



# MISSISSIPPI DEPARTMENT OF REVENUE

Income Tax Bureau

Notice 80-15-001

February 2, 2015

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## AD VALOREM TAX CREDIT

In the 2012 Legislative Session, Senate Bill 2934 was passed to amend Miss. Code Ann. Section 27-7-22.5 regarding the income tax credit for ad valorem taxes paid by taxpayers on certain inventory. Effective from and after July 1, 2012, the credit was changed to increase the amount of income tax credit paid on certain inventory, to include raw materials and works-in-process in the type of inventory covered by the credit and to authorize that any tax credit claimed but not used in any taxable year can be carried forward for five consecutive years from the close of the tax year in which the credit was earned.

The ad valorem tax credit is for any manufacturer, distributor, wholesale or retail merchant for a certain amount of ad valorem taxes paid on commodities, raw materials, works-in-process, products, goods, wares and merchandise held for resale. The income tax credit is also for individuals, firms or corporations for ad valorem taxes paid on rental equipment. The tax credit allowed may be claimed for each location where such commodities, raw material, works-in-process, products, goods, wares, merchandise and/or rental equipment are found and upon which the ad valorem taxes have been paid. Any tax credit claimed but not used in any taxable year may be carried forward for five (5) consecutive years from the close of the tax year in which the credit was earned. The credit shall be used as follows:

(a) For the 1997 taxable year and each taxable year thereafter through taxable year 2013, the tax credit for each location of the taxpayer shall not exceed the lesser of \$5,000 or the amount of income taxes paid attributed to such location;

(b) For the 2014 taxable year, the tax credit for each location of the taxpayer shall not exceed the lesser of \$10,000 or the amount of income taxes due that are attributable to such location;



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(c) For the 2015 taxable year, the tax credit for each location of the taxpayer shall not exceed the lesser of \$15,000 or the amount of income taxes due that are attributable to such location; and

(d) For the 2016 taxable year and each taxable year thereafter, the tax credit of the taxpayer shall be the lesser of the amount of the ad valorem taxes paid or the amount of income taxes due that are attributable to such location.

Any amount of ad valorem taxes paid by a taxpayer that is applied toward the tax credit may not be used as a deduction by the taxpayer for state income tax purposes. Also, if the taxpayer is a partnership, limited liability company or an S corporation, the credit may be applied only to the tax attributable to the partnership, limited liability company or an S corporation income.

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