

By: Representative Baker (74th)

To: Ways and Means

HOUSE BILL NO. 745

1 AN ACT TO AMEND SECTION 27-7-5, MISSISSIPPI CODE OF 1972, TO
2 REDUCE THE STATE INCOME TAX BY REVISING THE AMOUNTS OF TAXABLE
3 INCOME SUBJECT TO THE INCOME TAX RATES; AND FOR RELATED 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 subsection
8 (1), there is hereby assessed and levied, to be collected and paid
9 as hereinafter provided, for the calendar year 1983 and fiscal
10 years 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 2007 and fiscal years ending
22 during calendar 2007, and each calendar year thereafter, such tax
23 shall be at the following rates:

24 On the first Ten Thousand Dollars (\$10,000.00) of taxable
25 income, or any part thereof, at the rate of three percent (3%);

26 On the next Ten Thousand Dollars (\$10,000.00) of taxable
27 income, or any part thereof, at the rate of four percent (4%); and

28 On all taxable income in excess of Twenty Thousand Dollars
29 (\$20,000.00), at the rate of five percent (5%).

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

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

39 (4) Except as otherwise provided in subsection (5) of this
40 section, in the case of taxpayers having a fiscal year beginning
41 in the calendar year 1982 and ending after the first day of
42 January 1983, the tax due for that taxable year shall be
43 determined by:

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

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

50 (c) Applying to the tax computed under paragraph (a)
51 the ratio which the number of months falling within the earlier
52 calendar year bears to the total number of months in the fiscal
53 year; and

54 (d) Applying to the tax computed under paragraph (b)
55 the ratio which the number of months falling within the later
56 calendar year bears to the total number of months within the
57 fiscal year; and

58 (e) Adding to the tax determined under paragraph (c)
59 the tax determined under paragraph (d) the sum of which shall be
60 the amount of tax due for the fiscal year.

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

65 (a) Computing for the full fiscal year the amount of
66 tax that would be due under the rates in effect for the calendar
67 year in which the fiscal year began;

68 (b) Computing for the full fiscal year the amount of
69 tax that would be due under the rates in effect for the next
70 calendar year;

71 (c) Applying to the tax computed under paragraph (a)
72 the ratio which the number of months falling within the earlier
73 calendar year bears to the total number of months in the fiscal
74 year;

75 (d) Applying to the tax computed under paragraph (b)
76 the ratio which the number of months falling within the later
77 calendar year bears to the total number of months within the
78 fiscal year; and

79 (e) Adding to the tax determined under paragraph (c)
80 the tax determined under paragraph (d) the sum of which shall be
81 the amount of tax due for the fiscal year.

82 **SECTION 2.** This act shall take effect and be in force from
83 and after January 1, 2007.