may request an audit from the investor submitting a rebate allocation claim, at the investor's expense, to verify the investor has satisfied the requirements.

SMART BUSINESS ACCELERATE INITIATIVE

The SMART Business Accelerate Initiative is available to applicants that perform research validation pursuant to a research agreement and meet the criteria as set out in Miss. Code Ann. Sections 37-148-1 et seq.

The total amount of disbursement authorized for an applicant will not exceed one hundred fifty thousand dollars (\$150,000) per project for the applicant's qualified validation expenses. The total amount of disbursements issued by the state under the SMART Business Accelerate Initiative in any fiscal year may not exceed one million five hundred thousand dollars (\$1,500,000).

Disbursements made by MDOR will be made in the order that SMART Business Accelerate Initiative disbursement certificates are issued by IHL.

HOW TO APPLY FOR AND CLAIM THE INCENTIVE

Application for certification must be made to the Mississippi Institute of Higher Learning (IHL). If it is approved, the IHL will issue a SMART Business Accelerate Initiative disbursement certificate. The IHL will send the following information to the

MDOR when a certificate is issued and MDOR will issue a disbursement upon approval:

- Cover letter requesting disbursement that includes the applicant's current mailing address;
- Copy of SMART Business Accelerate Initiative disbursement certificate; and
- Copy of federal form W-9.

The SMART Business Rebate and the SMART Business Accelerate Initiative are authorized under Miss. Code Ann. Sections 37-148-1 through 37-148-9. The SMART Business Rebate is further defined in Title 35, Part X, Chapter 10 of the Mississippi Administrative Code promulgated by the MDOR.

Revised June 1, 2025

D.7. Economic Redevelopment Act

A rebate is available for state taxes and fees collected by business enterprises in a redevelopment project area that may be diverted back to the developer to defray remediation costs. The MDA must certify the county or municipality as a redevelopment county or municipality.

“Business enterprise” means any permanent business enterprise, certified by MDA, locating or relocating within a redevelopment project area. The eligible businesses include but are not limited to the following businesses:

- manufacturers • processors • distributors • assemblers • research and development facilities • storage facilities
- wholesalers • warehouses • warehousing activities • scientific laboratories • retailers of goods and services
- recreation and hospitality businesses • restaurants • hotels • sports facilities

EXCEPTION: No gaming business is eligible to receive this incentive.

The Economic Redevelopment Act encourages economic development on and around environmentally contaminated sites in Mississippi. To promote redevelopment, this act provides incentives to defray the remediation costs associated with cleaning either contaminated property abandoned from a bankruptcy estate or a Brownfield property that is subject to a Brownfield agreement under Miss. Code Ann. Section 49-35-11. The act provides for a rebate of state taxes and fees collected and remitted by business enterprises located within a redevelopment project area.

The state taxes and fees collected and remitted by business enterprises located within a redevelopment project area are deposited into the Redevelopment Project Incentive Fund and then paid to the developer by the MDA. In the case of sales taxes, the amounts deposited in the Redevelopment Project Incentive Fund shall be reduced by the diversions required in Section 27-65-75.

“State taxes and fees” means the following taxes imposed on business enterprises within an approved redevelopment area:

1. Any sales tax on sales or certain purchases;
2. All income tax on income earned; and
3. All franchise tax imposed on the value of capital used, invested or employed.

MDA will determine the amount of the incentive for the business enterprises located within the redevelopment project area. To receive any benefit, the developer must request payment of the incentive. The MDA will make incentive payments to an approved participant on a semiannual basis in the months of January and July. Payments made to a developer shall be in the following amounts:

1. For the first six (6) years in which payments are made, the developer will receive one hundred percent (100%) of the funds deposited into the Redevelopment Project Incentive Fund;
2. For the seventh year in which payments are made, the developer will receive eighty percent (80%) of the funds deposited into the Redevelopment Project Incentive Fund;
3. For the eighth year in which payments are made, the developer will receive seventy percent (70%) of the funds deposited into the Redevelopment Project Incentive Fund;
4. For the ninth year in which payments are made, the developer will receive sixty percent (60%) of the funds deposited into the Redevelopment Project Incentive Fund; and
5. For the tenth year and any subsequent year in which payments are made, the developer will receive fifty percent (50%) of the funds deposited into the Redevelopment Project Incentive Fund.

The total aggregate amount of incentive payments that are made to a developer must not exceed two and one-half (2½) times the amount of the allowable cost of remediation of the contaminated site. The Mississippi Department of Environmental Quality and the MDA will jointly determine the allowable cost of remediation of the contaminated site. The MDA shall cease making incentive payments to a developer fifteen (15) years from the date that is two (2) years after the date on which the redevelopment project is approved by the MDA.

HOW TO APPLY FOR THE INCENTIVE

The county and/or municipality must apply to the MDA to be approved as a redevelopment county or municipality. Upon approval, a Mississippi Economic Redevelopment Act Certificate will be issued. For more information on obtaining approval from MDA, contact:

Mississippi Development Authority
Mississippi Economic Redevelopment Act
Business Incentives Division
P O Box 849
Jackson, MS 39205
financial@mississippi.org
(601) 359-3552

The MDA is responsible for notifying the MDOR of any approved redevelopment projects by sending a copy of the Mississippi Economic Redevelopment Act Certificate and certain information regarding businesses that are located in the redevelopment project area. The information should include the business name, Federal Employer Identification Number, sales tax account number, address, and contact information. Notification is also required for any new businesses moving to or leaving the redevelopment project area.

The Economic Redevelopment Act is authorized under Miss. Code Ann. Sections 57-91-1 et seq.

Revised June 1, 2025

E. Property Tax Incentives

E.1. Industrial Exemption

An incentive for new or expanded eligible businesses is available in the form of an exemption from ad valorem taxes on tangible property by application to the local governing authority. Such project may include a new enterprise, an addition, or an expansion or a replacement of equipment necessary in the operation of the eligible business. Eligible businesses include the following:

- manufactures
- processors
- refineries
- warehouses
- distribution centers
- research facilities

The following types of businesses require a designation from MDA to qualify for the Industrial Exemption:

- regional or national headquarters
- air transportation and maintenance facilities
- telecommunication enterprises
- technology intensive enterprises
- controlled environment agriculture enterprises
- movie industry studios
- recreational facilities that impact tourism
- data information processing enterprises
- data centers (as defined in Miss. Code Ann. Section 57-113-21)
- health care industry facilities

After June 30, 2026, health care industry facilities, as defined by Miss. Code Ann. Section 57-117-3, will no longer be eligible for this incentive.

EXCEPTION: No medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this exemption.

Up to a ten (10) year exemption from ad valorem taxes on tangible property may be granted by local governing authorities. These local governing authorities are the board of supervisors for the county and the municipal authorities for the city. The exemption granted is for all local ad valorem taxes, except for the following:

- school district taxes on any property;
- taxes on finished goods; and
- taxes on rolling stock.

The tangible property exempted usually includes real property (land, building, and land improvements), machinery/equipment, furniture/fixtures, raw materials, and work-in-process.

Any request for an exemption must be made in writing by June 1st of the year immediately following the date of completion of a new enterprise or an addition or expansion by an existing enterprise. The request should be in the form of an application. Separate applications must be filed with the city and county if requesting an exemption from both city and county ad valorem taxes. The local governing authorities must then send the original application and a certified transcript of a resolution of approval to the MDOR. The MDOR will then determine the eligibility of the property.

The exemption is for the specific tangible property included in the exemption application for a particular project and not for any additional tangible property that might be added later. A project may include a new enterprise, an addition, or an expansion or a replacement of equipment necessary in the operation of the enterprise. Applications for additions, expansions or replacements may be granted regardless of whether a company is currently exempt on a previous project.

When the initial exemption granted is for a period of less than ten (10) years, the local governing authorities may grant a subsequent consecutive period(s) to follow the initial exemption. However, the total time period of all the exemptions granted for a specific project cannot exceed ten (10) years.

If the initial request for the exemption is not timely made, the Board of Supervisors or Municipal Authorities may grant a subsequent request for the exemption and, in such case, the exemption shall begin on the anniversary date of completion of the enterprise in the year in which the request is made but may be extended for a period of time not more than ten (10) years from the original date of completion of a new enterprise or an expansion. Any subsequent request for the exemption must be made in writing by June 1st of the year in which it is granted.

The ad valorem tax exemption granted by a local government to a new enterprise shall continue even though there is a change from leasehold to a fee title in an enterprise financed with bonds issued for the development of lands for industrial purposes or bonds issued under Miss. Code Ann. Sections 57-10-1 et seq., Small Business Assistance.

If at any time during an authorized period of exemption the company ceases activity for a continuous period of twelve months or the company has obtained the exemption under fraudulent misrepresentation, the exemption shall be cancelled. If the company resumes activities, then it may apply for a new exemption for the activities from such point forward for the remaining period.

For new enterprises, expansions or replacements of equipment exceeding a minimum total investment, local governing authorities may grant a fee in lieu of ad valorem taxes which will be negotiated and given final approval by the MDA. Applicable minimum investment thresholds of sixty million dollars (\$60,000,000) or one hundred million dollars (\$100,000,000) depend on the type of enterprise. The minimum fee allowable cannot be less than one-third (1/3) of the property tax levy, including ad valorem for school district purposes. The minimum fee allowable for renewable energy projects cannot be less than one-tenth (1/10) of the property tax levy. The fee in lieu agreement may continue for a period of up to thirty (30) years from the date of the agreement, however, no particular parcel of land, real property improvement or item of tangible personal property will be subject to the fee in lieu for more than ten (10) years.

HOW TO APPLY FOR THE INCENTIVE

- The company must file an application with the local governing authority by June 1st. Use the correct statute as to "new" enterprise or "expanded" replacement of equipment, etc., on all applications and board resolutions.
- The local governing authorities will forward the original application, a certified transcript of the resolution of approval, and a copy of the position statement of the Tax Assessor to the MDOR.
- A certificate of approval will be sent to the local governing authorities after the MDOR determines if the property is eligible for exemption.
- The local governing authorities shall forward a copy of the final board order to the State Auditor's Office and to the MDOR.

