Title 35 Mississippi State Tax Commission

Part X Economic Development

Chapter 03 Research and Development Skills Credit

100 Under Miss. Code Ann. Section 57-73-21(6), a credit of $1,000.00 is available for the first five (5) years for each net new full time employee in any job requiring research and development skills. The employee has to be engaged in research and development activity. Qualification of jobs for this credit would require at a minimum, a Bachelors degree in a scientific field of study from an accredited four (4) year college or university, employment in the employees area of expertise, compensation at a professional level and two years of related job experience. Examples are chemist and engineers.

101 This credit is available to most companies regardless of the business in which it engages. However, no business enterprise for the transportation, handling, storage, processing or disposal of hazardous waste is eligible to receive this credit.

102 A business interested in qualifying for the research and development skills credit should request approval in writing and provide the following information for each employee and position.

1. Title of the job
2. Purpose of the job
3. Education requirements for the job
4. Experience requirements for the job
5. Hours worked per week
6. Salary or compensation
7. Expected hire date

103 The applicant will be notified on approval of the application for credit. Credit should not be taken until approval is received by the taxpayer. If the employee is employed in Mississippi for less than twelve (12) months, credit will be allowed for a pro-rated portion of the yearly credit in the first and last years. The amount of the credit is pro-rated based on the number of months the employee is employed in this state divided by twelve (12). To be used in the credit computation, the employee must be located in Mississippi and subject to withholding tax.

104 The total of the Jobs Tax Credit, the Headquarters Credit, and the Research & Development Skills Credit is limited to 50% of the Mississippi Income Tax liability. The unused portions can be carried forward for up to 5 years from the original year in which the excess credit could not be used, but you may use the oldest year's unexpired credit first. They may be used in combination with any of the other credits.

105 The sale, merger, acquisition, reorganization, bankruptcy or relocation from one county to another county within the state of any business enterprise may not create new eligibility in the current or any succeeding business entity, but any unused job tax credit may be transferred and continued by any transferee of the business enterprise. The Tax Commission shall determine whether qualifying net increases have occurred or proper transfers of credit have been made and may require such information as needed for substantiation and qualification.

106 The credit cannot be used by any business enterprise or corporation other than the business enterprise actually qualifying for the credits. Credit received by a partnership, LLC or an S-Corporation may be passed through to offset tax due from the activity that created the credit.

107 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.

108 The credit is not refundable.

109 To apply for this credit:

1. Before any credit is taken on a return, you must send a letter to request the credit with sufficient information to allow a determination of whether the employee qualifies for the credit. If there are several employees, you may attach the information in a list with the letter of request. The credit should not be taken until a letter of authorization is issued.
2. You must attach a copy of the letter giving authority for the credit and a schedule of computation to the return.

110 (Reserved)

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