

Mississippi Equity Investment (New Markets) Tax Credit

A credit to Mississippi income or insurance premium tax is available for eligible investments made by Community Development Entities (CDEs) in designated low income census tracts in the state, as defined by the U.S. Census Bureau. These credits are state credits that act as companion credits to the Federal New Markets Tax Credits (NMTC) Program. Mississippi allows a state credit equal to 24% of the Qualified Equity Investment (QEI) in addition to the credits awarded through the federal program.

Program Facts

Equity Investment Credits are calculated as 8% of the QEI, and are available as of the Mississippi Credit Allowance Date, and annually for two additional years. Credits are based on a Mississippi investment being maintained for a minimum of seven years, as required under the federal program. If all state and federal program requirements are not met, all credits may be recaptured by the State Tax Commission. Annual program reporting requirements must be maintained as well.

The maximum investment eligible for credits on any project cannot exceed \$10,000,000. The total Mississippi Equity Investment Credits that can be awarded is capped at \$15,000,000 per year.

Credits can be used to offset up to fifty percent of the entity's income tax liability after all other credits have been taken, and unused investment tax credits can be carried forward up to five years.

Mississippi Equity Investment Tax Credits must be awarded and certified by the Mississippi Development Authority prior to funding. Usage of credits is administered by the Mississippi State Tax Commission.

For further details, see the Mississippi Tax Incentives, Exemptions, and Credits on the State Tax Commission's website <http://www.mstc.state.ms.us/revenue/incentive/2008IncentiveBook.pdf>, the Mississippi Equity Investment Tax Credit Guidelines, or Section 57-105-1, MS Code 1972, Annotated. To request these documents or for assistance, contact the State Tax Commission at (601)923-7044 or the Financial Resources Division at financial@mississippi.org or (601)359-3552.