Contact the County Tax Assessor in the county where the business is located with any questions.

The Ad Valorem Tax Exemption Incentive is authorized under Miss. Code Ann. Sections 27-31-101 through 27-31-115 and is further defined by Title 35, Part VI, Subpart 01, Chapter 04 of the Mississippi Administrative Code.

Revised June 1, 2025

E.2. Free Port Warehouse Exemption

An ad valorem tax exemption is available to a warehouse or storage facility that is designated as a free port warehouse, as defined by Miss. Code Ann. Section 27-31-51(2).

EXCEPTION: No medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this exemption.

Warehouses, public or private, or other storage facilities in the State of Mississippi that are regularly engaged in the handling and storage of personal property are eligible to apply for licensing as a free port warehouse. Caves or cavities in the earth, whether natural or artificial, are not eligible for the license. To be designated a free port warehouse, the facility would apply for a free port warehouse license with their local governing authorities. These local governing authorities are the board of supervisors for the county and the municipal authorities for the city. Once designated a free port warehouse, the licensee will be eligible for exemption from ad valorem taxes on personal property in final form being shipped out of state.

Such personal property shall not be deprived of exemption because while in a warehouse, the property is bound, divided, broken in bulk, labeled, relabeled, or repackaged. The personal property in transit includes such property which is (a) moving in interstate commerce through or over Mississippi, (b) which was consigned or transferred to a licensed free port warehouse for storage in transit to a final destination outside of Mississippi, (c) manufactured in Mississippi and stored in separate facilities maintained by a manufacturer that is licensed as a free port warehouse, pending transit to a final destination outside Mississippi, or, (d) consigned or when transferred to a licensed free port warehouse for storage pending transit to not more than one (1) other location in Mississippi for production or processing into a component or part that is then transferred to a final destination outside the State. The personal property may be exempt from all ad valorem taxes imposed by the respective county or municipality for a period of time set by the governing authority.

Each licensed free port warehouse must file with the County Tax Assessors an inventory of all personal property located inside the warehouse as of January 1st of each year. This inventory listing must be submitted before March 31st of each year. At the end of the year, a report of the percentage of all personal property that was shipped to a destination outside the state to the total of all personal property shipped anywhere must be calculated. This percentage is then applied to the total value of all property contained in the inventory of the free port warehouse as of January 1st. If the result is less than the amount of the initial exemption, the difference shall be deducted from the exemption and that amount shall be collected.

HOW TO APPLY FOR THE INCENTIVE

- The warehouse or storage facility shall file an application with the local governing authorities for a license to operate as a free port warehouse.
- The free port warehouse must file an inventory report by March 31st each year with the County Tax Assessor.
- The free port warehouse must file by March 31st with the County Tax Assessor a percentage calculation of the actual inventory shipped outside of Mississippi to total inventory shipped.

Contact the County Tax Assessor in the county where the business is located if you have questions.

The Free Port Warehouse Exemption Incentive is authorized under Miss. Code Ann. Sections 27-31-51 through 27-31-61.

Revised June 1, 2025

E.3. Ad Valorem Exemption for Growth and Prosperity (GAP) Areas

An ad valorem tax exemption is available for a qualified business within a Growth and Prosperity (GAP) Area for a ten (10) year period.

EXCEPTION: No retail establishment, gaming business or casino, electrical generation facility, or medical cannabis establishment as defined in the Mississippi Medical Cannabis Act is eligible to receive this exemption.

The Ad Valorem Tax Exemption for GAP Area businesses was created to encourage businesses to locate facilities and hire individuals in areas that have a certain percentage of the population below the federal poverty level or have an unemployment rate that is two hundred percent (200%) of the state's average unemployment rate. A county or supervisor's district must apply to MDA to be designated as a GAP Area. After the application has been approved, the GAP Area is issued a certificate of public convenience and necessity. An eligible business that constructs a new facility or expands an existing facility located in a GAP Area can apply to MDA to be exempted from county and state taxes for a period of ten (10) years or until December 31, 2029, whichever occurs first and an exemption from municipal taxes for a period of ten (10) years until December 31, 2033, whichever occurs first. A business that relocates from a county in Mississippi to a GAP Area is not eligible for the exemption.

Local taxes mean any county or municipal ad valorem taxes except for the school, fire, and police portions of the tax.

The business must be in compliance with all state and local tax laws and related ordinances and resolutions to be eligible for the exemption. Such exemption is not transferable and cannot be applied, used, or assigned to any other entity.

For more information on the GAP areas, contact:

Mississippi Development Authority
Business Incentives Division
Post Office Box 849
Jackson, MS 39205
financial@mississippi.org
601-359-3552

The exemption from local ad valorem taxes is based on the business's property, both real and personal, located in the GAP Area. Included is any county or municipality which has given its consent to participate in the GAP Program through its board of supervisors or the municipal governing board, council commission or other legal authority. The exemption applies to all ad valorem taxes, except those portions that represent levies for schools, fire, and police services.

If the business enterprise is located in an area that has been declared by the Governor to be a disaster area and as a direct result of the disaster the business is unable to use the exemption from state taxes, the MDA may extend the period of time during which the minimum requirements must be met and the exemption may be taken for a period of time not to exceed two (2) years or until December 31, 2033, whichever comes first.

HOW TO APPLY FOR THE INCENTIVE

The company must file the application with the MDA to apply for exemption.

Contact the County Tax Assessor in the county where the business is located if you have questions.

The Ad Valorem Tax Exemption for Growth and Prosperity (GAP) Areas is authorized under Miss. Code Ann. Sections 57-80-1 through 57-80-11.

Revised June 1, 2025

E.4. Ad Valorem Exemption for Broadband Technology Equipment

An ad valorem tax exemption is available for telecommunications businesses on the purchase of equipment used in the deployment of broadband technology.

EXCEPTION: Radio stations, television stations and news organizations are not considered telecommunications businesses and are not eligible for this exemption.

This incentive was created to encourage telecommunications businesses to invest in the infrastructure needed to develop high-speed access to the Internet for all counties in the state.

The exemption is available on certain qualifying equipment placed in service on or between July 1, 2003, through June 30, 2025. The exemption is good for a period of ten (10) years from the date the equipment is placed in service.

The exemption is available on certain qualifying equipment used in the deployment of fixed broadband technologies by a telecommunications enterprise that is placed in service after June 30, 2025, and before July 1, 2030, and capable of transmission at average speeds per customer at least equal to the Federal Communications Commission's (FCC's) fixed broadband speed benchmarks in both directions, shall be exempt from ad valorem taxation for a period of ten (10) years after the date such equipment is placed in service, or for such period the equipment remains capable of speeds at least equal to the FCC's then-current fixed broadband speed benchmarks in both directions, whichever period is less.

The exemption is available on certain qualifying equipment used in the deployment of mobile broadband technologies by a telecommunications enterprise that is placed in service after June 30, 2025, and before July 1, 2030, and capable of transmission at average speeds not less than thirty-five (35) megabits per second downlink and three (3) megabits per second uplink, shall be exempt from ad valorem taxation for a period of five (5) years after the date such equipment is placed in service.

HOW TO APPLY FOR THE INCENTIVE

The taxpayer must claim exemption with the applicable local governing authority. The taxpayer must submit a certified, sworn description of such equipment, including transmission speeds, to the tax assessor of the county in which such equipment is located, on or before April 1 of the first assessment year in which the exemption is being claimed.

Contact the County Tax Assessor in the county where the business is located if you have questions.

The Ad Valorem Tax Exemption for Broadband Technology is authorized under Miss. Code Ann. Section 57-87-7.

Revised June 1, 2025

E.5. Ad Valorem Exemption for Renewable Energy Projects

Ad valorem tax exemptions are available for certain renewable energy projects. Eligible projects include a facility that generates energy using a renewable energy source such as wind, water, biomass, or solar.

A project with a capital investment from private sources of not less than one hundred million dollars (\$100,000,000), may be exempted by the county board of supervisors from ad valorem taxation up to an amount not to exceed fifty percent (50%) of the total assessed value of the project per Miss. Code Ann. Section 27-31-46. The exemption includes all property, whether real, personal or mixed, including fixtures and leaseholds utilized in the project, including, but not limited to, operational and environmental property utilized in the project. The facility must be placed in operation after April 16, 2021.

A project that is eligible for an ad valorem tax exemption under Miss. Code Ann. Section 27-31-46, and for which initial construction begins on or after July 1, 2022, but not later than December 31, 2027, may be allowed an exemption from ad valorem taxation. The exemption is for one-half ($\frac{1}{2}$) of the true value of property of the project that is subject to a fee-in-lieu of ad valorem taxes pursuant to an agreement under Miss. Code Ann. Section 27-31-104. The exemption is authorized by the county board of supervisors and/or municipal governing authorities for a period of ten (10) years from and after the date of the expiration of such fee-in-lieu of ad valorem taxes. Any exemption from ad valorem taxation allowed under Miss. Code Ann. Section 27-31-46.1 must be authorized by a county board of supervisors and/or municipal governing authorities before July 1, 2026.

HOW TO APPLY FOR THE INCENTIVE

The taxpayer must claim exemption with the applicable local governing authority.

Contact the County Tax Assessor in the county where the business is located if you have questions.

The Ad Valorem Tax Exemption for Renewable Energy Projects is authorized under Miss. Code Ann. Sections 27-31-46 and 27-31-46.1.

Revised June 1, 2025

E.6. Qualifying Charitable Organizations Tax Credit

Qualifying Foster Care Charitable Organizations Tax Credit

An income tax credit is available for voluntary cash contributions to a “qualifying charitable organization” (QCO) or a “qualifying foster care charitable organization” (QFCCO). The tax credit may be carried forward for five (5) years. The aggregate amount of the credits that may be awarded shall not exceed one million dollars (\$1,000,000). The credit allowed by this section is in lieu of a deduction pursuant to Section 170 of the Internal Revenue Code and taken for state tax purposes.

