

By: Senator(s) Robertson

To: Finance

SENATE BILL NO. 2753

1 AN ACT TO AMEND SECTIONS 27-7-71 AND 27-13-43, MISSISSIPPI
 2 CODE OF 1972, TO REMOVE THE REQUIREMENT THAT THE CHAIRMAN OF THE
 3 STATE TAX COMMISSION MUST APPROVE DETERMINATIONS OF THE BOARD OF
 4 REVIEW OF THE STATE TAX COMMISSION IN APPEALS FROM DECISIONS OF
 5 THE CHAIRMAN REGARDING INCOME AND FRANCHISE TAXES; TO AMEND
 6 SECTIONS 27-7-11, 27-7-17, 27-7-39, 27-7-81 AND 27-7-343,
 7 MISSISSIPPI CODE OF 1972, TO REMOVE THE REQUIREMENT THAT THE
 8 GOVERNOR MUST APPROVE CERTAIN RULES AND REGULATIONS PRESCRIBED
 9 UNDER THE INCOME TAX LAWS; AND FOR RELATED PURPOSES.

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

11 **SECTION 1.** Section 27-7-71, Mississippi Code of 1972, is
 12 amended as follows:

13 27-7-71. (1) A taxpayer who feels aggrieved at any action
 14 of the commissioner under Sections 27-7-49, 27-7-51 or 27-7-53,
 15 may appeal to the board of review, as legally constituted and
 16 authorized by Section 27-7-79, for a hearing in the matter within
 17 thirty days from the date of said action. The board of review
 18 shall grant a hearing thereon at the earliest practical date. At
 19 said hearing, the board of review shall try the issues presented,
 20 according to law and the facts, and shall within thirty (30) days
 21 from the date of the hearing make a determination * * * and notify
 22 the taxpayer of its findings. Any overpayment of tax determined
 23 by the approved order of the board of review shall be credited, or
 24 refunded, to the taxpayer. Any tax deficiency, including any
 25 penalty and interest, determined by the approved order of the
 26 board of review shall be paid by the taxpayer within thirty (30)
 27 days from the date of notification to the taxpayer, and, if the
 28 deficiency is not paid within the thirty-day period, the
 29 commissioner shall proceed to collect the deficiency under the
 30 provisions of Sections 27-7-55 through 27-7-67 * * *; provided,

31 that within the thirty-day period the taxpayer may appeal to the
32 State Tax Commission from the decision of the board of review, as
33 hereinafter set out.

34 (2) A taxpayer who feels aggrieved at any decision by the
35 board of review, may appeal to the State Tax Commission by
36 petition, in writing, within thirty (30) days from the date of the
37 decision, for a hearing upon the action or decision of the board
38 of review. In the petition the taxpayer shall set forth the
39 reasons such hearing should be granted. The State Tax Commission
40 shall promptly consider the petition, grant the hearing, and
41 notify the petitioner of the time and place fixed for the hearing.
42 In any hearing before the State Tax Commission, two (2) members
43 constitute a quorum. At the hearing, the State Tax Commission
44 shall try the issues presented, according to the law and the
45 facts, and shall, as soon as practical thereafter, notify the
46 taxpayer of its determination. Any overpayment of tax which the
47 State Tax Commission may determine to have been paid shall be
48 credited or refunded to the taxpayer. Any tax deficiency,
49 including any penalty and interest, determined by the State Tax
50 Commission shall be paid within thirty (30) days from the date of
51 notification of the taxpayer, and if the deficiency is not paid
52 within said thirty-day period, the State Tax Commission shall
53 proceed to collect the deficiency under the provisions of Sections
54 27-7-55 to 27-7-67; provided that within said thirty-day period
55 the taxpayer may appeal from the decision of the State Tax
56 Commission as hereinafter set out.

