

## MISSISSIPPI REFORESTATION TAX CREDIT

### GENERAL

Any eligible owner who incurs costs for approved reforestation practices for eligible tree species on eligible lands shall be allowed a credit, in an amount equal to the lesser of fifty percent (50%) of the actual costs of the approved reforestation practices or fifty percent (50%) of the average cost of approved practices as established by the Mississippi Forestry Commission, against the income tax liability imposed for the tax year in which the costs are incurred.

The Reforestation Tax Credit (RTC) shall not exceed the lesser of (a) Ten Thousand Dollars (\$10,000), or (b) the amount of income tax imposed upon the eligible owner for the taxable year reduced by all other credits allowable to the eligible owner under the income tax laws of Mississippi (except credits for estimated tax payments and/or withholding taxes). Any unused portion of the RTC may be carried forward for succeeding years until it is utilized in full. The maximum dollar amount of the RTC that an eligible owner may utilize during his lifetime shall be Seventy-Five Thousand Dollars (\$75,000.00) in the aggregate. With respect to an eligible owner that is a pass-through entity for tax purposes, the maximum qualifying expenditure (\$20,000) giving rise to the maximum \$10,000 credit shall be applied at both the pass-through entity level and at the investor level. Married taxpayers filing a joint return may each qualify as an eligible owner (each being eligible for the maximum life time RTC) provided that each spouse individually has eligible land, has a qualified reforestation prescription or plan, and/or is an investor in a pass-through entity that is an eligible owner that qualifies for the RTC.

If an eligible owner receives any state or federal cost share assistance funds to defray the cost of an approved reforestation practice, the cost of that practice on the same acre or acres within the same tax year is not eligible for the RTC unless the eligible owner's adjusted gross income for that taxable year is less than the federal earned income credit level. For this purpose, adjusted gross income is an amount equal to the maximum modified AGI used for Federal purposes in determining whether a taxpayer is eligible for the earned income credit.

To be eligible for the tax credit, an eligible owner must have a reforestation prescription or plan prepared for the eligible lands by a graduate forester of a college, school or university accredited by the Society of American Foresters or by a registered forester under the Foresters Registration Law of 1977. The forester must verify in writing that the reforestation practices were completed and that the reforestation prescription or plan was followed. Qualified foresters are not allowed to certify their own land for the RTC. In the event that RTC is earned with respect to a practice completed during a taxable year, and the overall prescription or plan is, for any reason, not subsequently completed in its entirety, any RTC previously earned must be recaptured in full.

### DEFINITIONS

The following definitions are applicable to the RTC:

- a. Approved Reforestation Practices means the following practices for establishing a crop of trees suitable for manufacturing into forest products:
  1. Pine and Hardwood Tree Planting Practices including the cost of seedlings, planting by hand or machine, and site preparation.
  2. Mixed-Stand Regeneration Practices to establish a mixed-crop of pine and hardwood trees by planting or direct seeding, or both, including the cost of seedlings, seed/acorns, planting, seeding and site preparation.
  3. Direct Seeding Practices to establish a crop of pine or oak trees by directly applying seed/acorns to the site including the cost of seed/acorns, seeding and site preparation.
  4. Post-Planting Site Preparation Practices to reduce or control undesirable competition within the first growing season of an established crop of trees.
  5. Natural Regeneration - cost of site preparation only. Approved reforestation practices shall not include the establishment of orchards, Christmas trees or ornamental trees.
- b. Eligible Tree Species means pine and hardwood commercial tree species suitable for manufacturing into forest products.
- c. Cost-Share Assistance means partial financial payment for approved reforestation practices from the state government as authorized under Miss. Code Ann. § 49-19-201 through § 49-19-227, or the federal government.
- d. Eligible Owner means a private individual, group or association, but the term shall not mean private corporations which manufacture products or provide public utility services of any type or any subsidiary of such corporations.
- e. Eligible Lands means nonindustrial private lands owned by a private individual, group or association, but shall not mean lands owned by private corporations which manufacture products or provide public utility services of any type or any subsidiary of such corporations.
- f. Reforestation Prescription or Plan means a written description of the approved reforestation practices that the eligible owner plans to use and includes a legal description and map of the area to be reforested, a list of the tree seedling or seed species to be used in the reforestation and the site preparation practices that will be utilized. The cost of the prescription or plan is not an eligible expenditure which may be used in computing the credit.
- g. Pass-Through Entity means an entity, such as a partnership or an S corporation, which does not pay income taxes on its earnings, but passes its income or loss through to its investors.
- h. Investor means the owner of an interest in a pass-through entity, such as a partner in a partnership or a shareholder in an S corporation.