An income tax credit is available for voluntary cash contributions from individuals made to a QCO. The amount of the credit is limited to the lesser of twelve hundred dollars (\$1,200) or the amount of the contribution in any taxable year for a single individual or a head of household, and the lesser of twenty-four hundred dollars (\$2,400) or the amount of the contribution in any taxable year for a married couple filing a joint return. A credit will also be allowed against ad valorem taxes and will be limited to an amount not to exceed fifty percent (50%) of the total ad valorem tax liability. Any credit claimed but not used may be carried forward for five (5) years.

A separate credit is available for voluntary cash contributions during the taxable year made to a QFCCO. The amount of the credit is limited to the lesser of fifteen hundred dollars (\$1,500) or the amount of the contribution in any taxable year for a single individual or a head of household, and the lesser of three thousand dollars (\$3,000) or the amount of the contribution in any taxable year for a married couple filing a joint return. A credit will also be allowed against ad valorem taxes and will be limited to an amount not to exceed fifty percent (50%) of the total ad valorem tax liability. Any credit claimed but not used may be carried forward for five (5) years.

A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half (1/2) of the tax credit that would have been allowed for a joint return.

Contributions cannot be used for other state charitable contribution credits and cannot be used as a deduction for state income tax purposes.

QUALIFYING CHARITABLE ORGANIZATIONS

A QCO means a charitable organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code or is a designated community action agency that receives community services block grant program monies pursuant to 42 USC 9901. The organization must spend at least fifty percent (50%) of its budget on services to residents of this state who receive temporary assistance for needy families benefits, low-income residents of this state and their households, or to children who have a chronic illness or physical, intellectual, developmental, or emotional disability who are residents of this state. “Low-income residents” are persons whose household income is less than one hundred fifty percent (150%) of the federal poverty level. “Services” means (1) cash assistance, medical care, child care, food, clothing, shelter, and job-placement services or any other assistance that is reasonably necessary to meet immediate basic needs and that is provided and used in this state; (2) job-training or education services or funding for parents, foster parents or guardians; or (3) job-training or education services or funding provided as part of a foster care independent living program.

Taxpayers choosing to make donations through an umbrella charitable organization that collects donations on behalf of member charities must designate that the donation be directed to a member charitable organization that would qualify under this section on a stand-alone basis. A QCO does not include any entity that provides, pays for, or provides coverage of abortions or that financially supports any other entity that provides, pays for, or provides coverage of abortions.

HOW TO QUALIFY AS A QCO

To qualify as a QCO, the organization must submit a letter ruling request including the following:

1. Contact information including phone number, email address, mailing address, and physical address if different from mailing address.
2. A statement that the organization meets all criteria to be considered a QCO signed by an officer of the organization under penalties of perjury.

3. A copy of the exemption letter from the IRS verifying the organization qualifies under Section 501(c)(3) of the Internal Revenue Code or verification that the organization is a designated community action agency under 42 USC 9901.
4. An operating budget for the prior year.
5. A list of services provided by the organization.
6. A detailed schedule of total expenses for the prior year with a breakout of amounts expended on services to residents of this state who:
 - a. Receive temporary assistance for needy families benefits,
 - b. Are low-income residents of this state, and/or
 - c. Are children who have a chronic illness or physical, intellectual, developmental, or emotional disability.
7. The total number of individuals who received services from the organization in the prior year.
8. The total number of Mississippi residents who received services in the prior year and meet the criteria in number 6 above.
9. Copy of prior year's federal income tax return and financial statements.
10. A statement that the organization plans to continue spending at least fifty percent (50%) of its budget on services to individuals who meet the criteria in number 6 above.
11. Charitable organizations that do not spend at least fifty percent (50%) of their overall budget in Mississippi may still qualify if they meet all other requirements for a QCO. These organizations must submit a statement that they spend at least fifty percent (50%) of their Mississippi budget on services to qualified individuals in Mississippi and that one hundred percent (100%) of the voluntary cash contributions they receive from Mississippi taxpayers will be spent on services to qualified individuals in Mississippi.
12. A statement that the organization does not provide, pay for, or provide coverage of abortions and does not financially support any other entity that provides, pays for, or provides coverage of abortions.

QUALIFYING FOSTER CARE CHARITABLE ORGANIZATION

A QFCCO means a qualifying charitable organization that each year provides services to at least one hundred (100) qualified individuals in this state and spends at least fifty percent (50%) of its budget on services to qualified individuals in this state. A "qualified individual" means a child in a foster care placement program established by the Department of Child Protection Services, a child placed under the Safe Families for Children model, or a child at significant risk of entering a foster care placement program established by the Department of Child Protection Services.

A charitable organization that meets all other requirements but does not spend at least fifty percent (50%) of its overall budget in Mississippi may still be a QFCCO. The charitable organization may still qualify if it spends at least fifty percent (50%) of its Mississippi budget on services to qualified individuals in Mississippi and it certifies to the MDOR that one hundred percent (100%) of the voluntary cash contributions from the taxpayer will be spent on services to qualified individuals in Mississippi.

HOW TO QUALIFY AS A QFCCO

To be considered as a QFCCO, the organization must submit a letter ruling request including the following:

1. Contact information including phone number, email address, mailing address, and physical address if different from mailing address.
2. A statement that the organization meets all criteria to be considered a QFCCO signed by an officer of the organization under penalties of perjury.
3. A copy of the exemption letter from the IRS verifying the organization qualifies under Section 501(c)(3) of the Internal Revenue Code or verification that the organization is a designated community action agency under 42 USC 9901.
4. An operating budget for the prior year.
5. A list of services provided by the organization.
6. A detailed schedule of total expenses for the prior year with a breakout of amounts expended on services to qualified individuals in Mississippi who:
 - a. Are children in a foster care placement program established by the Department of Child Protection Services,
 - b. Are children placed under the Safe Families for Children model, and/or
 - c. Are children at significant risk of entering a foster care placement program established by the Department of Child Protection Services.

7. The total number of individuals who received services from the organization in the prior year.
8. The total number of qualified individuals who received services in the prior year and meet the criteria in number 6 above.
9. Copy of prior year's federal income tax return and financial statements.
10. Copy of prior year's financial statements.
11. A statement that the organization plans to continue spending at least fifty percent (50%) of its budget on services to individuals who meet the criteria in number 6 above.
12. Charitable organizations that do not spend at least fifty percent (50%) of their overall budget in Mississippi may still qualify if they meet all other requirements for a QFCCO. These organizations must submit a statement that they spend at least fifty percent (50%) of their Mississippi budget on services to qualified individuals in Mississippi and that one hundred percent (100%) of the voluntary cash contributions they receive from Mississippi taxpayers will be spent on services to qualified individuals in Mississippi.
13. A statement that each operating year it provides services to at least one hundred (100) qualified individuals in this state.
14. A statement that the organization does not provide, pay for, or provide coverage of abortions and does not financially support any other entity that provides, pays for, or provides coverage of abortions.

A letter acknowledging the approval or denial of the organization as a QCO or a QFCCO will be issued. Please see our webpage concerning letter rulings for more information at: <https://www.dor.ms.gov/office-of-tax-policy>.

The MDOR maintains a webpage that lists all the approved QCOs and QFCCOs located at: <https://www.dor.ms.gov/credits/QCO-QFCCO>.

The organization must notify the MDOR of any changes that may affect any of the qualifications above.

HOW TO APPLY FOR THE CREDIT

A taxpayer can apply to be pre-approved for an allocation of credits with the MDOR using the "Apply for a Charitable Contribution Credit" link located at <https://tap.dor.ms.gov/>. Once the application has been submitted, a confirmation number along with a summary of the application will be generated and emailed to the e-mail address provided. The donation deadline and details for providing proof of the donation are included in a letter sent to the donor within thirty (30) days of the application date. A donor must make their donation within sixty (60) days of the MDOR's letter earmarking the requested allocation or by December 31st of the current year, whichever occurs first.

A donor may upload proof of their donation using the "Upload Requested Documentation" link available on the TAP home page (<https://tap.dor.ms.gov>) under the Upload Documents section. A login is not required to upload the proof of donation. However, the Letter ID included on the Proof Requested letter sent by the MDOR is required to upload the proof of donation. Usually, within thirty (30) days of the MDOR receiving the donor's proof of donation, the MDOR will mail the donor a letter confirming receipt of the proof of donation and credit status.

All contributions must be received by the charitable organization during the calendar year to be claimed on the return.

HOW TO CLAIM THE CREDIT

When filing the state income tax return claiming the credit, the individual should attach the Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward and indicate the name of the qualified organization. The QCO tax code is 34 and the QFCCO tax code is 35.

If a credit for ad valorem taxes is available, the MDOR will provide the donor with an Ad Valorem Schedule printed on security paper. This schedule must be presented to and completed by the County Tax Collector in the county where the ad valorem tax is due. The County Tax Collector will record the credits and retain a copy of the schedule for their records, while returning the original to the donor. The County Tax Collector will then forward the necessary documentation to the MDOR for reimbursement of the utilized credits. The credits are limited to fifty percent (50%) of the donor's ad valorem tax liability for real property within that county. The credit may be claimed upon receipt of the Ad Valorem Schedule and can be applied in multiple counties. Credits expire five (5) years from the tax year indicated on the Ad Valorem Schedule.

Pass-through entities awarded credits must provide the MDOR with a schedule of amounts allocated to its members by the end of the taxable year.

Documentation must be maintained by the taxpayer and provided upon request.

The Qualifying Charitable Organizations Tax Credit and the Qualifying Foster Care Charitable Organizations Tax Credit are authorized under Miss. Code Ann. Section 27-7-22.39.

