

By: Senator(s) Michel

To: Finance

SENATE BILL NO. 3011

1 AN ACT TO AMEND SECTION 27-7-18, MISSISSIPPI CODE OF 1972, TO  
2 PROVIDE THAT A PORTION OF THE FEDERAL SELF-EMPLOYMENT TAXES  
3 ASSESSED AGAINST SELF-EMPLOYED INDIVIDUALS SHALL BE ALLOWED AS AN  
4 ADJUSTMENT TO GROSS INCOME UNDER THE STATE INCOME TAX LAW; AND FOR  
5 RELATED PURPOSES.

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

7 **SECTION 1.** Section 27-7-18, Mississippi Code of 1972, is  
8 amended as follows:

9 27-7-18. (1) Alimony payments. In the case of a person  
10 described in Section 27-7-15(2)(e), there shall be allowed as a  
11 deduction from gross income amounts paid as periodic payments to  
12 the extent of such amounts as are includible in the gross income  
13 of the spouse as provided in Section 27-7-15(2)(e), payment of  
14 which is made within the person's taxable year.

15 (2) Unreimbursed moving expenses incurred after December 31,  
16 1994, are deductible as an adjustment to gross income in  
17 accordance with provisions of the United States Internal Revenue  
18 Code, and rules, regulations and revenue procedures thereunder  
19 relating to moving expenses, not in direct conflict with the  
20 provisions of the Mississippi Income Tax Law.

21 (3) Amounts paid after December 31, 1998, by a self-employed  
22 individual for insurance which constitute medical care for the  
23 taxpayer, his spouse and dependents, are deductible as an  
24 adjustment to gross income in accordance with provisions of the  
25 United States Internal Revenue Code, and rules, regulations and  
26 revenue procedures thereunder relating to such payments, not in  
27 direct conflict with the provisions of the Mississippi Income Tax  
28 Law.

29           (4) Contributions or payments to a Mississippi Affordable  
30 College Savings (MACS) Program account are deductible from gross  
31 income as provided in Section 37-155-113. Payments made under a  
32 prepaid tuition contract entered into under the Mississippi  
33 Prepaid Affordable College Tuition Program are deductible as  
34 provided in Section 37-155-17.

35           (5) In the case of a self-employed individual, there shall  
36 be allowed as a deduction from gross income an amount equal to  
37 one-half (1/2) of the federal self-employment taxes imposed on  
38 such individual for the taxable year. However, for the 2005  
39 calendar year, the deduction authorized by this subsection (5)  
40 shall not exceed one-third (1/3) of one-half (1/2) of the federal  
41 self-employment taxes imposed on such individual for the taxable  
42 year; for the 2006 calendar year, the deduction authorized by this  
43 subsection (5) shall not exceed two-thirds (2/3) of one-half (1/2)  
44 of the federal self-employment taxes imposed on such individual  
45 for the taxable year; and for the 2007 calendar year, and each  
46 calendar year thereafter, the deduction authorized by this  
47 subsection (5) shall be an amount equal to one-half (1/2) of the  
48 federal self-employment taxes imposed on such individual for the  
49 taxable year.

50           **SECTION 2.** Nothing in this act shall affect or defeat any  
51 claim, assessment, appeal, suit, right or cause of action for  
52 taxes due or accrued under the income tax laws before the date on  
53 which this act becomes effective, whether such claims,  
54 assessments, appeals, suits or actions have been begun before the  
55 date on which this act becomes effective or are begun thereafter;  
56 and the provisions of the income tax laws are expressly continued  
57 in full force, effect and operation for the purpose of the  
58 assessment, collection and enrollment of liens for any taxes due  
59 or accrued and the execution of any warrant under such laws before  
60 the date on which this act becomes effective, and for the

61 imposition of any penalties, forfeitures or claims for failure to  
62 comply with such laws.

63         **SECTION 3.** This act shall take effect and be in force from  
64 and after January 1, 2005.