## Instructions for Mississippi Form 80-315i

### PART I: COMPUTATION OF CREDIT

- Line 1: Enter the total expenditures made during the year 2024 for all approved reforestation practices, including the cost of seedlings, seed/acorns, seeding, planting by hand or machine, site preparation, and post-planting site preparation on all eligible acres.
- Line 2: Enter the total amount of the average cost of approved practices as established by the Mississippi Forestry Commission from Column C of the Reforestation Tax Credit - Cost Worksheet of the back of Form 80-315.
- Line 3: Enter the lesser of line 1 or line 2 above. This represents your eligible costs for the taxable year.
- Line 4: Enter the lesser of (a) 50% of the amount on Line 3 above, or (b) \$10,000. This represents your Reforestation Tax Credit earned for the taxable year 2024.
- Line 5a: Enter the amount of RTC carried over from prior years. This represents the amount of RTC which was earned in prior years, but which could not be used in full to offset the eligible owner's income tax liability. A copy of the previous year's Form 80-315, which reflects the computation of the amount of RTC Carryover in Part III, should be attached.
- Line 5b: Enter on this line the amount of current year RTC passed through to you as an investor in a pass-through entity.
- Line 6: Enter the lesser of (a) the sum of lines 4, 5a and 5b; or (b) the amount shown on line 16 below. The amount shown on line 16 represents the balance of your maximum lifetime RTC of \$75,000 which has not been used to offset your income tax liability. For pass-through entities, this represents the amount of RTC which may be passed through to investors and the amount that should be entered on Form 84-401, Income Tax Credit Summary. Pass-through entities should skip Parts II and III.

### PART II: REFORESTATION TAX CREDIT UTILIZED THIS YEAR

- Line 7: Enter the amount of your total income tax liability for the year 2024 from Form 80-105, line 17 or Form 80-205, line 20 (individuals); Form 83-105, line 6 (corporations); or Form 81-110, line 2 (fiduciary return). When married taxpayers file jointly and each spouse qualifies as an eligible owner, each spouse must file a Form 80-315 to claim their respective RTC. When both spouses qualify as eligible owners, each spouse should enter on line 7 of their respective Forms 80-315 one half (1/2) of the total income tax due shown on Form 80-105, line 20 or Form 80-205, line 22.
- Line 8: Enter the total amount of all other credits available to you for the year 2024 which may be used to offset all or a portion of your income tax liability. The allowable credits are described in the income tax instruction booklet for the return you are filing. When married taxpayers file jointly and each spouse qualifies as an eligible owner, each spouse should enter one half (1/2) of the total amount of all other credits available to be claimed on the joint return on line 8 of their respective Forms 80-315. Do not include withholding or estimated tax payments in this amount.
- Line 9: Subtract line 8 from line 7 (if line 8 exceeds line 7, enter a zero here). This represents the balance of your income tax, if any, after all other available credits have been utilized to offset your income tax liability for the current year.
- Line 10: Enter the lesser of line 6 or line 9. This represents the amount of RTC which you may use to offset your tax liability for the current year. For individuals, this amount, along with the amount of all other available credits, should be entered on Form 80-105 page 1 line 19, or Form 80-205, page 1 line 21. This amount should be entered on the appropriate line of Form 83-401 (corporations), Form 84-401 (s corporations and partnerships) and Form 80-401 (fiduciaries).

### PART III: COMPUTATION OF REFORESTATION TAX CREDIT CARRYOVER AMOUNT

- Line 11: Enter the amount shown on line 6 above. This represents the total amount of RTC which is available to be used this year to offset your current year income tax liability.
- Line 12: Enter the amount shown on line 10 above. This represents the amount of your RTC which was actually used to offset your income tax liability for the current year.
- Line 13: Subtract line 12 from line 11. This represents the remaining balance, if any, of your RTC which you may carry over to subsequent years and use to offset your income tax liability in the subsequent years.

### PART IV: COMPUTATION OF ACCUMULATED REFORESTATION TAX CREDIT LIFETIME CREDIT UTILIZED

- Line 14: No entry required. The maximum amount, in the aggregate, of RTC which you may utilize during your lifetime, is the amount shown of \$75,000.
- Line 15: Enter the total amount of RTC which you have actually used to offset any portion of your income tax liability in all prior years. This amount will be the total of all the amounts shown on line 12, Part III, of Form 80-315, for ALL prior years. For pass-through entities, enter the total of RTC passed through to investors for ALL prior years.
- Line 16: Subtract line 15 from line 14. This represents the balance of your lifetime RTC allowance of \$75,000 which is available to be utilized, provided the credit is actually earned. For pass-through entities, this represents the balance of your lifetime RTC allowance which is available to be passed through to investors.

### PART V: CERTIFICATION OF FORESTER

This certification must be signed by a qualified forester in order for you to claim the Reforestation Tax Credit as an offset to your income tax liability. No RTC will be allowed unless this form, properly executed, is filed with your tax return.