Revised June 1, 2025

E.7. Eligible Charitable Business Contribution Tax Credit

A tax credit is available for voluntary cash contributions to an eligible charitable organization ("ECO"). ECOs include educational services charitable organizations ("ESCO"). The amount of the credit is limited to fifty percent (50%) of the taxpayer's total income tax liability, fifty percent (50%) of the taxpayer's total insurance premium tax liability, fifty percent (50%) of the taxpayer's total insurance premium retaliatory tax liability, and, in the case of taxpayers not operating as a corporation, fifty percent (50%) of the total real property ad valorem tax liability. The aggregate amount of the credits that may be awarded shall not exceed eighteen million dollars (\$18,000,000). Nine million dollars (\$9,000,000) is provided for both ECOs and ESCOs. The tax credit may be carried forward for five (5) years.

The tax credit is only available to a taxpayer who is a business enterprise engaged in commercial, industrial, or professional activities and operating as a corporation, limited liability company, partnership, or sole proprietorship.

Taxpayers may utilize the credit against income tax, insurance premium tax, and insurance premium retaliatory tax. Taxpayers, not operating as a corporation, may also utilize the credit against ad valorem taxes on real property. Contributions cannot be used for other state charitable contribution credits and cannot be used as a deduction for state income tax purposes.

HOW TO QUALIFY AS AN ELIGIBLE CHARITABLE ORGANIZATION

To qualify as an ECO, the organization must submit a letter ruling request to the MDOR including the following:

1. Contact information including phone number, email address, mailing address, and physical address if different from mailing address.
2. A copy of the exemption letter from the IRS verifying the organization qualifies under Section 501(c)(3) of the Internal Revenue Code.
3. A statement, signed by an officer of the organization under penalties of perjury, that the organization meets all criteria to be considered an ECO.
4. A statement that the organization does not provide, pay for, or provide coverage of abortions and does not financially support any other entity that provides, pays for, or provides coverage of abortions.
5. A statement that the funds generated from the tax credit shall be used for educational resources, staff, and expenditures and/or other purposes described in Miss. Code Ann. Section 27-7-22.41.
6. Documentation that the organization is:
 - (i) Licensed by or under contract or agreement with the Department of Child Protection Services and provides services for the following:
 - a. The prevention and diversion of children from custody with the Department of Child Protection Services;
 - b. The safety, care, and well-being of children in custody with the Department of Child Protection Services; or
 - c. The express purpose of creating permanency for children through adoption.

OR

- (ii) An educational services organization that provides services to:
 - a. Children in a foster care placement program established by the Department of Child Protection Services, children placed under the Safe Families for Children model, or children at significant risk of entering a foster care placement program established by the Department of Child Protections Services;
 - b. Children who have a chronic illness or physical, intellectual, developmental, or emotional disability; or
 - c. Children eligible for free or reduced-price meals programs under Miss. Code Ann. Section 37-11-7 or selected for participation in the Promise Neighborhoods Program sponsored by the U.S. Department of Education.

HOW TO QUALIFY AS AN EDUCATIONAL SERVICES CHARITABLE ORGANIZATION

Educating children must be the primary goal of an ESCO.

An ESCO provides instruction, tutoring or training delivered by teachers or instructors that explain, tell, demonstrate, supervise, and direct to help students learn. They may provide opportunities for academic enrichment activities during non-school hours or periods when school is not in session, such as before and after school or during summer recess. Services

can be provided through diverse means including internet or other electronic and distance learning methods as well as sign language.

Providing scholarships, day-care, therapy, or treatment does not qualify as educational services.

To qualify as an ESCO please submit the following:

1. The information requested in numbers 1 through 5 under “How to Qualify as an Eligible Charitable Organization.”
2. The number of students served in Mississippi in each category in 6(ii) a-c, above.
3. The total number of students served in Mississippi.
4. A list of services provided by the organization.
5. Documentation that the organization is accredited by a regional accrediting organization (RAO). A RAO is an independent nongovernmental organization that offers institution wide academic accreditation to schools and/or charitable organizations offering education in Mississippi, ensuring that they meet acceptable levels of quality. The organization must offer accreditation as an ongoing process, the initial earning of accreditation cannot guarantee indefinite accredited status. An accrediting organization that is not limited to a specific region or regions may qualify as a RAO if it has different educational requirements for different regions including Mississippi. Examples include but are not limited to the Mid-South Association of Independent Schools or the Southern Association of Colleges and Schools.

A letter acknowledging the approval or denial of the organization as an ECO will be issued. Please see our webpage concerning letter rulings for more information at <https://www.dor.ms.gov/office-of-tax-policy>.

The MDOR maintains a webpage that lists all approved ECOs at: <https://www.dor.ms.gov/credits/ECO-ESCO>.

The organization must notify the MDOR of any changes that may affect any of the qualifications above.

HOW TO APPLY FOR THE CREDIT

A taxpayer can apply to be pre-approved for an allocation of credits with the MDOR using the “Apply for a Charitable Contribution Credit” link located at <https://tap.dor.ms.gov/>. Once the application has been submitted, a confirmation number along with a summary of the application will be generated and emailed to the e-mail address provided. The donation deadline and details for providing proof of the donation are included in a letter sent to the donor within thirty (30) days of the application date. A donor must make their donation within sixty (60) days of the MDOR’s letter earmarking the requested allocation or by December 31st of the current year, whichever occurs first.

A donor may upload proof of their donation using the “Upload Requested Documentation” link available on the TAP home page (<https://tap.dor.ms.gov>) under the Upload Documents section. A login is not required to upload the proof of donation. However, the Letter ID included on the Proof Requested letter sent by the MDOR is required to upload the proof of donation. Usually, within thirty (30) days of the MDOR receiving the donor’s proof of donation, the MDOR will mail the donor a letter confirming receipt of the proof of donation and credit status.

All contributions must be received by the charitable organization during the calendar year to be claimed on the return.

HOW TO CLAIM THE CREDIT

When filing the state income tax return claiming the income tax credit, the taxpayer must attach the Mississippi Tax Credit Summary Schedule showing all credits taken, any credit carryforward, and the name of the qualified ECO. The Eligible Charitable Business Contribution Tax Credit code is 36.

If a credit for ad valorem taxes is available, the MDOR will provide the donor with an Ad Valorem Schedule printed on security paper. This schedule must be presented to and completed by the County Tax Collector in the county where the ad valorem tax is due. The County Tax Collector will record the credits and retain a copy of the schedule for their records, while returning the original to the donor. The County Tax Collector will then forward the necessary documentation to the MDOR for reimbursement of the utilized credits. The credits are limited to fifty percent (50%) of the donor’s ad valorem tax

liability for real property within that county. The credit may be claimed upon receipt of the Ad Valorem Schedule and can be applied in multiple counties. Credits expire five (5) years from the tax year indicated on the Ad Valorem Schedule.

Credits claimed on the Insurance Premium Tax Return, or the Insurance Premium Retaliatory Tax Return are to be reported on the appropriate line.

Pass-through entities awarded credits must provide the MDOR with a schedule of amounts allocated to its members by the end of the taxable year.

Documentation must be maintained by the taxpayer and provided upon request.

The Eligible Charitable Organizations Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.41.

Revised June 1, 2025

E.8. Pregnancy Resource Charitable Organization Contribution Tax Credit

A tax credit is available for voluntary cash contributions made to pregnancy resource charitable organizations (PRCO). The amount of the credit is limited to fifty percent (50%) of the taxpayer's total income tax liability, fifty percent (50%) of the taxpayer's total insurance premium tax liability, fifty percent (50%) of the taxpayer's total insurance premium retaliatory tax liability, and fifty percent (50%) of the total real property ad valorem tax liability. The aggregate amount of tax credits that may be allocated by the MDOR during a calendar year shall not exceed ten million dollars (\$10,000,000). The tax credit may be carried forward for five (5) years.

The tax credit is only available to a taxpayer who is a business enterprise engaged in commercial, industrial, or professional activities and operating as a corporation, partnership, limited liability company, or sole proprietorship.

Taxpayers may utilize the credit against income tax, insurance premium tax, insurance premium retaliatory tax, and ad valorem taxes on real property. Contributions cannot be used for other state charitable contribution credits and cannot be used as a deduction for state income tax purposes.

A PRCO is an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and is a pregnancy resource center or crisis center.

To qualify as a PRCO, the organization must submit a letter ruling request to the MDOR including the following:

1. Contact information including phone number, email address, mailing address, and physical address if different from mailing address.
2. A copy of the exemption letter from the IRS verifying the organization qualifies under Section 501(c)(3) of the Internal Revenue Code.
3. A statement that no more than twenty percent (20%) of the contributions received from the tax credit will be spent on administrative purposes.
4. A certification that the organization has annually filed the publicly available IRS filings with the Secretary of State.
5. A statement that the organization does not provide, pay for, or provide coverage of abortions and does not financially support any other entity that provides, pays for, or provides coverage for abortions.
6. A statement, signed by an officer of the organization under penalties of perjury, that the organization meets all criteria to be considered an PRCO.

A letter acknowledging the approval or denial of the organization as an PRCO will be issued. Please see our webpage concerning letter rulings for more information at <https://www.dor.ms.gov/office-of-tax-policy>.

The MDOR maintains a webpage that lists all approved PRCOs at: <https://www.dor.ms.gov/credits/PRCO>.

The organization must notify the MDOR of any changes that may affect any of the qualifications above.

HOW TO APPLY FOR THE CREDIT

A taxpayer can apply to be pre-approved for an allocation of credits with the MDOR using the "Apply for a Charitable Contribution Credit" link located at <https://tap.dor.ms.gov/>. Once the application has been submitted, a confirmation number along with a summary of the application will be generated and emailed to the e-mail address provided. The donation deadline and details for providing proof of the donation are included in a letter sent to the donor within thirty (30) days of the application date. A donor must make their donation within sixty (60) days of the MDOR's letter earmarking the requested allocation or by December 31st of the current year, whichever occurs first.

