# Income/Franchise:
# Mississippi: New Law Revises Depreciation and Expensing for Some Qualifying Expenditures and Property

*H.B. 1733*, signed by gov. 3/27/23. Applicable from and after January 1, 2023, new law revises methods of Mississippi corporate and individual income tax depreciation and expensing that may be used for certain qualifying expenditures and property, including providing for the following:
**URL:** http://billstatus.ls.state.ms.us/2023/pdf/history/HB/HB1733.xml

1. For purposes of computing Mississippi income tax for tax years beginning after December 31, 2022, a taxpayer may treat "specified research or experimental expenditures" that are paid or incurred by the taxpayer during the tax year in connection with its trade or business as expenses that are not chargeable to the capital account as immediately fully deductible, or such taxpayer may depreciate these expenditures in accordance with Internal Revenue Code (IRC) section 174;
2. For purposes of computing Mississippi income tax for tax years beginning after December 31, 2022, a taxpayer's expenditures for business assets that are considered "qualified property" or "qualified improvement property" are eligible for 100% bonus depreciation and may be deducted as an expense incurred by the taxpayer during the tax year during which the property is placed in service, or such taxpayer may depreciate these business assets in accordance with the IRC section 168 expensing schedule; and
3. For any taxable year in which any IRC section 179 property is placed in service, a Mississippi taxpayer may elect to treat the full cost of such property as an expense which is not chargeable to a capital account, and any cost so treated must be allowed as a Mississippi deduction for that year in conformity with the provisions of IRC section 179 in effect for that year.

The legislation provides various relevant definitions for what constitutes qualifying expenditures and property, and it also clarifies that the total of any method or combination of depreciation methods used under these new provisions cannot exceed 100% of the cost of the subject property, and nothing in these new provisions "shall be construed to nullify or otherwise alter the treatment of depreciation expenses for any tax year prior to 2023." Please contact us with any questions.

— Joe Garrett (Birmingham)
Managing Director
Deloitte Tax LLP
jogarrett@deloitte.com

Amber Rutherford (Nashville)
Senior Manager
Deloitte Tax LLP
amberrutherford@deloitte.com

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