57 **SECTION 2.** Section 27-13-43, Mississippi Code of 1972, is
58 amended as follows:

59 27-13-43. (1) A taxpayer who feels aggrieved at any action
60 of the commissioner under Sections 27-13-23 or 27-13-25, may
61 appeal to the board of review, as legally constituted and
62 authorized by Section 27-13-65, for a hearing in the matter within
63 thirty (30) days from the date of the action. The board of review

64 shall grant a hearing thereon at the earliest practical date. At
65 the hearing, the board of review shall try the issues presented,
66 according to law and the facts, and shall within thirty (30) days
67 from the date of said hearing make a determination * * * and
68 notify the taxpayer of its findings. Any overpayment of tax
69 determined by the * * * order of the board of review shall be
70 credited, or refunded, to the taxpayer. Any tax deficiency,
71 including any penalty and interest, determined by the approved
72 order of the board of review shall be paid by the taxpayer within
73 thirty (30) days from the date of notification to the taxpayer and
74 if the deficiency is not paid within the thirty-day period, the
75 commissioner shall proceed to collect the deficiency under the
76 provisions of Sections 27-13-29 through 27-13-41 * * *; provided,
77 that within the thirty-day period the taxpayer may appeal to the
78 State Tax Commission from the decision of the board of review, as
79 hereinafter set out.

80 (2) A taxpayer who feels aggrieved at any decision by the
81 board of review, may appeal to the State Tax Commission by
82 petition, in writing, within thirty (30) days from the date of the
83 decision, for a hearing upon the action or decision of the board
84 of review. In the petition the taxpayer shall set forth the
85 reasons such hearing should be granted. The State Tax Commission
86 shall promptly consider the petition, grant the hearing, and
87 notify the petitioner of the time and place fixed for the hearing.
88 In any hearing before the State Tax Commission, two (2) members
89 constitute a quorum. At the hearing, the State Tax Commission
90 shall try the issues presented, according to the law and the
91 facts, and shall, as soon as practical thereafter, notify the
92 taxpayer of its determination. Any overpayment of tax which the
93 State Tax Commission may determine to have been paid shall be
94 credited or refunded to the taxpayer. Any tax deficiency,
95 including any penalty and interest, determined by the State Tax
96 Commission shall be paid within thirty (30) days from the date of

97 notification of the taxpayer, and if the deficiency is not paid
98 within the thirty-day period, the State Tax Commission shall
99 proceed to collect the deficiency under the provisions of Sections
100 27-13-29 through 27-13-41, provided that within said thirty-day
101 period the taxpayer may appeal from the decision of the State Tax
102 Commission as hereinafter set out.

103 **SECTION 3.** Section 27-7-11, Mississippi Code of 1972, is
104 amended as follows:

105 27-7-11. Whenever, in the opinion of the commissioner, the
106 use of inventories is necessary in order to clearly determine the
107 income of any taxpayer, inventories shall be taken by such
108 taxpayer upon such basis as the commissioner may prescribe * * *
109 in order to conform as nearly as may be to the best accounting
110 practice in the trade or business, and in order to clearly reflect
111 the income.

112 **SECTION 4.** Section 27-7-17, Mississippi Code of 1972, is
113 amended as follows:

114 27-7-17. In computing taxable income, there shall be allowed
115 as deductions:

116 (1) **Business deductions.**

117 (a) **Business expenses.** All the ordinary and necessary
118 expenses paid or incurred during the taxable year in carrying on
119 any trade or business, including a reasonable allowance for
120 salaries or other compensation for personal services actually
121 rendered; nonreimbursable traveling expenses incident to current
122 employment, including a reasonable amount expended for meals and
123 lodging while away from home in the pursuit of a trade or
124 business; and rentals or other payments required to be made as a
125 condition of the continued use or possession, for purposes of the
126 trade or business of property to which the taxpayer has not taken
127 or is not taking title or in which he had no equity. Expense
128 incurred in connection with earning and distributing nontaxable
129 income is not an allowable deduction. Limitations on

130 entertainment expenses shall conform to the provisions of the
131 Internal Revenue Code of 1986.