A donor may upload proof of their donation using the "Upload Requested Documentation" link available on the TAP home page (<https://tap.dor.ms.gov>) under the Upload Documents section. A login is not required to upload the proof of donation. However, the Letter ID included on the Proof Requested letter sent by the MDOR is required to upload the proof of donation. Usually, within thirty (30) days of the MDOR receiving the donor's proof of donation, the MDOR will mail the donor a letter confirming receipt of the proof of donation and credit status.

All contributions must be received by the charitable organization during the calendar year to be claimed on the return.

HOW TO CLAIM THE CREDIT

When filing the state income tax return claiming the income tax credit, the taxpayer must attach the Mississippi Tax Credit Summary Schedule showing all credits taken, any credit carryforward, and the name of the qualified PRCO. The Pregnancy Resource Charitable Organizations Tax Credit code is 39.

If a credit for ad valorem taxes is available, the MDOR will provide the donor with an Ad Valorem Schedule printed on security paper. This schedule must be presented to and completed by the County Tax Collector in the county where the ad valorem tax is due. The County Tax Collector will record the credits and retain a copy of the schedule for their records, while returning the original to the donor. The County Tax Collector will then forward the necessary documentation to the MDOR for reimbursement of the utilized credits. The credits are limited to fifty percent (50%) of the donor's ad valorem tax liability for real property within that county. The credit may be claimed upon receipt of the Ad Valorem Schedule and can be applied in multiple counties. Credits expire five (5) years from the tax year indicated on the Ad Valorem Schedule.

Credits claimed on the Insurance Premium Tax Return, or the Insurance Premium Retaliatory Tax Return are to be reported on the appropriate line.

Pass-through entities awarded credits must provide the MDOR with a schedule of amounts allocated to its members by the end of the taxable year.

Documentation must be maintained by the taxpayer and provided upon request.

The Pregnancy Resource Charitable Organization Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.43.

Revised June 1, 2025

E.9. Eligible Transitional Housing Organization Contribution Tax Credit

A tax credit is available for voluntary cash contributions made to eligible transitional housing organizations (ETHO). This credit is available to both individual and business taxpayers. The amount of the credit is limited to fifty percent (50%) of the taxpayer's total income tax liability, fifty percent (50%) of the taxpayer's total insurance premium tax liability, fifty percent (50%) of the taxpayer's total insurance premium retaliatory tax liability, and fifty percent (50%) of the total real property ad valorem tax liability. The aggregate amount of tax credits that may be allocated by the MDOR during a calendar year shall not exceed one million dollars (\$1,000,000) for individual taxpayers and ten million (\$10,000,000) for business taxpayers. The tax credit may be carried forward for five (5) years.

The tax credit is available to an individual taxpayer and a taxpayer who is a business enterprise engaged in commercial, industrial, or professional activities and operating as a corporation, partnership, limited liability company, or sole proprietorship.

Taxpayers may utilize the credit against income tax, insurance premium tax, insurance premium retaliatory tax, and ad valorem taxes on real property. Contributions cannot be used for other state charitable contribution credits and cannot be used as a deduction for state income tax purposes.

An ETHO is an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code that provides transitional housing for homeless persons aged twenty-five (25) and under, homeless families and/or homeless and/or referred unwed pregnant women.

To qualify as an ETHO, the organization must submit a letter ruling request to the MDOR including the following:

1. Contact information including phone number, email address, mailing address, and physical address if different from mailing address.
2. A copy of the exemption letter from the IRS verifying the organization qualifies under Section 501(c)(3) of the Internal Revenue Code.
3. Information about the facilities that demonstrate the applicant's ability to provide housing for homeless persons aged twenty-five (25) and under, homeless families, and/or homeless and/or referred unwed pregnant women. This includes but is not limited to the address, proof of utilities paid for the residence(s), and a listing of appliances included in the residence(s).
4. Sufficient materials to document that the applicant has and runs a program that offers structure, supervision, support, life skills, education and training for each individual and/or family to achieve and/or maintain independence.
5. A statement that the organization does not charge a fee for services or benefits provided in whole or in part by its transitional housing program.
6. A statement that the organization does not provide, pay for, or provide coverage of abortions and does not financially support any other entity that provides, pays for, or provides coverage of abortions.
7. A statement, signed by an officer of the organization under penalties of perjury, that the organization meets all criteria to be considered an ETHO.

A letter acknowledging the approval or denial of the organization as an ETHO will be issued. Please see our webpage concerning letter rulings for more information at <https://www.dor.ms.gov/office-of-tax-policy>.

The MDOR maintains a webpage that lists all approved ETHOs at: <https://www.dor.ms.gov/credits/ETHO>.

The organization must notify the MDOR of any changes that may affect any of the qualifications above.

HOW TO APPLY FOR THE CREDIT

A taxpayer can apply to be pre-approved for an allocation of credits with the MDOR using the "Apply for a Charitable Contribution Credit" link located at <https://tap.dor.ms.gov/>. Once the application has been submitted, a confirmation number along with a summary of the application will be generated and emailed to the e-mail address provided. The donation deadline and details for providing proof of the donation are included in a letter sent to the donor within thirty (30)

days of the application date. A donor must make their donation within sixty (60) days of the MDOR's letter earmarking the requested allocation or by December 31st of the current year, whichever occurs first.

A donor may upload proof of their donation using the "Upload Requested Documentation" link available on the TAP home page (<https://tap.dor.ms.gov>) under the Upload Documents section. A login is not required to upload the proof of donation. However, the Letter ID included on the Proof Requested letter sent by the MDOR is required to upload the proof of donation. Usually, within thirty (30) days of the MDOR receiving the donor's proof of donation, the MDOR will mail the donor a letter confirming receipt of the proof of donation and credit status.

All contributions must be received by the charitable organization during the calendar year to be claimed on the return.

HOW TO CLAIM THE CREDIT

When filing the state income tax return claiming the income tax credit, the taxpayer must attach the Mississippi Tax Credit Summary Schedule showing all credits taken, any credit carryforward, and the name of the qualified ETHO. The Eligible Transitional Housing Organizations Tax Credit code is 42.

The MDOR will provide the donor with an Ad Valorem Schedule printed on security paper. This schedule must be presented to and completed by the County Tax Collector in the county where the ad valorem tax is due. The County Tax Collector will record the credits and retain a copy of the schedule for their records, while returning the original to the donor. The County Tax Collector will then forward the necessary documentation to the MDOR for reimbursement of the utilized credits. The credits are limited to fifty percent (50%) of the donor's ad valorem tax liability for real property within that county. The credit may be claimed upon receipt of the Ad Valorem Schedule and can be applied in multiple counties. Credits expire five (5) years from the tax year indicated on the Ad Valorem Schedule.

Credits claimed on the Insurance Premium Tax Return, or the Insurance Premium Retaliatory Tax Return are to be reported on the appropriate line.

Pass-through entities awarded credits must provide the MDOR with a schedule of amounts allocated to its members by the end of the taxable year.

Documentation must be maintained by the taxpayer and provided upon request.

The Eligible Transitional Housing Organization Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.47.

Revised June 1, 2025

E.10. Eligible Health Care Organization Contribution Tax Credit

A tax credit is available for voluntary cash contributions made to eligible health care organizations (EHCO) on or after January 1, 2023. This credit is available to both individual and business taxpayers. The amount of the credit is limited to fifty percent (50%) of the taxpayer's total income tax liability, fifty percent (50%) of the taxpayer's total insurance premium tax liability, fifty percent (50%) of the taxpayer's total insurance premium retaliatory tax liability, and fifty percent (50%) of the total real property ad valorem tax liability. The aggregate amount of tax credits that may be allocated by the MDOR during a calendar year shall not exceed one million dollars (\$1,000,000) for individual taxpayers and three million dollars (\$3,000,000) for business taxpayers. The tax credit may be carried forward for five (5) years.

The tax credit is available to an individual taxpayer and a taxpayer who is a business enterprise engaged in commercial, industrial, or professional activities and operating as a corporation, partnership, limited liability company, or sole proprietorship.

Taxpayers may utilize the credit against income tax, insurance premium tax, insurance premium retaliatory tax, and ad valorem taxes on real property. Contributions cannot be used for other state charitable contribution credits and cannot be used as a deduction for state income tax purposes.

An EHCO is an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and spends at least fifty percent (50%) of its budget on contracting with physician and/or nurse practitioners to provide health care services to low-income residents of Mississippi.

To qualify as an EHCO, the organization must submit a letter ruling request to the MDOR including the following:

1. Contact information including phone number, email address, mailing address, and physical address if different from mailing address.
2. A copy of the exemption letter from the IRS verifying the organization qualifies under Section 501(c)(3) of the Internal Revenue Code.
3. A copy of prior year's federal income tax return and financial statements.
4. A statement that the organization spends fifty percent (50%) of its budget on contracting or making other agreements with physicians and/or nurse practitioners to provide health care services to low-income residents of this state including those who are mothers and to their households.
5. A statement that the organization does not provide, pay for, or provide coverage of abortions and does not financially support any other entity that provides, pays for, or provides coverage of abortions.
6. A statement, signed by an officer of the organization under penalties of perjury, that the organization meets all criteria to be considered an EHCO.

A letter acknowledging the approval or denial of the organization as an EHCO will be issued. Please see our webpage concerning letter rulings for more information at <https://www.dor.ms.gov/office-of-tax-policy>.

The MDOR maintains a webpage that lists all approved EHCOs at: <https://www.dor.ms.gov/credits/EHCO>.

The organization must notify the MDOR of any changes that may affect any of the qualifications above.

HOW TO APPLY FOR THE CREDIT

A taxpayer can apply to be pre-approved for an allocation of credits with the MDOR using the "Apply for a Charitable Contribution Credit" link located at <https://tap.dor.ms.gov/>. Once the application has been submitted, a confirmation number along with a summary of the application will be generated and emailed to the e-mail address provided. The donation deadline and details for providing proof of the donation are included in a letter sent to the donor within thirty (30) days of the application date. A donor must make their donation within sixty (60) days of the MDOR's letter earmarking the requested allocation or by December 31st of the current year, whichever occurs first.

