

By: Senator(s) Nunnelee, Browning, Burton, Butler, Carmichael, Chaney, Dearing, Gollott, Harden, Hewes, Horhn, Jackson (15th), Jackson (11th), Jackson (32nd), Jordan, King, Little, Michel, Robertson, Simmons, Thames, Thomas, Walls, White, Wilemon, Posey

To: Finance

SENATE BILL NO. 2371

1 AN ACT TO AMEND SECTION 27-7-21, MISSISSIPPI CODE OF 1972, TO
2 PROVIDE THAT CERTAIN RELATIVES OF TAXPAYERS WHO ARE 65 YEARS OF
3 AGE OR OLDER, WHO RESIDE IN THE HOUSEHOLD OF THE TAXPAYER AND
4 WHOSE ANNUAL INCOME IS LESS THAN \$12,000.00, SHALL BE INCLUDED IN
5 THE DEFINITION OF THE TERM "DEPENDENT" FOR PURPOSES OF A DEDUCTION
6 UNDER THE INCOME TAX LAW; AND FOR RELATED PURPOSES.

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

8 **SECTION 1.** Section 27-7-21, Mississippi Code of 1972, is
9 amended as follows:

10 27-7-21. (a) **Allowance of deductions.** In the case of a
11 resident individual, the exemptions provided by this section, as
12 applicable to individuals, shall be allowed as deductions in
13 computing taxable income.

14 (b) **Single individuals.** In the case of a single individual,
15 a personal exemption of Five Thousand Two Hundred Fifty Dollars
16 (\$5,250.00) for the 1979 and 1980 calendar years and Six Thousand
17 Dollars (\$6,000.00) for each calendar year thereafter.

18 (c) **Married individuals.** In the case of married individuals
19 living together, a joint personal exemption of Eight Thousand
20 Dollars (\$8,000.00) for the 1979 and 1980 calendar years and Nine
21 Thousand Five Hundred Dollars (\$9,500.00) for the 1981 through
22 1997 calendar years, Ten Thousand Dollars (\$10,000.00) for the
23 calendar year 1998, Eleven Thousand Dollars (\$11,000.00) for the
24 calendar year 1999, and Twelve Thousand Dollars (\$12,000.00) for
25 each calendar year thereafter. A husband and wife living together
26 shall receive but one (1) personal exemption in the amounts
27 provided for in this subsection for each calendar year against
28 their aggregate income.

29 (d) **Head of family individuals.** In the case of a head of
30 family individual, a personal exemption of Eight Thousand Dollars
31 (\$8,000.00) for the 1979 and 1980 calendar years and Nine Thousand
32 Five Hundred Dollars (\$9,500.00) for each calendar year
33 thereafter. The term "head of family" means an individual who is
34 single, or married but not living with his spouse for the entire
35 taxable year, who maintains a household which constitutes the
36 principal place of abode of himself and one or more individuals
37 who are dependents under the provisions of Section 152(a) of the
38 Internal Revenue Code of 1954, as amended. The head of family
39 individual shall be entitled to the additional dependent exemption
40 as provided in subsection (e) of this section only to the extent
41 of dependents in excess of the one (1) dependent needed to qualify
42 as head of family.

43 (e) **Additional exemption for dependents.** In the case of any
44 individual having a dependent, other than husband or wife, an
45 additional personal exemption of One Thousand Five Hundred Dollars
46 (\$1,500.00) for each such dependent, except as otherwise provided
47 in subsection (d) of this section. The term "dependent" as used
48 in this subsection means:

49 (i) Any person or individual who qualifies as a
50 dependent under the provisions of Section 152, Internal Revenue
51 Code of 1954, as amended; or

52 (ii) A relative of the taxpayer:

53 1. Who is sixty-five (65) years of age or older;

54 2. Who resides in the household of the taxpayer;

55 3. Whose gross income for the calendar year in
56 which the taxable year of the taxpayer begins is not more than
57 Twelve Thousand Dollars (\$12,000.00); and

58 4. Who, with the exception of the gross income
59 limitation, otherwise qualifies as a dependent under the
60 provisions of Section 152, Internal Revenue Code of 1954, as
61 amended.

62 (f) **Additional exemption for taxpayer or spouse aged**
63 **sixty-five (65) or more.** In the case of any taxpayer or the
64 spouse of the taxpayer who has attained the age of sixty-five (65)
65 before the close of his taxable year, an additional exemption of
66 One Thousand Five Hundred Dollars (\$1,500.00).

