



CHILDREN'S PROMISE ACT

The Children's Promise Act is legislation passed during the 2018 session allowing businesses to receive a tax credit for up to 50% of their state tax liability by making a voluntary cash contribution to an approved nonprofit entity. The nonprofit entities who qualified during this first year were a very narrow portion of the nonprofit sector. In 2019, the scope of approved nonprofits was widened to allow educational institutions to apply; Copiah Educational Foundation is approved to receive contributions through the Children's Promise Act as a Qualified Charitable Organization.

There is a statewide cap of the amount that will be approved by the Department of Revenue, so the program operates on a first come, first serve basis. Once the statewide cap is reached, no more applications will be approved. The 2024 statewide cap has already been reached but will begin again on January 1st, 2025.

***Information provided on this page is not tax advice. Please consult a tax professional regarding your specific tax situation.**

FOR BUSINESSES

An income tax credit is available for voluntary cash contributions to an eligible charitable organization. The tax credit is only available to a taxpayer who is a business enterprise engaged in commercial, industrial, or professional activities and operating as a corporation, limited liability company, partnerships, or sole proprietorship. The credit is allowed against income tax, insurance premium tax, and insurance premium retaliatory tax. A contribution, for which an Eligible Charitable Business Contribution Tax Credit is claimed, may not be used as a deduction by the taxpayer for state income tax purposes.

Business taxpayers may donate and receive a dollar-for-dollar tax credit for up to 50% of a taxpayer's Mississippi State tax liability. For pass-through entities, each partner, member, or shareholder may offset up to 50% of his/her individual Mississippi tax liability if the credit is sufficient.

You may only claim a tax credit for your charitable contribution on your Mississippi state tax return. You cannot claim both a deduction and a credit for the same charitable contribution on your Mississippi tax return. Charitable Tax Credit dollars may be carried forward for up to five years, reducing future tax liability.

How to apply for business tax credits

- The taxpayer must apply for the tax credit using the forms prescribed by the Mississippi Department of Revenue. The taxpayer must indicate the dollar amount of the contribution made or to be made during the calendar year.
- Within thirty (30) days after receiving the application, the Mississippi Department of Revenue shall allocate tax credits based on the dollar amount of the contribution as certified in the application.
- Once the Mississippi Department of Revenue has allocated credits to a taxpayer, the taxpayer must make the contribution and send the verification of the contribution to the Mississippi Department of Revenue. Verification sent by the taxpayer to Mississippi Department of Revenue must be received within sixty (60) days from the date of the allocation notification.
- If the contribution is not made within sixty (60) days, the tax credit allocation will be cancelled by the Mississippi Department of Revenue for reallocation.

For more information contact the school: 601-892-3770.