132 (b) **Interest.** All interest paid or accrued during the
133 taxable year on business indebtedness, except interest upon the
134 indebtedness for the purchase of tax-free bonds, or any stocks,
135 the dividends from which are nontaxable under the provisions of
136 this article; provided, however, in the case of securities
137 dealers, interest payments or accruals on loans, the proceeds of
138 which are used to purchase tax-exempt securities, shall be
139 deductible if income from otherwise tax-free securities is
140 reported as income. Investment interest expense shall be limited
141 to investment income. Interest expense incurred for the purchase
142 of treasury stock, to pay dividends, or incurred as a result of an
143 undercapitalized affiliated corporation may not be deducted unless
144 an ordinary and necessary business purpose can be established to
145 the satisfaction of the commissioner. For the purposes of this
146 paragraph, the phrase "interest upon the indebtedness for the
147 purchase of tax-free bonds" applies only to the indebtedness
148 incurred for the purpose of directly purchasing tax-free bonds and
149 does not apply to any other indebtedness incurred in the regular
150 course of the taxpayer's business. Any corporation, association,
151 organization or other entity taxable under Section 27-7-23(c)
152 shall allocate interest expense as provided in Section
153 27-7-23(c)(3)(I).

154 (c) **Taxes.** Taxes paid or accrued within the taxable
155 year, except state and federal income taxes, excise taxes based on
156 or measured by net income, estate and inheritance taxes, gift
157 taxes, cigar and cigarette taxes, gasoline taxes, and sales and
158 use taxes unless incurred as an item of expense in a trade or
159 business or in the production of taxable income. In the case of
160 an individual, taxes permitted as an itemized deduction under the
161 provisions of subsection (3)(a) of this section are to be claimed
162 thereunder.

163 (d) **Business losses.**

164 (i) Losses sustained during the taxable year not
165 compensated for by insurance or otherwise, if incurred in trade or
166 business, or nonbusiness transactions entered into for profit.

167 (ii) Limitations on losses from passive activities
168 and rental real estate shall conform to the provisions of the
169 Internal Revenue Code of 1986.

170 (e) **Bad debts.** Losses from debts ascertained to be
171 worthless and charged off during the taxable year, if sustained in
172 the conduct of the regular trade or business of the taxpayer;
173 provided, that such losses shall be allowed only when the taxpayer
174 has reported as income, on the accrual basis, the amount of such
175 debt or account.

176 (f) **Depreciation.** A reasonable allowance for
177 exhaustion, wear and tear of property used in the trade or
178 business, or rental property, and depreciation upon buildings
179 based upon their reasonable value as of March 16, 1912, if
180 acquired prior thereto, and upon cost if acquired subsequent to
181 that date.

182 (g) **Depletion.** In the case of mines, oil and gas
183 wells, other natural deposits and timber, a reasonable allowance
184 for depletion and for depreciation of improvements, based upon
185 cost, including cost of development, not otherwise deducted, or
186 fair market value as of March 16, 1912, if acquired prior to that
187 date, such allowance to be made upon regulations prescribed by the
188 commissioner * * *.

189 (h) **Contributions or gifts.** Except as otherwise
190 provided in subsection (3)(a) of this section for individuals,
191 contributions or gifts made by corporations within the taxable
192 year to corporations, organizations, associations or institutions,
193 including Community Chest funds, foundations and trusts created
194 solely and exclusively for religious, charitable, scientific or
195 educational purposes, or for the prevention of cruelty to children

196 or animals, no part of the net earnings of which inure to the
197 benefit of any private stockholder or individual. This deduction
198 shall be allowed in an amount not to exceed twenty percent (20%)
199 of the net income. Such contributions or gifts shall be allowable
200 as deductions only if verified under rules and regulations
201 prescribed by the commissioner * * *. Contributions made in any
202 form other than cash shall be allowed as a deduction, subject to
203 the limitations herein provided, in an amount equal to the actual
204 market value of the contributions at the time the contribution is
205 actually made and consummated.

