

By: Representative Stringer

To: Ways and Means

HOUSE BILL NO. 440

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

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

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

9 27-7-5. (1) There is hereby assessed and levied, to be
10 collected and paid as hereinafter provided, for the calendar year
11 1983 and fiscal years ending during the calendar year 1983 and all
12 taxable years thereafter, upon the entire net income of every
13 resident individual, corporation, association, trust or estate, in
14 excess of the credits provided, a tax at the following rates:

15 On the first Five Thousand Dollars (\$5,000.00) of taxable
16 income, or any part thereof, at the rate of three percent (3%);

17 On the next Five Thousand Dollars (\$5,000.00) of taxable
18 income, or any part thereof, at the rate of four percent (4%); and

19 On all taxable income in excess of Ten Thousand Dollars
20 (\$10,000.00), at the rate of five percent (5%).

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

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



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

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

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

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

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

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

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

57 **SECTION 2.** Nothing in this act shall affect or defeat any
58 claim, assessment, appeal, suit, right or cause of action for
59 taxes due or accrued under the income tax laws before the date on
60 which this act becomes effective, whether such claims,
61 assessments, appeals, suits or actions have been begun before the



62 date on which this act becomes effective or are begun thereafter;
63 and the provisions of the income tax laws are expressly continued
64 in full force, effect and operation for the purpose of the
65 assessment, collection and enrollment of liens for any taxes due
66 or accrued and the execution of any warrant under such laws before
67 the date on which this act becomes effective, and for the
68 imposition of any penalties, forfeitures or claims for failure to
69 comply with such laws.

70 **SECTION 3.** This act shall take effect and be in force from
71 and after January 1, 2003.

