

Children's Promise Act

What is the Children's Promise Act?

The Children's Promise Act is legislation initially passed during the 2018 Mississippi legislative session allowing businesses to receive a **dollar-for-dollar tax credit for up to 50% of their state tax liability** by making a voluntary contribution to an approved nonprofit entity. There is a statewide cap on the amount that will be approved by the Department of Revenue so the program operates on a first-come, first-serve basis starting each January. For 2024, the statewide cap for nonprofits like ours is \$9,000,000, with each entity being able to receive up to 5% of that total (\$405,000). Once the statewide cap is reached, no more applications will be approved for the remainder of the calendar year. Each year, this cap is reached within minutes of the New Year, and the benefits it has given to schools like ours are tremendous.

Please review the information below to learn more about taking advantage of this program. Feel free to contact the school's financial office if you have any questions.

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

Who can accept qualified contributions?

In order to receive donations using this program, a school must qualify as an Educational Services Charitable Organization (ESCO). Each ESCO must be a 501c3 charitable organization that has sought the ESCO designation and been approved for that designation by the Mississippi Department of Revenue. Amite School Center has sought and received approval as a designated ESCO by the Mississippi Department of Revenue, and a copy of our approval letter is available upon request.

Who can make contributions?

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, partnership, or sole proprietorship. Taxpayers may utilize the credit against income tax, insurance premium tax, and insurance premium retaliatory tax. Taxpayers, not operating as a corporation, may also utilize the credit against ad valorem taxes on real property.

How much tax credit can be given?

Business taxpayers may donate and receive a dollar-for-dollar tax credit for up to 50% of a taxpayer's Mississippi State tax liability. This tax credit for a charitable contribution can only be claimed on the Mississippi state tax return.

What else?

Any 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. A contribution to an ESCO used for the Eligible Charitable Business Contribution Tax Credit cannot be used for the Charitable Contribution Tax Credit or the Foster Care Charitable Tax Credit.

If the donation exceeds 50% of the business's tax liability, Charitable Tax Credit dollars may be carried forward for up to five years, reducing future tax liability.

How does a business participate?

1. The taxpayer must fill out the online 2024 Application for Allocations to Eligible Charitable Organizations from the Mississippi Department of Revenue website.
2. The link for the application is named "Apply for a Charitable Contribution Credit", and is located at <https://tap.dor.ms.gov>. The Department of Revenue recommends that taxpayers become familiar with the online application process prior to filing an application. Starting November 1st and ending December 1st, taxpayers will be allowed to "test" the online application by going to <https://stagingtap.dor.ms.gov> and clicking on the "Apply for a Charitable Contribution Credit."
3. On the application, the taxpayer must enter the dollar amount of the contribution to be made and then select the approved nonprofit (Amite School Center) that receives the contribution.
4. At 8:00 a.m. on January 2nd, 2024, the taxpayer should go online to the Mississippi Department of Revenue website to complete and submit the 2024 application. This is a first come first served process, applications will not be accepted early. Based on the past few years, the \$9,000,000 allocated for these organizations is likely to be claimed within minutes.
5. Within thirty (30) days of receiving the form, the Mississippi Department of Revenue shall respond with an approval or denial letter.
6. If the Mississippi Department of Revenue approves an application, the taxpayer must make the contribution and send the verification (a letter from Amite School Center) of the contribution to the Mississippi Department of Revenue within sixty (60) days from the date the approval was granted.
7. If the contribution is not made within sixty (60) days, the tax credit allocation will be canceled by the Mississippi Department of Revenue and those funds will be available for other applicants to use.