206 (i) **Reserve funds - insurance companies.** In the case
207 of insurance companies the net additions required by law to be
208 made within the taxable year to reserve funds when such reserve
209 funds are maintained for the purpose of liquidating policies at
210 maturity.

211 (j) **Annuity income.** The sums, other than dividends,
212 paid within the taxpayer year on policy or annuity contracts when
213 such income has been included in gross income.

214 (k) **Contributions to employee pension plans.**
215 Contributions made by an employer to a plan or a trust forming
216 part of a pension plan, stock bonus plan, disability or
217 death-benefit plan, or profit-sharing plan of such employer for
218 the exclusive benefit of some or all of his, their, or its
219 employees, or their beneficiaries, shall be deductible from his,
220 their, or its income only to the extent that, and for the taxable
221 year in which, the contribution is deductible for federal income
222 tax purposes under the Internal Revenue Code of 1986 and any other
223 provisions of similar purport in the Internal Revenue Laws of the
224 United States, and the rules, regulations, rulings and
225 determinations promulgated thereunder, provided that:

226 (i) The plan or trust be irrevocable.

227 (ii) The plan or trust constitute a part of a
228 pension plan, stock bonus plan, disability or death-benefit plan,

229 or profit-sharing plan for the exclusive benefit of some or all of
230 the employer's employees and/or officers, or their beneficiaries,
231 for the purpose of distributing the corpus and income of the plan
232 or trust to such employees and/or officers, or their
233 beneficiaries.

234 (iii) No part of the corpus or income of the plan
235 or trust can be used for purposes other than for the exclusive
236 benefit of employees and/or officers, or their beneficiaries.

237 Contributions to all plans or to all trusts of real or
238 personal property (or real and personal property combined) or to
239 insured plans created under a retirement plan for which provision
240 has been made under the laws of the United States of America,
241 making such contributions deductible from income for federal
242 income tax purposes, shall be deductible only to the same extent
243 under the Income Tax Laws of the State of Mississippi.

244 (1) **Net operating loss carrybacks and carryovers.** A
245 net operating loss for any taxable year ending after December 31,
246 1993, and taxable years thereafter, shall be a net operating loss
247 carryback to each of the three (3) taxable years preceding the
248 taxable year of the loss. If the net operating loss for any
249 taxable year is not exhausted by carrybacks to the three (3)
250 taxable years preceding the taxable year of the loss, then there
251 shall be a net operating loss carryover to each of the fifteen
252 (15) taxable years following the taxable year of the loss
253 beginning with any taxable year after December 31, 1991.

254 For any taxable year ending after December 31, 1997, the
255 period for net operating loss carrybacks and net operating loss
256 carryovers shall be the same as those established by the Internal
257 Revenue Code and the rules, regulations, rulings and
258 determinations promulgated thereunder as in effect at the taxable
259 year end or on December 31, 2000, whichever is earlier.

260 A net operating loss for any taxable year ending after
261 December 31, 2001, and taxable years thereafter, shall be a net

262 operating loss carryback to each of the two (2) taxable years
263 preceding the taxable year of the loss. If the net operating loss
264 for any taxable year is not exhausted by carrybacks to the two (2)
265 taxable years preceding the taxable year of the loss, then there
266 shall be a net operating loss carryover to each of the twenty (20)
267 taxable years following the taxable year of the loss beginning
268 with any taxable year after the taxable year of the loss.

269 The term "net operating loss," for the purposes of this
270 paragraph, shall be the excess of the deductions allowed over the
271 gross income; provided, however, the following deductions shall
272 not be allowed in computing same:

273 (i) No net operating loss deduction shall be
274 allowed.

275 (ii) No personal exemption deduction shall be
276 allowed.

277 (iii) Allowable deductions which are not
278 attributable to taxpayer's trade or business shall be allowed only
279 to the extent of the amount of gross income not derived from such
280 trade or business.