67 (g) **Additional exemption for blindness of taxpayer or**
68 **spouse.** In the case of any taxpayer or the spouse of the taxpayer
69 who is blind at the close of the taxable year, an additional
70 exemption of One Thousand Five Hundred Dollars (\$1,500.00). For
71 the purpose of this subsection, an individual is blind only if his
72 central visual acuity does not exceed 20/200 in the better eye
73 with correcting lenses, or if his visual acuity is greater than
74 20/200 but is accompanied by a limitation in the fields of vision
75 such that the widest diameter of the visual field subtends an
76 angle no greater than twenty (20) degrees.

77 (h) **Husband and wife--claiming exemptions.** In the case of
78 husband and wife living together and filing combined returns, the
79 personal and additional exemptions authorized and allowed by this
80 section may be taken by either, or divided between them in any
81 manner they may choose. If the husband and wife fail to choose,
82 the commissioner shall divide the exemptions between husband and
83 wife in an equitable manner. In the case of a husband and wife
84 filing separate returns, the personal and additional exemptions
85 authorized and allowed by this section shall be divided equally
86 between the spouses.

87 (i) **Nonresidents.** A nonresident individual shall be allowed
88 the same personal and additional exemptions as are authorized for
89 resident individuals in subsection (a) of this section; however,
90 the nonresident individual is entitled only to that proportion of
91 the personal and additional exemptions as his net income from
92 sources within the State of Mississippi bears to his total or
93 entire net income from all sources.

94 A nonresident individual who is married and whose spouse has
95 income from independent sources must declare the joint income of
96 himself and his spouse from sources within and without Mississippi
97 and claim as a personal exemption that proportion of the
98 authorized personal and additional exemptions which the total net
99 income from Mississippi sources bears to the total net income of
100 both spouses from all sources. If both spouses have income from
101 sources within Mississippi and wish to file separate returns,
102 their combined personal and additional exemptions shall be that
103 proration of the exemption which their combined net income from
104 Mississippi sources is of their total combined net income from all
105 sources. The amount of the personal and additional exemptions so
106 computed may be divided between them in any manner they choose.

107 In the case of married individuals where one (1) spouse is a
108 resident and the other is a nonresident, the personal exemption of
109 the resident individual shall be prorated on the same basis as if
110 both were nonresidents having net income from within and without
111 the State of Mississippi.

112 For the purpose of this subsection, the term "net income"
113 means gross income less business expenses incurred in the
114 taxpayer's regular trade or business and computed in accordance
115 with the provisions of the Mississippi Income Tax Law.

116 (j) **Part-year residents.** An individual who is a resident of
117 Mississippi for only a part of his taxable year by reason of
118 either moving into the state or moving from the state shall be
119 allowed the same personal and additional exemptions as authorized
120 for resident individuals in subsection (a) of this section; the
121 part-year resident shall prorate his exemption on the same basis
122 as nonresidents having net income from within and without the
123 state.

124 (k) **Estates.** In the case of an estate, a specific exemption
125 of Six Hundred Dollars (\$600.00).

126 (1) **Trusts.** In the case of a trust which, under its
127 governing instrument, is required to distribute all of its income
128 currently, a specific exemption of Three Hundred Dollars
129 (\$300.00). In the case of all other trusts, a specific exemption
130 of One Hundred Dollars (\$100.00).

131 (m) **Corporations, foundations, joint ventures, associations.**
132 In the case of a corporation, foundation, joint venture or
133 association taxable herein, there shall be allowed no specific
134 exemption, except as provided under the Growth and Prosperity Act
135 and Section 57-64-33.

136 (n) **Status.** The status on the last day of the taxable year,
137 except in the case of the head of family as provided in subsection
138 (d) of this section, shall determine the right to the exemptions
139 provided in this section; provided, that a taxpayer shall be
140 entitled to such exemptions, otherwise allowable, if the husband
141 or wife or dependent has died during the taxable year.

142 (o) **Fiscal-year taxpayers.** Individual taxpayers reporting
143 on a fiscal year basis shall prorate their exemptions in a manner
144 established by regulations promulgated by the commissioner.

145 **SECTION 2.** This act shall take effect and be in force from
146 and after January 1, 2006.