To: Ways and Means

MISSISSIPPI LEGISLATURE                        REGULAR SESSION 2001
By: Representative Stringer

HOUSE BILL NO. 1537

AN ACT TO AMEND SECTION 27-7-5, MISSISSIPPI CODE OF 1972, TO REDUCE THE INCOME TAX RATE IMPOSED ON INCOME DERIVED FROM A GAIN FROM THE SALE OR OTHER DISPOSITION OF REAL PROPERTY OR TIMBER IF A TAXPAYER OWNED SUCH REAL PROPERTY OR TIMBER FOR AT LEAST FIVE YEARS BEFORE THE SALE OR DISPOSITION; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Section 27-7-5, Mississippi Code of 1972, is amended as follows:

27-7-5. (1) There is hereby assessed and levied, to be collected and paid as hereinafter provided, for the calendar year 1983 and fiscal years ending during the calendar year 1983 and all taxable years thereafter, upon the entire net income of every resident individual, corporation, association, trust or estate, in excess of the credits provided, a tax at the following rates:

On the first Five Thousand Dollars ($5,000.00) of taxable income, or any part thereof, at the rate of three percent (3%); On the next Five Thousand Dollars ($5,000.00) of taxable income, or any part thereof, at the rate of four percent (4%); and On all taxable income in excess of Ten Thousand Dollars ($10,000.00), at the rate of five percent (5%).

However, income derived from a gain from the sale or other disposition of real property or timber shall be taxed at the rate of two and one-half percent (2-1/2%), if the taxpayer owned such real property or timber for at least five (5) years before the date of the sale or other disposition of the real property or timber.

(2) An S corporation, as defined in Section 27-8-3(1)(g), shall not be subject to the income tax imposed under this section.

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(3) A like tax is hereby imposed to be assessed, collected and paid annually, except as hereinafter provided, at the rate specified in this section and as hereinafter provided, upon and with respect to the entire net income, from all property owned or sold, and from every business, trade or occupation carried on in this state by individuals, corporations, partnerships, trusts or estates, not residents of the State of Mississippi.

(4) In the case of taxpayers having a fiscal year beginning in the calendar year 1982 and ending after the first day of January 1983, the tax due for that taxable year shall be determined by:

(a) Computing for the full fiscal year the amount of tax that would be due under the rates in effect for the calendar year 1982; and

(b) Computing for the full fiscal year the amount of tax that would be due under the rates in effect for the calendar year 1983; and

(c) Applying to the tax computed under paragraph (a) the ratio which the number of months falling within the earlier calendar year bears to the total number of months in the fiscal year; and

(d) Applying to the tax computed under paragraph (b) the ratio which the number of months falling within the later calendar year bears to the total number of months within the fiscal year; and

(e) Adding to the tax determined under paragraph (c) the tax determined under paragraph (d) the sum of which shall be the amount of tax due for the fiscal year.

SECTION 2. Nothing in this act shall affect or defeat any claim, assessment, appeal, suit, right or cause of action for taxes due or accrued under the income tax laws before the date on which this act becomes effective, whether such claims, assessments, appeals, suits or actions have been begun before the
date on which this act becomes effective or are begun thereafter; and the provisions of the income tax laws are expressly continued in full force, effect and operation for the purpose of the assessment, collection and enrollment of liens for any taxes due or accrued and the execution of any warrant under such laws before the date on which this act becomes effective, and for the imposition of any penalties, forfeitures or claims for failure to comply with such laws.

SECTION 3. This act shall take effect and be in force from and after January 1, 2002.