281 Any taxpayer entitled to a carryback period as provided by
282 this paragraph may elect to relinquish the entire carryback period
283 with respect to a net operating loss for any taxable year ending
284 after December 31, 1991. The election shall be made in the manner
285 prescribed by the State Tax Commission and shall be made by the
286 due date, including extensions of time, for filing the taxpayer's
287 return for the taxable year of the net operating loss for which
288 the election is to be in effect. The election, once made for any
289 taxable year, shall be irrevocable for that taxable year.

290 (m) **Amortization of pollution or environmental control**
291 **facilities.** Allowance of deduction. Every taxpayer, at his
292 election, shall be entitled to a deduction for pollution or
293 environmental control facilities to the same extent as that

294 allowed under the Internal Revenue Code and the rules,
295 regulations, rulings and determinations promulgated thereunder.

296 (n) **Dividend distributions - real estate investment**
297 **trusts.** "Real estate investment trust" (hereinafter referred to
298 as REIT) shall have the meaning ascribed to such term in Section
299 856 of the federal Internal Revenue Code of 1986, as amended. A
300 REIT is allowed a dividend distributed deduction if the dividend
301 distributions meet the requirements of Section 857 or are
302 otherwise deductible under Section 858 or 860, federal Internal
303 Revenue Code of 1986, as amended. In addition:

304 (i) A dividend distributed deduction shall only be
305 allowed for dividends paid by a publicly traded REIT. A qualified
306 REIT subsidiary shall be allowed a dividend distributed deduction
307 if its owner is a publicly traded REIT.

308 (ii) Income generated from real estate contributed
309 or sold to a REIT by a shareholder or related party shall not give
310 rise to a dividend distributed deduction, unless the shareholder
311 or related party would have received the dividend distributed
312 deduction under this chapter.

313 (iii) A holding corporation receiving a dividend
314 from a REIT shall not be allowed the deduction in Section
315 27-7-15(4)(t).

316 (iv) Any REIT not allowed the dividend distributed
317 deduction in the federal Internal Revenue Code of 1986, as
318 amended, shall not be allowed a dividend distributed deduction
319 under this chapter.

320 The commissioner is authorized to promulgate rules and
321 regulations consistent with the provisions in Section 269 of the
322 federal Internal Revenue Code of 1986, as amended, so as to
323 prevent the evasion or avoidance of state income tax.

324 (o) **Contributions to college savings trust fund**
325 **accounts.** Contributions or payments to a Mississippi Affordable
326 College Savings Program account are deductible as provided under

327 Section 37-155-113. Payments made under a prepaid tuition
328 contract entered into under the Mississippi Prepaid Affordable
329 College Tuition Program are deductible as provided under Section
330 37-155-17.

331 (2) **Restrictions on the deductibility of certain intangible**
332 **expenses and interest expenses with a related member.**

333 (a) As used in this subsection (2):

334 (i) "Intangible expenses and costs" include:

335 1. Expenses, losses and costs for, related
336 to, or in connection directly or indirectly with the direct or
337 indirect acquisition, use, maintenance or management, ownership,
338 sale, exchange or any other disposition of intangible property to
339 the extent such amounts are allowed as deductions or costs in
340 determining taxable income under this chapter;

341 2. Expenses or losses related to or incurred
342 in connection directly or indirectly with factoring transactions
343 or discounting transactions;

344 3. Royalty, patent, technical and copyright
345 fees;

346 4. Licensing fees; and

347 5. Other similar expenses and costs.

348 (ii) "Intangible property" means patents, patent
349 applications, trade names, trademarks, service marks, copyrights
350 and similar types of intangible assets.

351 (iii) "Interest expenses and cost" means amounts
352 directly or indirectly allowed as deductions for purposes of
353 determining taxable income under this chapter to the extent such
354 interest expenses and costs are directly or indirectly for,
355 related to, or in connection with the direct or indirect
356 acquisition, maintenance, management, ownership, sale, exchange or
357 disposition of intangible property.

