

By: Representatives Moore, Wells-Smith

To: Ways and Means

HOUSE BILL NO. 509

1 AN ACT TO AMEND SECTION 27-7-5, MISSISSIPPI CODE OF 1972, TO
2 PHASE OUT THE STATE INCOME TAX ON CORPORATIONS; AND FOR RELATED
3 PURPOSES.

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

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

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

14 (a) On the first Five Thousand Dollars (\$5,000.00) of
15 taxable income, or any part thereof, at the rate of three percent
16 (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 (b) For calendar year 2006, such tax shall be at the
22 following rates for resident corporations:

23 On the first Five Thousand Dollars (\$5,000.00) of taxable
24 income, or any part thereof, at the rate of two and four-tenths
25 percent (2.4%);

26 On the next Five Thousand Dollars (\$5,000.00) of taxable
27 income, or any part thereof, at the rate of three and two-tenths
28 percent (3.2%); and

29 On all taxable income in excess of Ten Thousand Dollars
30 (\$10,000.00), at the rate of four percent (4%).

31 (c) For calendar year 2007, such tax shall be at the
32 following rates for resident corporations:

33 On the first Five Thousand Dollars (\$5,000.00) of taxable
34 income, or any part thereof, at the rate of one and eight-tenths
35 percent (1.8%);

36 On the next Five Thousand Dollars (\$5,000.00) of taxable
37 income, or any part thereof, at the rate of two and four-tenths
38 percent (2.4%); and

39 On all taxable income in excess of Ten Thousand Dollars
40 (\$10,000.00), at the rate of three percent (3%).

41 (d) For calendar year 2008, such tax shall be at the
42 following rates for resident corporations:

43 On the first Five Thousand Dollars (\$5,000.00) of taxable
44 income, or any part thereof, at the rate of one and two-tenths
45 percent (1.2%);

46 On the next Five Thousand Dollars (\$5,000.00) of taxable
47 income, or any part thereof, at the rate of one and six-tenths
48 percent (1.6%); and

49 On all taxable income in excess of Ten Thousand Dollars
50 (\$10,000.00), at the rate of two percent (2%).

51 (e) For calendar year 2009, such tax shall be at the
52 following rates for resident corporations:

53 On the first Five Thousand Dollars (\$5,000.00) of taxable
54 income, or any part thereof, at the rate of six-tenths of one
55 percent (0.6%);

56 On the next Five Thousand Dollars (\$5,000.00) of taxable
57 income, or any part thereof, at the rate of eight-tenths of one
58 percent (0.8%); and

59 On all taxable income in excess of Ten Thousand Dollars
60 (\$10,000.00), at the rate of one percent (1%).

61 (f) For calendar year 2010, and each calendar year
62 thereafter, there shall be no such tax imposed upon the income of
63 any resident corporation.

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

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

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

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

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

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

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

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

94 (5) In the case of a taxpayer having a fiscal year beginning
95 in one calendar year and ending after the first day of the next
96 calendar year, the tax due for that taxable year shall be
97 determined by:

98 (a) Computing for the full fiscal year the amount of
99 tax that would be due under the rates in effect for the calendar
100 in which the fiscal year began; and

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

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

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

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

115 **SECTION 2.** Nothing in this act shall affect or defeat any
116 claim, assessment, appeal, suit, right or cause of action for
117 taxes due or accrued under the income tax laws before the date on
118 which this act becomes effective, whether such claims,
119 assessments, appeals, suits or actions have been begun before the
120 date on which this act becomes effective or are begun thereafter;
121 and the provisions of the income tax laws are expressly continued
122 in full force, effect and operation for the purpose of the
123 assessment, collection and enrollment of liens for any taxes due

124 or accrued and the execution of any warrant under such laws before
125 the date on which this act becomes effective, and for the
126 imposition of any penalties, forfeitures or claims for failure to
127 comply with such laws.

128 **SECTION 3.** This act shall take effect and be in force from
129 and after January 1, 2006.