A donor may upload proof of their donation using the "Upload Requested Documentation" link available on the TAP home page (<https://tap.dor.ms.gov>) under the Upload Documents section. A login is not required to upload the proof of donation.

However, the Letter ID included on the Proof Requested letter sent by the MDOR is required to upload the proof of donation. Usually, within thirty (30) days of the MDOR receiving the donor's proof of donation, the MDOR will mail the donor a letter confirming receipt of the proof of donation and credit status.

All contributions must be received by the charitable organization during the calendar year to be claimed on the return.

HOW TO CLAIM THE CREDIT

When filing the state income tax return claiming the income tax credit, the taxpayer must attach the Mississippi Tax Credit Summary Schedule showing all credits taken, any credit carryforward, and the name of the qualified EHCO. The Eligible Health Care Organizations Tax Credit code is 43.

If a credit for ad valorem taxes is available, the MDOR will provide the donor with an Ad Valorem Schedule printed on security paper. This schedule must be presented to and completed by the County Tax Collector in the county where the ad valorem tax is due. The County Tax Collector will record the credits and retain a copy of the schedule for their records, while returning the original to the donor. The County Tax Collector will then forward the necessary documentation to the MDOR for reimbursement of the utilized credits. The credits are limited to fifty percent (50%) of the donor's ad valorem tax liability for real property within that county. The credit may be claimed upon receipt of the Ad Valorem Schedule and can be applied in multiple counties. Credits expire five (5) years from the tax year indicated on the Ad Valorem Schedule.

Credits claimed on the Insurance Premium Tax Return, or the Insurance Premium Retaliatory Tax Return are to be reported on the appropriate line.

Pass-through entities awarded credits must provide the MDOR with a schedule of amounts allocated to its members by the end of the taxable year.

Documentation must be maintained by the taxpayer and provided upon request.

The Eligible Health Care Organization Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.48.

Revised June 1, 2025

E.11. Food Bank Charitable Organization Contribution Tax Credit

A tax credit is available for voluntary cash contributions to food bank charitable organizations (FBCO) on or after July 1, 2023. The amount of the credit is limited to fifty percent (50%) of the taxpayer's total income tax liability, fifty percent (50%) of the taxpayer's total insurance premium tax liability, fifty percent (50%) of the taxpayer's total insurance premium retaliatory tax liability, and fifty percent (50%) of the total real property ad valorem tax liability. The aggregate amount of tax credits that may be allocated by the MDOR during a calendar year shall not exceed one million dollars (\$1,000,000). The tax credit may be carried forward for five (5) years.

The tax credit is only available to a taxpayer who is a business enterprise engaged in commercial, industrial, or professional activities and operating as a corporation, partnership, limited liability company, or sole proprietorship.

Taxpayers may utilize the credit against income tax, insurance premium tax, insurance premium retaliatory tax, and ad valorem taxes on real property. Contributions cannot be used for other state charitable contribution credits and cannot be used as a deduction for state income tax purposes.

A FBCO is an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and purchases, warehouses, and delivers food directly to food pantries or soup kitchens in more than five (5) Mississippi counties on a monthly basis.

To qualify as an FBCO, the organization must submit a letter ruling request to the MDOR including the following:

1. Contact information including phone number, email address, mailing address, and physical address if different from mailing address.
2. A copy of the exemption letter from the IRS verifying the organization qualifies under Section 501(c)(3) of the Internal Revenue Code.
3. A list, including address and delivery schedule, of all Mississippi food pantries and soup kitchens that the organization delivers food to monthly.
4. A statement that the organization will use the contribution only for the purchasing of food and will deliver the food to pantries and soup kitchens in the state.
5. A statement, signed by an officer of the organization under penalties of perjury, that the organization meets all criteria to be considered an FBCO.

A letter acknowledging the approval or denial of the organization as an FBCO will be issued. Please see our webpage concerning letter rulings for more information at <https://www.dor.ms.gov/office-of-tax-policy>.

The MDOR maintains a webpage that lists all approved FBCOs at: <https://www.dor.ms.gov/credits/FBCO>.

The organization must notify the MDOR of any changes that may affect any of the qualifications above.

HOW TO APPLY FOR THE CREDIT

A taxpayer can apply to be pre-approved for allocation credits with the MDOR using the "Apply for a Charitable Contribution Credit" link located at <https://tap.dor.ms.gov/>. Once the application has been submitted, a confirmation number along with a summary of the application will be generated and emailed to the e-mail address provided. The donation deadline and details for providing proof of the donation are included in a letter sent to the donor within thirty (30) days of the application date. A donor must make their donation within sixty (60) days of the MDOR's letter earmarking the requested allocation or by December 31st of the current year, whichever occurs first.

A donor may upload proof of their donation using the "Upload Requested Documentation" link available on the TAP home page (<https://tap.dor.ms.gov/>) under the Upload Documents section. A login is not required to upload the proof of donation. However, the Letter ID included on the Proof Requested letter sent by the MDOR is required to upload the proof of donation. Usually, within thirty (30) days of the MDOR receiving the donor's proof of donation, the MDOR will mail the donor a letter confirming receipt of the proof of donation and credit status.

All contributions must be received by the charitable organization during the calendar year to be claimed on the return.

HOW TO CLAIM THE CREDIT

When filing the state income tax return claiming the income tax credit, the taxpayer must attach the Mississippi Tax Credit Summary Schedule showing all credits taken, any credit carrying forward, and the name of the qualified FBCO. The Food Bank Charitable Organizations Tax Credit code is 45.

The Department will provide the donor with an Ad Valorem Schedule printed on security paper. This schedule must be presented to and completed by the County Tax Collector in the county where the ad valorem tax is due. The County Tax Collector will record the credits and retain a copy of the schedule for their records, while returning the original to the donor. The County Tax Collector will then forward the necessary documentation to the Department for reimbursement of the utilized credits. The credits are limited to fifty percent (50%) of the donor's ad valorem tax liability for real property within that county. The credit may be claimed upon receipt of the Ad Valorem Schedule and can be applied in multiple counties. Credits expire five (5) years from the tax year indicated on the Ad Valorem Schedule.

Credits claimed on the Insurance Premium Tax Return, or the Insurance Premium Retaliatory Tax Return are to be reported on the appropriate line.

Pass-through entities awarded credits must provide the MDOR with a schedule of amounts allocated to its members by the end of the taxable year.

Documentation must be maintained by the taxpayer and provided upon request.

The Food Bank Charitable Organization Tax Credit is authorized under Miss. Code Ann. Section 27-7-22.46.

Revised June 1, 2025

E.12. Blighted Property Rehabilitation Tax Credit

A tax incentive is available in an amount not to exceed twenty five percent (25%) of the approved budget for the rehabilitation of eligible property located in Mississippi. Eligible property is tax forfeited property certified to the state, has been declared as blighted and will be offered or used for residential or business purposes.

For property that has completed development according to a plan and the property is purchased by an owner/occupier that is not the developer in the case of a single-family dwelling or is sold or leased to a commercial tenant that is not the developer in the case of a commercial building, the secretary shall disburse to the developer an incentive payment for an amount equal to the amount of ad valorem tax remitted to the secretary by the clerk in each year that the remittances are made, not to exceed an aggregate of twenty-five percent (25%) of the approved budget for the project.

For property that is developed according to a plan in phases and placed into use in phases:

1. The secretary shall disburse to the developer in the first year an amount equal to the amount remitted to the secretary by the clerk in the first year of the revenue derived from the ad valorem tax levied on the enhanced assessed value of the property in the first year;
2. The secretary shall disburse to the developer for each succeeding year after the first year an amount equal to the amount of ad valorem tax remitted to the secretary by the clerk of the revenue derived from the ad valorem tax levied on the enhanced assessed value of the property for such year; and
3. After such property has completed development according to a development plan and has been placed into use, the secretary shall disburse an amount equal to the amount remitted to the secretary by the clerk annually of revenue derived from the ad valorem tax levied on the enhanced assessed value of the property, not to exceed an aggregate of twenty-five percent (25%) of the approved budget for the project.

"Blighted" means a property located in Mississippi that is declared by the governing authorities of the municipality or county in which the property is located to be unsafe, due to the physical condition of the property, to an extent that the property is an economic burden on the community that cannot be expected to be reversed absent redevelopment. Blighted property includes, but is not limited to: buildings in which it is unsafe or unhealthy for persons to live or work; conditions that prevent or substantially hinder the viable use or capacity of buildings or lots; and depreciated or stagnant property value.

HOW TO APPLY FOR THE INCENTIVE

The MSOS is responsible for certifying eligibility and the amount of eligible rehabilitation costs and expenses. Contact the MSOS at 601-359-6318 for questions concerning certification. Contact the County Tax Assessor in the county where the business is located if you have questions.

The Blighted Property Rehabilitation Tax Credit is authorized under House Bill 1201 of the 2025 Regular Session.

Revised June 1, 2025

F. MFLEX INCENTIVE

F.1. Mississippi Flexible Tax Incentive Act (MFLEX)

A credit used to offset income, franchise, withholding, sales, and use taxes is available for certain qualified businesses and affiliates certified by MDA. The eligible business types include:

• manufacturers • remanufacturers • processors • refineries • warehouses • distributors • processors
• assemblers • national or regional headquarters • air transportation repair and/or maintenance enterprises • ship or maritime vessel or barge transportation, repair and/or maintenance enterprise • data information processing • technology intensive enterprise • data center enterprise • telecommunications enterprise • research and development enterprise

EXCEPTIONS: Commercial broadcast radio stations, television stations or news organizations primarily serving in-state markets are not eligible for the MFLEX.

The MFLEX was created to encourage business and industry to locate or expand facilities and hire individuals in Mississippi. A business must apply with the MDA to be certified for the MFLEX. After the application has been approved, the business and any affiliates are issued a MFLEX certification containing the amount of credit they may use to offset state taxes. The MFLEX tax credit may not be used prior to the issuance of the certification by the MDA. The credit can be used for up to a period of ten (10) years from the date of the certification. For purchases subject to sales tax or use tax the item or service must be **sold or leased directly to, billed directly to, and paid for directly by the business or affiliate** receiving the credit.

