



# This Week in State Tax (TWIST)

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MISSISSIPPI



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## Mississippi: Legislation Decoupling from TCJA Changes to Section 174 and Allowing for 100 Percent Bonus Depreciation Enacted

Mississippi House Bill 1733 was signed into law on March 27, 2023. This bill provides that for purposes of computing income tax for tax years beginning after December 31, 2022, a taxpayer will be allowed to treat research or experimental expenditures paid or incurred by the taxpayer during the tax year in connection with the taxpayer's trade or business as expenses that are not chargeable to the capital account. Expenditures so treated are allowed as an immediate deduction. A taxpayer may alternatively treat the depreciation of such research or experimental expenditures in accordance with the schedule provided in IRC section 174. The method elected by the taxpayer, whether taking an immediate deduction or depreciating the expenditures in accordance with IRC section 174, is irrevocable unless the Commissioner of Revenue specifically allows a change in the method.

In addition to essentially decoupling from the TCJA changes to IRC section 174, House Bill 1733 will allow 100 percent bonus depreciation for qualified property or qualified improvement property placed in service during the tax year, notwithstanding any changes to federal law related to cost recovery beginning on January 1, 2023 or some other date. Alternatively, a taxpayer may elect to treat the depreciation of such assets as in accordance with IRC section 168. The method so elected by the taxpayer is again irrevocable unless the Commissioner specifically allows a change in the method. "Qualified property," "qualified improvement property," and "specified research or experimental expenditures" are defined as defined under the Internal Revenue Code as it existed on January 1, 2021. Finally, Mississippi will conform to the full expensing provisions of IRC section 179 also effective for tax years beginning after December 31, 2022. Please contact [Greg Aughenbaugh](#) with questions on Mississippi House Bill 1733.



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