

Catastrophe Savings Tax Schedule Instructions

GENERAL

A taxpayer can have a Catastrophe Savings Account established to help pay the insurance deductible under an insurance policy for the taxpayer's legal residence that covers hurricane, flood, windstorm, or other catastrophic event damage, to help pay expenses not covered by the insurance policy after the deductible is paid, and to help pay self-insured losses for the taxpayer's legal residence.

The taxpayer can receive an adjustment to gross income for the amount contributed to the catastrophe savings account as well as exclude any distributions from that account used to pay qualified catastrophe expenses.

If the aggregate distributions exceed the qualified catastrophe expenses during the taxable year, the amount otherwise included in the taxable gross income of the taxpayer shall be reduced by the amount of the distributions for qualified catastrophe expenses. Any excess distributions included in gross income shall be taxed at an increased rate of 2 ½% (.025) and reported on Form 80-105, line 22 or Form 80-205, line 24.

For more information on catastrophe savings tax, go to the "FAQs for Individual Income Tax" on our website at www.dor.ms.gov/Pages/Individual-FAQs."

LIMITATIONS

The following limitations are applicable to the Catastrophe savings account/Self-insured:

- If insurance deductible is less than or equal to \$1,000 - the contribution is limited to \$2,000
- If insurance deductible is greater than \$1,000 -, the contribution is limited to the lesser of \$15,000 or twice the amount of the deductible.
- For self-insured individuals who choose not to obtain insurance, the contribution is limited to \$350,000 but may not exceed the value of the legal residence.

PART I: DEDUCTIBLE LIMITATIONS

Insurance Policy Holder

Check the box for the amount of your qualified insurance deductible. If your deductible is less than or equal to \$1,000, skip to line 6 and enter \$2,000 on line 9. If your deductible is greater than \$1,000, go to line 1.

Line 1: Enter the amount of your insurance deductible on line 1.

Line 2: Multiply the amount of your insurance deductible on line 1 times two and enter the amount on line 2.

Line 3: Enter the lesser of line 2 or \$15,000 as your contribution limitation on line 3.

Self-Insured

Line 4: Enter the value of your legal residence.

Line 5: Enter the lesser of line 4 or \$350,000 as your contribution limitation on line 5.

PART II: CONTRIBUTION DEDUCTION

Line 6: Enter the amount of contributions made to your catastrophe savings account this year.

Line 7: Enter the amount of contributions made to your catastrophe savings account in prior years.

Line 8: Enter the total amount of contributions made to your catastrophe savings account (line 6 plus line 7).

Line 9: Enter your contribution limitation amount from line 3 (insurance policy holder) or line 5 (self-insured).

Line 10: Enter the lesser of the contributions made to your catastrophe savings account this year (line 6) or the contribution limitation amount (line 9) as your contribution deduction. Enter the amount on Form 80-105, line 59 or Form 80-205, line 60.

PART III: TAXABLE DISTRIBUTIONS

Line 11: Enter the total amount of distributions made from your catastrophe savings account. (This line cannot be more than line 10.)

Line 12: Enter the amount of qualified catastrophe expenses.

Line 13: Enter the amount of your taxable distributions (line 11 minus line 12) and enter the amount on Form 80-108, Part V, Schedule N.

Line 14: Catastrophe savings tax; exceptions: if the taxpayer no longer owns a legal residence that qualifies for homestead exemption or the distribution is from a catastrophe savings account and is made on or after the date on which the taxpayer attains the age of seventy (70) years old, enter a zero on line 14. If the above exceptions do not apply and there is a positive amount on line 13, then multiply the amount on line 13 by 2 ½% (.025) and enter that amount on Form 80-105, line 22 or Form 80-205, line 24.