State taxes are defined as (1) Any sales and use tax imposed on, and payable directly to the MDOR by, the qualified business or industry in accordance with state law, except for contractor's tax and the taxes levied by Miss. Code Ann. Section 27-65-24(1)(b); (2) All income tax imposed pursuant to law on income earned by the qualified business or industry pursuant to state law; (3) Franchise tax imposed pursuant to state law on the value of capital used, invested or employed by the business enterprise certified by the MDA; and (4) Withholding tax required to be deducted and withheld from employee wages pursuant to Miss. Code Ann. Sections 27-7-301 et seq., limited to twenty percent (20%) of the MFLEX tax credit amount applied as a credit during any reporting year.

The approved business must enter into an MFLEX agreement with the MDA which sets out performance requirements that must be met and provisions to recapture any or all of the credit if the requirements are not met. The business must comply with the MFLEX agreement entered into with the MDA to be eligible for the incentive. Such credit is not transferable and cannot be applied, used, or assigned to any other entity or affiliates not included in the certification. The business must make available, at the Commissioner's request, all books, records, or other information necessary to verify the correctness of any credits claimed. For more information on the MFLEX, contact:

Mississippi Development Authority
Post Office Box 849
Jackson, MS 39205
financial@mississippi.org
601-359-3552

A business cannot qualify for certain incentives and credits when certified for the MFLEX including:

- The Jobs Tax Credit, the Jobs Tax Credit for Economically Distressed Communities, the Jobs Tax Credit for Alternative Energy Suppliers, and the Jobs Tax for Upholstered Household Furniture Manufacturers;
- The Advantage Jobs Incentive Program, and the Existing Industry Withholding Rebate Incentive Program;
- The Mississippi Major Impact Act, the Growth and Prosperity Act, the Clean Energy, Aerospace Industry and Data Center Enterprises Exemptions; and
- The Sales and Use Tax Exemption for Construction or Expansion, including Transfer of National or Regional Headquarters, Businesses in Growth and Prosperity (GAP) areas, Clean Energy Business Enterprises, Aerospace Industry Enterprises, Data Center Enterprises, and certain projects certified by MDA under the Mississippi Major Economic Impact Act.

Each qualified business shall file an annual report with the MDA unless the MFLEX agreement indicates other reporting requirements. The amount of the credit may be adjusted by MDA based on the business's actual job creation and investment performance per the annual report. In this instance, MDA would issue an amended certificate that reflects the revised credit amount.

HOW TO APPLY FOR THE INCENTIVE

Application must be made to the MDA for certification. Once certified, the business or an affiliate listed in the certification may register for a tax account within the applicant's Taxpayer Access Point (TAP) account. After registering for use tax, the business may apply for a Direct Pay Permit. The Direct Pay Permit can be applied for in TAP in the use tax account. The company making the project purchases should register for the use tax account and the Direct Pay Permit.

After all the required information has been submitted and the MFLEX has been approved, the business will receive a letter acknowledging the receipt of the MFLEX certificate.

The Direct Pay Permit number should be furnished to ALL vendors so that the retail sales or use tax will not be charged on ANY purchases. The correct tax on all purchases, if any is due, would then be remitted directly to the MDOR by filing the use tax return. The MFLEX certification number is used as the credit code when the purchases are reported. For businesses that receive a Direct Pay Permit for the incentive only, the permit will no longer be effective and will be rescinded when the project is complete. After this date, tax will be remitted to all vendors in the normal course of business.

The Direct Pay Permit cannot be used with, nor does the incentive apply to, the contractor's tax (Miss. Code Ann. Section 27-65-21) or the tax on vehicles tagged for highway use (Miss. Code Ann. Section 27-65-17). The incentive does not apply to the tax levied under Miss. Code Ann. Section 27-65-24(1)(b).

HOW TO CLAIM THE CREDIT

The MFLEX can be used to offset income, franchise, withholding, sales, and use taxes.

When filing the state income/franchise tax return claiming the credit, attach:

- a copy of the MDA certification letter; and
- a Mississippi Tax Credit Summary Schedule showing all credits taken and any credit carryforward.

The MFLEX credit code is 60.

When filing the state sales, use, and withholding tax returns claiming a credit, use the MFLEX Certification Number (MFLEX-###-#) as the credit code.

The MFLEX is authorized under Miss. Code Ann. Sections 27-7-22(4), and 57-114-1 et seq.

Revised June 1, 2025

G. Appendices

G.1. Definitions

1. Distribution Business

A business where shipments of tangible personal property are processed for delivery to customers, but "distribution" does not include a business which operates as a location where retail sales of tangible personal property are made directly to retail customers.

2. Full-Time Job/Employee

A full-time job is a job requiring a minimum of thirty-five (35) hours of an employee's time a week for the entire normal year of company operations or a job requiring a minimum of thirty-five (35) hours of an employee's time a week for the year in which the employee was initially hired for or transferred to the Mississippi facility.

3. Leased Employee

A leased employee is an employee that qualifies as a "Full-Time Job/Employee" and is leased from another entity.

4. Manufacturing Business

"Manufacturer" means one who is exclusively or predominately engaged in the business of manufacturing as defined under the terms "to manufacture" or "manufacturing." A person who is engaged in manufacturing and non-manufacturing activities may be classified as a manufacturer as to his manufacturing activities which are operated as a separate business or division.

"To manufacture" or "manufacturing" embraces activities of an industrial or commercial nature wherein labor or skill is applied, by hand or machinery, to materials belonging to the manufacturer so that a new, different, or more useful article of tangible personal property or substance of trade or commerce or electric power is produced for sale or rental and includes the production or fabrication of special-made or custom-made articles for sale or rental.

"To manufacture" or "manufacturing" does not include activities such as cooking or preparing food or food products by a retailer in the regular course of retail trade; repairing and reconditioning property; the filling of prescriptions by a pharmacist; the washing or screening of mineral products; the cutting, hauling, and decking of logs; or similar preparatory functions even when performed by a manufacturer.

"Remanufacturing" embraces activities of an industrial or commercial nature wherein labor or skill is applied by hand or machinery to materials, a portion of which may belong to the customer, so that rebuilt articles of tangible personal property, comparable in quality to new articles of the same property, are created, a majority of the value of which is produced by the remanufacturing activity.

"Repair," "repairs," or "maintenance" means the restoring of property in some measure to its original condition, which may involve the use of either personal property or labor or both.

5. New Job

Any job created by an employer in Mississippi at the time a new facility or an expansion is initially staffed but does not include a job created when an employee is shifted from an existing Mississippi location to a new or expanded facility.

6. Processing Business

"Custom processor" means one who is exclusively or predominately engaged in the business of custom processing or remanufacturing as defined under the terms "custom processing" and "remanufacturing".

"Custom processing" means the performance of a manufacturing service done or made to order upon the property of the customer and shall include laundering, cleaning, and pressing, but shall not include "repairs" or "maintenance" as these terms are defined herein; nor self-service commercial laundering, drying, cleaning, and pressing equipment.

7. Research and Development Business

A business engaged in laboratory, scientific or experimental testing and development related to new products, new uses for existing products or improving existing products. Research and development does not include any business engaged

in efficiency surveys, management studies, consumer surveys, economic surveys, advertising, promotion or research in connection with literary, historical or similar projects. To qualify as a research and development business, the principal activity of the business must be research and development.

8. Telecommunications Enterprises or Businesses

Entities engaged in the creation, display, management, storage, processing, transmission, or distribution for compensation of images, text, voice, video, or data by wire or by wireless means. It also includes entities engaged in the construction, design, development, manufacture, maintenance, or distribution for compensation of devices, products, software, or structures used in the above activities. Radio stations, television stations and news organizations are not considered to be telecommunication businesses.

9. Warehousing Activities

Warehousing activities refer to businesses that establish or expand facilities that service and support multiple retail or wholesale locations either in or outside the state. Warehousing activities may be performed solely to support the primary activities of the entity.

10. Wholesaler or Distributor

“Wholesaler,” or “Distributor” means a person doing a regularly organized wholesale or jobbing business, known to the trade as such, and selling to licensed retail dealers or other wholesalers for resale in the regular course of business.

G.2. County Rankings by Year

These county rankings use the combination of the highest unemployment rate and the lowest per capita income for the most recent thirty-six (36) month period. They are provided to conform to the requirement of Miss. Code Ann. Section 57-73-21, as amended. They are used to determine the Tier 1, Tier 2, and Tier 3 rankings of the counties in order to determine the various degrees of exemption for some of the incentives offered by Mississippi. These rankings are compiled by the MDOR each year.

