

By: Representatives Tullos, Walker

To: Ways and Means

HOUSE BILL NO. 1676

1 AN ACT TO AMEND SECTION 27-7-5, MISSISSIPPI CODE OF 1972, TO  
2 REVISE THE RATE OF INCOME TAX LEVIED ON CERTAIN INCOME OF ELIGIBLE  
3 NEW BUSINESSES; TO AMEND SECTION 27-7-17, MISSISSIPPI CODE OF  
4 1972, TO AUTHORIZE AN ADDITIONAL INCOME TAX DEDUCTION FOR ELIGIBLE  
5 NEW BUSINESSES; TO DEFINE THE TERM "ELIGIBLE NEW BUSINESS" FOR THE  
6 PURPOSES OF THIS ACT; AND FOR RELATED PURPOSES.

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

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

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

17 (a) (i) Through calendar year 2017, on the first Five  
18 Thousand Dollars (\$5,000.00) of taxable income, or any part  
19 thereof, the rate shall be three percent (3%);



20 (ii) For calendar year 2018, on the first One  
21 Thousand Dollars (\$1,000.00) of taxable income there shall be no  
22 tax levied, and on the next Four Thousand Dollars (\$4,000.00) of  
23 taxable income, or any part thereof, the rate shall be three  
24 percent (3%);

25 (iii) For calendar year 2019, on the first Two  
26 Thousand Dollars (\$2,000.00) of taxable income there shall be no  
27 tax levied, and on the next Three Thousand Dollars (\$3,000.00) of  
28 taxable income, or any part thereof, the rate shall be three  
29 percent (3%);

30 (iv) For calendar year 2020, on the first Three  
31 Thousand Dollars (\$3,000.00) of taxable income there shall be no  
32 tax levied, and on the next Two Thousand Dollars (\$2,000.00) of  
33 taxable income, or any part thereof, the rate shall be three  
34 percent (3%);

35 (v) For calendar year 2021, on the first Four  
36 Thousand Dollars (\$4,000.00) of taxable income there shall be no  
37 tax levied, and on the next One Thousand Dollars (\$1,000.00) of  
38 taxable income, or any part thereof, the rate shall be three  
39 percent (3%);

40 (vi) For calendar year 2022 and all taxable years  
41 thereafter, there shall be no tax levied on the first Five  
42 Thousand Dollars (\$5,000.00) of taxable income;

43 (b) On taxable income in excess of Five Thousand  
44 Dollars (\$5,000.00) up to and including Ten Thousand Dollars



45 (\$10,000.00), or any part thereof, the rate shall be four percent  
46 (4%); and

47 (c) On all taxable income in excess of Ten Thousand  
48 Dollars (\$10,000.00), the rate shall be five percent (5%).

49 (2) (a) From and after January 1, 2023, for the first  
50 taxable year in which an eligible new business is in operation in  
51 this state, the first Two Hundred Fifty Thousand Dollars  
52 (\$250,000.00) of the business's taxable income shall be exempt  
53 from the income tax imposed under this section, and taxable income  
54 of the eligible new business in excess of Two Hundred Fifty  
55 Thousand Dollars (\$250,000.00) shall be taxed at the rate of four  
56 percent (4%);

57 (b) For the second taxable year in which an eligible  
58 new business is in operation in this state, the first Five Hundred  
59 Thousand Dollars (\$500,000.00) of the business's taxable income  
60 shall be taxed at the rate of one percent (1%), and taxable income  
61 of the eligible new business in excess of Five Hundred Thousand  
62 Dollars (\$500,000.00) shall be taxed at the rate of four percent  
63 (4%);

64 (c) For the third taxable year in which an eligible new  
65 business is in operation in this state, the first Seven Hundred  
66 Fifty Thousand Dollars (\$750,000.00) of the business's taxable  
67 income shall be taxed at the rate of two percent (2%), and taxable  
68 income of the eligible new business in excess of Seven Hundred



69 Fifty Thousand Dollars (\$750,000.00) shall be taxed at the rate of  
70 four percent (4%);

71 (d) For the fourth taxable year in which an eligible  
72 new business is in operation in this state, the first One Million  
73 Dollars (\$1,000,000.00) of the business's taxable income shall be  
74 taxed at the rate of three percent (3%), and taxable income of the  
75 eligible new business in excess of One Million Dollars  
76 (\$1,000,000.00) shall be taxed at the rate of four percent (4%);  
77 and

78 (e) For the fifth taxable year in which an eligible new  
79 business is in operation in this state and all taxable years  
80 thereafter, all taxable income of the business shall be taxed at  
81 the rate of four percent (4%).

82 For the purposes of this subsection (2), "eligible new  
83 business" means a taxpayer that begins business operations in this  
84 state on or after January 1, 2023.

85 ( \* \* \*3) An S corporation, as defined in Section  
86 27-8-3(1)(g), shall not be subject to the income tax imposed under  
87 this section.

