

Chapter 06 Ad Valorem Credit

- 100 An income tax credit is available for ad valorem tax paid on commodities, raw materials, works-in-process, products, goods, wares and merchandise held for resale by manufacturers, distributors, and wholesale or retail merchants. For the credit to be taken, the ad valorem tax must be determined by specific location. Within these limitations, this credit may offset up to one hundred percent (100%) of the income tax due. It may be used in combination with any of the other credits.
- 101 Any tax credit claimed but not used may be carried forward for five (5) consecutive years from the close of the tax year in which the credit was earned. The carry forward only applies to credits earned for tax years beginning on or after July 1, 2012. The tax credit allowed shall not exceed the amounts set forth as follow:
1. For the 1997 taxable year and each taxable year thereafter through taxable year 2013, the credit is limited to the lesser of \$5,000.00 per location or the income tax attributable to such location.
 2. For the 2014 taxable year, the credit is limited to the lesser of \$10,000.00 per location or the income tax attributable to such location.
 3. For the 2015 taxable year, the credit is limited to the lesser of \$15,000.00 per location or the income tax attributable to such location.
 4. For the 2016 taxable year and each taxable year thereafter, the credit is limited to the lesser of the amount of ad valorem tax paid or the income tax attributable to such location.
- 102 A copy of the tax receipt from the county, city or school district that shows the inventory valuation and a schedule showing the calculation by location of the ad valorem tax paid based on the valuation must be attached to the return.
- 103 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. 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.
- 104 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.
- 105 To apply for this credit: You do not have to apply for this credit ahead of time, but you must attach a copy of the tax receipt to your return to claim this credit. If you

have more than five (5) locations, you should attach five (5) receipts and a schedule of all receipts including the ones attached.

106 This credit is authorized under Miss. Code Ann. Section 27-7-22.5, as amended.

107 (Reserved)

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