TREATMENT OF INCOME RECEIVED RELATED TO THE GULF OIL SPILL

Payments received from BP for income lost as a result of the Gulf Oil Spill are to be included in gross income. The payments should be reported in the same way that the lost wages or business income would have been reported.

If you currently make quarterly estimated payments, the amounts received from BP should be included in the calculation to determine the amount of quarterly estimate due.

Payments received to compensate for the damage or destruction of property are not required to be included in gross income unless the payments exceed the adjusted basis of the damaged or destroyed property. The gain may be deferred if the damage or destruction qualifies as an involuntary conversion. The tax basis of damaged property should be reduced for payments received for the damage or destruction of property.

Any payments received for personal physical injuries or sicknesses are generally not required to be reported in gross income. Payments received for emotional distress not attributable to physical injuries or sickness must be included in gross income.

Please contact the Income Tax Bureau at 601-923-7089 for tax assistance regarding the Gulf Oil Spill.

Mississippi Department of Revenue
Income Tax Bureau
P.O. Box 1033
Jackson, MS 39215