MISSISSIPPI DEPARTMENT OF REVENUE
County Ranking and Designation
2025

Tier Three Less Developed Areas		Tier Two Moderately Developed Areas		Tier One Developed Areas	
1.	Issaquena	29.	Montgomery	56.	Itawamba
2.	Holmes	30.	Attala	57.	Clay
3.	Wilkinson	31.	Clarke	58.	Forrest
4.	Claiborne	32.	Coahoma	59.	Union
5.	Jefferson	33.	Tallahatchie	60.	Pearl River
6.	Sunflower	34.	Wayne	61.	Tate
7.	Kemper	35.	Lawrence	62.	Jackson
8.	Jefferson Davis	36.	Leake	63.	Hancock
9.	Greene	37.	Tunica	64.	Webster
10.	Pike	38.	Calhoun	65.	Jones
11.	Amite	39.	Carroll	66.	Lauderdale
12.	Walthall	40.	Winston	67.	Alcorn
13.	Chickasaw	41.	Marshall	68.	Warren
14.	Yazoo	42.	Prentiss	69.	Simpson
15.	Quitman	43.	Sharkey	70.	Lowndes
16.	Humphreys	44.	Jasper	71.	Tippah
17.	Franklin	45.	Scott	72.	Lincoln
18.	Perry	46.	Leflore	73.	Hinds
19.	George	47.	Grenada	74.	Covington
20.	Noxubee	48.	Marion	75.	Harrison
21.	Copiah	49.	Monroe	76.	Smith
22.	Benton	50.	Choctaw	77.	Desoto
23.	Panola	51.	Neshoba	78.	Lamar
24.	Newton	52.	Yalobusha	79.	Lee
25.	Oktibbeha	53.	Tishomingo	80.	Lafayette
26.	Adams	54.	Pontotoc	81.	Madison
27.	Stone	55.	Bolivar	82.	Rankin
28.	Washington				

MISSISSIPPI DEPARTMENT OF REVENUE
County Ranking and Designation
2024

Tier Three Less Developed Areas		Tier Two Moderately Developed Areas		Tier One Developed Areas	
1.	Issaquena	29.	Leake	56.	Grenada
2.	Holmes	30.	Newton	57.	Marion
3.	Wilkinson	31.	Montgomery	58.	Union
4.	Claiborne	32.	Coahoma	59.	Hancock
5.	Greene	33.	Washington	60.	Jackson
6.	Sunflower	34.	Stone	61.	Pearl River
7.	Jefferson Davis	35.	Oktibbeha	62.	Tate
8.	Kemper	36.	Attala	63.	Itawamba
9.	Jefferson	37.	Jones	64.	Forrest
10.	Quitman	38.	Sharkey	65.	Warren
11.	Pike	39.	Prentiss	66.	Covington
12.	Yazoo	40.	Scott	67.	Lowndes
13.	Walthall	41.	Winston	68.	Simpson
14.	Amite	42.	Calhoun	69.	Alcorn
15.	Perry	43.	Marshall	70.	Hinds
16.	Humphreys	44.	Leflore	71.	Smith
17.	Noxubee	45.	Neshoba	72.	Lauderdale
18.	Franklin	46.	Clarke	73.	Harrison
19.	George	47.	Jasper	74.	Webster
20.	Panola	48.	Choctaw	75.	Lincoln
21.	Benton	49.	Clay	76.	Tippah
22.	Copiah	50.	Pontotoc	77.	Lee
23.	Tallahatchie	51.	Carroll	78.	Desoto
24.	Chickasaw	52.	Yalobusha	79.	Lamar
25.	Adams	53.	Bolivar	80.	Lafayette
26.	Tunica	54.	Tishomingo	81.	Madison
27.	Lawrence	55.	Monroe	82.	Rankin
28.	Wayne				

MISSISSIPPI DEPARTMENT OF REVENUE
County Ranking and Designation
2023

Tier Three Less Developed Areas		Tier Two Moderately Developed Areas		Tier One Developed Areas	
1.	Holmes	29.	Leake	56.	Tate
2.	Wilkinson	30.	Wayne	57.	Jackson
3.	Issaquena	31.	Attala	58.	Grenada
4.	Sunflower	32.	Chickasaw	59.	Pearl River
5.	Quitman	33.	Washington	60.	Tishomingo
6.	Claiborne	34.	Montgomery	61.	Harrison
7.	Greene	35.	Winston	62.	Hinds
8.	Kemper	36.	Stone	63.	Yalobusha
9.	Jefferson Davis	37.	Marshall	64.	Covington
10.	Yazoo	38.	Calhoun	65.	Forrest
11.	Noxubee	39.	Prentiss	66.	Warren
12.	Jefferson	40.	Scott	67.	Marion
13.	Pike	41.	Jones	68.	Simpson
14.	Humphreys	42.	Clay	69.	Itawamba
15.	Walthall	43.	Leflore	70.	Lowndes
16.	Panola	44.	Pontotoc	71.	Smith
17.	Amite	45.	Oktibbeha	72.	Tippah
18.	Tunica	46.	Monroe	73.	Alcorn
19.	Tallahatchie	47.	Newton	74.	Lauderdale
20.	Benton	48.	Bolivar	75.	Webster
21.	Perry	49.	Jasper	76.	Lincoln
22.	Adams	50.	Choctaw	77.	Lee
23.	Copiah	51.	Hancock	78.	Desoto
24.	George	52.	Neshoba	79.	Lamar
25.	Sharkey	53.	Clarke	80.	Lafayette
26.	Lawrence	54.	Union	81.	Madison
27.	Coahoma	55.	Carroll	82.	Rankin
28.	Franklin				

MISSISSIPPI DEPARTMENT OF REVENUE
County Ranking and Designation
2022

Tier Three Less Developed Areas		Tier Two Moderately Developed Areas		Tier One Developed Areas	
1.	Wilkinson	29.	Leake	56.	Carroll
2.	Holmes	30.	Attala	57.	Tishomingo
3.	Quitman	31.	Stone	58.	Jackson
4.	Issaquena	32.	Wayne	59.	Pearl River
5.	Sunflower	33.	Washington	60.	Warren
6.	Claiborne	34.	Montgomery	61.	Marion
7.	Greene	35.	Marshall	62.	Tippah
8.	Kemper	36.	Leflore	63.	Webster
9.	Humphreys	37.	Chickasaw	64.	Harrison
10.	Yazoo	38.	Clay	65.	Hinds
11.	Jefferson Davis	39.	Prentiss	66.	Grenada
12.	Noxubee	40.	Winston	67.	Yalobusha
13.	Jefferson	41.	Calhoun	68.	Lowndes
14.	Pike	42.	Monroe	69.	Covington
15.	Tunica	43.	Scott	70.	Smith
16.	Sharkey	44.	Bolivar	71.	Itawamba
17.	Walthall	45.	Clarke	72.	Lauderdale
18.	Panola	46.	Jones	73.	Simpson
19.	Benton	47.	Union	74.	Alcorn
20.	Tallahatchie	48.	Hancock	75.	Forrest
21.	Adams	49.	Choctaw	76.	Lincoln
22.	Perry	50.	Oktibbeha	77.	Lee
23.	Coahoma	51.	Jasper	78.	Desoto
24.	Amite	52.	Tate	79.	Lamar
25.	George	53.	Newton	80.	Madison
26.	Copiah	54.	Pontotoc	81.	Lafayette
27.	Franklin	55.	Neshoba	82.	Rankin
28.	Lawrence				

MISSISSIPPI DEPARTMENT OF REVENUE
County Ranking and Designation
2021

Tier Three Less Developed Areas		Tier Two Moderately Developed Areas		Tier One Developed Areas	
1.	Holmes	29.	Leake	56.	Tate
2.	Wilkinson	30.	Attala	57.	Tippah
3.	Quitman	31.	Franklin	58.	Jackson
4.	Issaquena	32.	Wayne	59.	Newton
5.	Claiborne	33.	Marshall	60.	Warren
6.	Sunflower	34.	Washington	61.	Covington
7.	Humphreys	35.	Leflore	62.	Pearl River
8.	Kemper	36.	Chickasaw	63.	Webster
9.	Greene	37.	Clay	64.	Itawamba
10.	Yazoo	38.	Montgomery	65.	Smith
11.	Jefferson Davis	39.	Prentiss	66.	Harrison
12.	Noxubee	40.	Winston	67.	Yalobusha
13.	Jefferson	41.	Monroe	68.	Grenada
14.	Sharkey	42.	Calhoun	69.	Lowndes
15.	Walthall	43.	Jasper	70.	Hinds
16.	Pike	44.	Scott	71.	Lauderdale
17.	Benton	45.	Bolivar	72.	Jones
18.	Panola	46.	Choctaw	73.	Simpson
19.	Tunica	47.	Clarke	74.	Alcorn
20.	Tallahatchie	48.	Marion	75.	Lincoln
21.	Adams	49.	Oktibbeha	76.	Forrest
22.	Amite	50.	Union	77.	Lee
23.	George	51.	Carroll	78.	Desoto
24.	Perry	52.	Hancock	79.	Lamar
25.	Coahoma	53.	Neshoba	80.	Lafayette
26.	Copiah	54.	Pontotoc	81.	Madison
27.	Stone	55.	Tishomingo	82.	Rankin
28.	Lawrence				

MISSISSIPPI DEPARTMENT OF REVENUE
County Ranking and Designation
2020

Tier Three Less Developed Areas		Tier Two Moderately Developed Areas		Tier One Developed Areas	
1.	Issaquena	29.	Copiah	56.	Tippah
2.	Holmes	30.	Adams	57.	Jackson
3.	Quitman	31.	Marshall	58.	Webster
4.	Wilkinson	32.	Lawrence	59.	Hancock
5.	Kemper	33.	Washington	60.	Union
6.	Sunflower	34.	Marion	61.	Covington
7.	Humphreys	35.	Wayne	62.	Yalobusha
8.	Claiborn	36.	Winston	63.	Smith
9.	Greene	37.	Choctaw	64.	Warren
10.	Sharkey	38.	Clay	65.	Lauderdale
11.	Jefferson	39.	Prentiss	66.	Itawamba
12.	Walthall	40.	Chickasaw	67.	Pearl River
13.	Jefferson Davis	41.	Tunica	68.	Alcorn
14.	Yazoo	42.	Jasper	69.	Lowndes
15.	Benton	43.	Tishomingo	70.	Simpson
16.	Noxubee	44.	Carroll	71.	Jones
17.	Pike	45.	Bolivar	72.	Lincoln
18.	Amite	46.	Monroe	73.	Grenada
19.	Panola	47.	Montgomery	74.	Harrison
20.	George	48.	Scott	75.	Hinds
21.	Leake	49.	Clarke	76.	Forrest
22.	Perry	50.	Calhoun	77.	Lee
23.	Stone	51.	Oktibbeha	78.	Desoto
24.	Coahoma	52.	Newton	79.	Lamar
25.	Attala	53.	Neshoba	80.	Lafayette
26.	Franklin	54.	Pontotoc	81.	Madison
27.	Tallahatchie	55.	Tate	82.	Rankin
28.	Leflore				