

Skills Training Income Tax Credit

Skills training tax credits are credits that can be applied to state income tax to reduce an employer's income tax liability. These credits are earned by certain types of businesses that offer training to their employees in Mississippi. The following businesses qualify for these credits:

- Manufacturers
- Wholesalers
- Processors
- Research and Development Facilities
- Distributors
- Warehouseers

In addition, the following businesses qualify upon receiving a designation by the Mississippi Development Authority:

- Air and Transportation Maintenance Facilities
- Telecommunications Companies
- Data and Information Processing Companies
- Computer Software Development Enterprises
- Recreational Facilities that impact Tourism
- Resort hotels having a minimum of 150 rooms
- Movie Industry Studios
- Technology intensive facilities

Program Facts

The Skills Training Income Tax Credit is an incentive for a business to offer training to their Mississippi employees. For expenses to qualify for the Skills Training Credit, the training program must be offered by, or be approved by, the community or junior college in the district where the business is located as well as the State Tax Commission. The training does not have to be held on the community or junior college campus to qualify for the credit, but must enhance skills related to the job that the employee is performing, improve job performance, or relate to a career path that is anticipated for the employee.

The expenses that qualify for this credit include expenses relating to instructors, instructional materials and equipment, and the construction and maintenance of facilities by an employer designated for training purposes. The eligible amounts are those that are deductible in the employer's Mississippi income tax return. This includes travel, accommodations, cost of copies, etc.

The Skills Training Income Tax Credit equals fifty percent of the amount of expenses the

business incurs in that training. The credit is allowed up to fifty percent of the state income tax liability for that year, and unused skills training tax credits can be carried forward up to five years.

The amount of training credit cannot exceed \$2,500 per Mississippi employee per year. The credit is not refundable, and cannot be used both as a credit and a deduction. The Skills Training Income Tax Credit is administered by the 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>, or Section 57-73-25, 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.