358 (iv) "Related member" means an entity or person
359 that, with respect to the taxpayer during all or any portion of

360 the taxable year, is a related entity, a component member as
361 defined in the Internal Revenue Code, or is an entity or a person
362 to or from whom there is attribution of stock ownership in
363 accordance with Section 1563(e) of the Internal Revenue Code.

364 (v) "Related entity" means:

365 1. A stockholder who is an individual or a
366 member of the stockholder's family, as defined in regulations
367 prescribed by the commissioner, if the stockholder and the members
368 of the stockholder's family own, directly, indirectly,
369 beneficially or constructively, in the aggregate, at least fifty
370 percent (50%) of the value of the taxpayer's outstanding stock;

371 2. A stockholder, or a stockholder's
372 partnership, limited liability company, estate, trust or
373 corporation, if the stockholder and the stockholder's
374 partnerships, limited liability companies, estates, trusts and
375 corporations own, directly, indirectly, beneficially or
376 constructively, in the aggregate, at least fifty percent (50%) of
377 the value of the taxpayer's outstanding stock;

378 3. A corporation, or a party related to the
379 corporation in a manner that would require an attribution of stock
380 from the corporation to the party or from the party to the
381 corporation, if the taxpayer owns, directly, indirectly,
382 beneficially or constructively, at least fifty percent (50%) of
383 the value of the corporation's outstanding stock under regulation
384 prescribed by the commissioner;

385 4. Any entity or person which would be a
386 related member under this section if the taxpayer were considered
387 a corporation for purposes of this section.

388 (b) In computing net income, a taxpayer shall add back
389 otherwise deductible interest expenses and costs and intangible
390 expenses and costs directly or indirectly paid, accrued to or
391 incurred, in connection directly or indirectly with one or more
392 direct or indirect transactions with one or more related members.

393 (c) The adjustments required by this subsection shall
394 not apply to such portion of interest expenses and costs and
395 intangible expenses and costs that the taxpayer can establish
396 meets one (1) of the following:

397 (i) The related member directly or indirectly
398 paid, accrued or incurred such portion to a person during the same
399 income year who is not a related member; or

400 (ii) The transaction giving rise to the interest
401 expenses and costs or intangible expenses and costs between the
402 taxpayer and related member was done primarily for a valid
403 business purpose other than the avoidance of taxes, and the
404 related member is not primarily engaged in the acquisition, use,
405 maintenance or management, ownership, sale, exchange or any other
406 disposition of intangible property.

407 (d) Nothing in this subsection shall require a taxpayer
408 to add to its net income more than once any amount of interest
409 expenses and costs or intangible expenses and costs that the
410 taxpayer pays, accrues or incurs to a related member.

411 (e) The commissioner may prescribe such regulations as
412 necessary or appropriate to carry out the purposes of this
413 subsection, including, but not limited to, clarifying definitions
414 of terms, rules of stock attribution, factoring and discount
415 transactions.

416 (3) **Individual nonbusiness deductions.**

417 (a) The amount allowable for individual nonbusiness
418 itemized deductions for federal income tax purposes where the
419 individual is eligible to elect, for the taxable year, to itemize
420 deductions on his federal return except the following:

421 (i) The deduction for state income taxes paid;

422 (ii) The deduction for gaming losses from gaming
423 establishments;

424 (iii) The deduction for taxes collected by
425 licensed gaming establishments pursuant to Section 27-7-901;

426 (iv) The deduction for taxes collected by gaming
427 establishments pursuant to Section 27-7-903.

