

## Chapter 04 Basic Skill Training or Retraining Tax Credit

- 100 An income tax credit is allowed to employers that are:
1. Permanent business enterprises primarily engaged in manufacturing, processing, distribution, wholesaling, research and development and warehousing.
  2. Permanent business enterprises designated by rule or regulation of the Mississippi Development Authority as air transportation and maintenance facilities, final destination or resort hotels having a minimum of (one hundred fifty) 150 guest rooms, recreational facilities that impact tourism, movie industry studios, telecommunication enterprises, data or information processing enterprises, computer software development enterprises or any technology intensive facility or enterprise.
  3. Employers that have qualified for the national or regional headquarters credit.
- 101 The credit allowed is fifty percent (50%) of qualified expenses, not to exceed fifty percent (50%) of the income tax liability. Any excess credit will not be refunded, but may be carried forward for up to five (5) years. The program must be certified for a specific number of years not to exceed five (5) years. The credit may offset up to fifty percent (50%) of the income tax due. It may be used in combination with any of the other credits. The training or retraining credit cannot exceed \$2,500 in the aggregate per employee for a three (3) year period.
- 102 To qualify for the credit, the basic skills training or retraining must be offered through, or be approved by, the community or junior college in the district where the business is located. Employers must be certified as eligible for the tax credit by the local community or junior college that serves the employer and the Mississippi Department of Revenue. The training does not have to be on the community or junior college campus to qualify if it is sponsored and approved by the college. A copy of the certification must be furnished to the Department of Revenue by the taxpayer when the certification is granted. When a return is filed on which the credit is taken, a schedule showing the expenses and computation of the credit and a copy of the certification must be attached to the return.
- 103 The credit may be available for basic skills training that enhances reading, writing or math skills up to the twelfth (12<sup>th</sup>) grade level for employees who are unable to function effectively on the job due to deficiencies in these areas or who would be displaced because such deficiencies will inhibit their training for new technology. The credit may also be available for retraining programs for hourly employees who have been employed for a minimum of one (1) year by the employer that, upon successful completion, increase the employee's opportunity for consideration for promotion or retention with the employer. For either type of training to qualify for the credit, it must be job-related and increase opportunities for employee advancement or retention.
- 104 Employers may contact the Mississippi Community College Board Office of Workforce Education for a list of Community Colleges and the cities where the main campuses are located at:

Office of Workforce Education  
Mississippi Community College Board  
3825 Ridgewood Road  
Jackson, MS 39211  
(P) 601-432-6519  
(F) 601-432-6365

- 105 The credit is applied to qualified training or retraining expenses, which are expenses related to instructors, instructional materials and equipment and the construction and maintenance of facilities by the employer that are designated for training or retraining provided through such community or junior college or training approved by such community or junior college. The qualified expenses are net of any reimbursement.
- 106 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 has to repay the employer. If so, the employer has to recapture those amounts.
- 107 The credit cannot be used by any business enterprise or corporation other than the business enterprise actually qualifying for the credit. Credit received by a partnership, LLC or 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.
- 108 The credit is not refundable. An expense cannot be used both as a credit and a deduction. If a credit is based on an expense, then the amount of the credit taken must be added back to Mississippi taxable income in the year the credit is used.
- 109 This credit is authorized under Miss. Code Ann. Section 57-73-25, as amended.
- 110 (Reserved)
- 111 (Reserved)