428 (b) In lieu of the individual nonbusiness itemized
429 deductions authorized in paragraph (a), for all purposes other
430 than ordinary and necessary expenses paid or incurred during the
431 taxable year in carrying on any trade or business, an optional
432 standard deduction of:

433 (i) Three Thousand Four Hundred Dollars
434 (\$3,400.00) through calendar year 1997, Four Thousand Two Hundred
435 Dollars (\$4,200.00) for the calendar year 1998 and Four Thousand
436 Six Hundred Dollars (\$4,600.00) for each calendar year thereafter
437 in the case of married individuals filing a joint or combined
438 return;

439 (ii) One Thousand Seven Hundred Dollars
440 (\$1,700.00) through calendar year 1997, Two Thousand One Hundred
441 Dollars (\$2,100.00) for the calendar year 1998 and Two Thousand
442 Three Hundred Dollars (\$2,300.00) for each calendar year
443 thereafter in the case of married individuals filing separate
444 returns;

445 (iii) Three Thousand Four Hundred Dollars
446 (\$3,400.00) in the case of a head of family; or

447 (iv) Two Thousand Three Hundred Dollars
448 (\$2,300.00) in the case of an individual who is not married.

449 In the case of a husband and wife living together, having
450 separate incomes, and filing combined returns, the standard
451 deduction authorized may be divided in any manner they choose. In
452 the case of separate returns by a husband and wife, the standard
453 deduction shall not be allowed to either if the taxable income of
454 one of the spouses is determined without regard to the standard
455 deduction.

456 (c) A nonresident individual shall be allowed the same
457 individual nonbusiness deductions as are authorized for resident
458 individuals in paragraph (a) or (b) of this subsection; however,

459 the nonresident individual is entitled only to that proportion of
460 the individual nonbusiness deductions as his net income from
461 sources within the State of Mississippi bears to his total or
462 entire net income from all sources.

463 (4) Nothing in this section shall permit the same item to be
464 deducted more than once, either in fact or in effect.

465 **SECTION 5.** Section 27-7-39, Mississippi Code of 1972, is
466 amended as follows:

467 27-7-39. Every individual, partnership, corporation,
468 joint-stock company or association or insurance company, being a
469 resident or having a place of business in this state, members of
470 partnerships or employees in whatever capacity acting, including
471 lessees and mortgagors of real and personal property, fiduciaries,
472 employers and all officers and employees of the state, or any
473 political subdivision of the state, having the control, receipt,
474 custody, disposal or payment of salaries, wages or commissions in
475 excess of the exemption of the recipient, and of interest, rent,
476 premiums, annuities, compensations, remunerations, emoluments or
477 other fixed or determinable annual or periodical gains, profits
478 and income, paid or payable during any year to any taxpayer, shall
479 make complete returns thereof under oath to the commissioner,
480 under such regulations and conditions, in such form and manner and
481 to such extent as may be prescribed by the commissioner * * *;
482 and, unless such payments are so reported, the commissioner may
483 disallow such payments as deductions for credits in computing the
484 tax of the payer. An exempt organization not subject to tax under
485 the provisions of this article which fails to file the returns
486 required by this section shall be notified of its delinquency and
487 if such returns are not filed and the delinquency persists, the
488 exemption from taxation enjoyed by the organization shall be
489 forfeited.

490 **SECTION 6.** Section 27-7-81, Mississippi Code of 1972, is
491 amended as follows:

492 27-7-81. The commissioner * * * may from time to time make
493 such rules and regulations, not inconsistent with this article, as
494 he may deem necessary to enforce its provisions.

495 **SECTION 7.** Section 27-7-343, Mississippi Code of 1972, is
496 amended as follows:

497 27-7-343. (1) The commissioner * * * may, from time to
498 time, make such rules and regulations, not inconsistent with this
499 article, as he may deem necessary to enforce its provisions.

500 (2) The commissioner is herewith authorized to promulgate
501 such rules and regulations, prescribe such forms, purchase such
502 equipment and supplies, employ personnel, and to do such other
503 acts as he shall deem necessary in order that the withholding
504 system herein established may be effectively initiated on January
505 1, 1969.

506 **SECTION 8.** This act shall take effect and be in force from
507 and after July 1, 2005.