88 ( \* \* \*4) A like tax is hereby imposed to be assessed,  
89 collected and paid annually, except as hereinafter provided, at  
90 the rate specified in this section and as hereinafter provided,  
91 upon and with respect to the entire net income, from all property  
92 owned or sold, and from every business, trade or occupation  
93 carried on in this state by individuals, corporations,



94 partnerships, trusts or estates, not residents of the State of  
95 Mississippi.

96 ( \* \* \*5) In the case of taxpayers having a fiscal year  
97 beginning in a calendar year with a rate in effect that is  
98 different than the rate in effect for the next calendar year and  
99 ending in the next calendar year, the tax due for that taxable  
100 year shall be determined by:

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

104 (b) Computing for the full fiscal year the amount of  
105 tax that would be due under the rates in effect for the calendar  
106 year in which the fiscal year ends; and

107 (c) Applying to the tax computed under paragraph (a)  
108 the ratio which the number of months falling within the earlier  
109 calendar year bears to the total number of months in the fiscal  
110 year; and

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

115 (e) Adding to the tax determined under paragraph (c)  
116 the tax determined under paragraph (d) the sum of which shall be  
117 the amount of tax due for the fiscal year.



118           **SECTION 2.** Section 27-7-17, Mississippi Code of 1972, is  
119 amended as follows:

120           27-7-17. In computing taxable income, there shall be allowed  
121 as deductions:

122           (1) **Business deductions.**

123           (a) **Business expenses.** All the ordinary and necessary  
124 expenses paid or incurred during the taxable year in carrying on  
125 any trade or business, including a reasonable allowance for  
126 salaries or other compensation for personal services actually  
127 rendered; nonreimbursable traveling expenses incident to current  
128 employment, including a reasonable amount expended for meals and  
129 lodging while away from home in the pursuit of a trade or  
130 business; and rentals or other payments required to be made as a  
131 condition of the continued use or possession, for purposes of the  
132 trade or business of property to which the taxpayer has not taken  
133 or is not taking title or in which he had no equity. Expense  
134 incurred in connection with earning and distributing nontaxable  
135 income is not an allowable deduction. Limitations on  
136 entertainment expenses shall conform to the provisions of the  
137 Internal Revenue Code of 1986.

138           (b) **Interest.** All interest paid or accrued during the  
139 taxable year on business indebtedness, except interest upon the  
140 indebtedness for the purchase of tax-free bonds, or any stocks,  
141 the dividends from which are nontaxable under the provisions of  
142 this article; provided, however, in the case of securities



143 dealers, interest payments or accruals on loans, the proceeds of  
144 which are used to purchase tax-exempt securities, shall be  
145 deductible if income from otherwise tax-free securities is  
146 reported as income. Investment interest expense shall be limited  
147 to investment income. Interest expense incurred for the purchase  
148 of treasury stock, to pay dividends, or incurred as a result of an  
149 undercapitalized affiliated corporation may not be deducted unless  
150 an ordinary and necessary business purpose can be established to  
151 the satisfaction of the commissioner. For the purposes of this  
152 paragraph, the phrase "interest upon the indebtedness for the  
153 purchase of tax-free bonds" applies only to the indebtedness  
154 incurred for the purpose of directly purchasing tax-free bonds and  
155 does not apply to any other indebtedness incurred in the regular  
156 course of the taxpayer's business. Any corporation, association,  
157 organization or other entity taxable under Section 27-7-23(c)  
158 shall allocate interest expense as provided in Section  
159 27-7-23(c) (3) (I).

160 (c) **Taxes.** Taxes paid or accrued within the taxable  
161 year, except state and federal income taxes, excise taxes based on  
162 or measured by net income, estate and inheritance taxes, gift  
163 taxes, cigar and cigarette taxes, gasoline taxes, and sales and  
164 use taxes unless incurred as an item of expense in a trade or  
165 business or in the production of taxable income. In the case of  
166 an individual, taxes permitted as an itemized deduction under the



167 provisions of subsection (3)(a) of this section are to be claimed  
168 thereunder.

169 (d) **Business losses.**

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

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

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

182 (f) **Depreciation.** A reasonable allowance for  
183 exhaustion, wear and tear of property used in the trade or  
184 business, or rental property, and depreciation upon buildings  
185 based upon their reasonable value as of March 16, 1912, if  
186 acquired prior thereto, and upon cost if acquired subsequent to  
187 that date. In the case of new or used aircraft, equipment,  
188 engines, or other parts and tools used for aviation, allowance for  
189 bonus depreciation conforms with the federal bonus depreciation  
190 rates and reasonable allowance for depreciation under this section  
191 is no less than one hundred percent (100%).





192           (g) **Depletion.** In the case of mines, oil and gas  
193 wells, other natural deposits and timber, a reasonable allowance  
194 for depletion and for depreciation of improvements, based upon  
195 cost, including cost of development, not otherwise deducted, or  
196 fair market value as of March 16, 1912, if acquired prior to that  
197 date, such allowance to be made upon regulations prescribed by the  
198 commissioner, with the approval of the Governor.

199           (h) **Contributions or gifts.** Except as otherwise  
200 provided in paragraph (p) of this subsection or subsection (3) (a)  
201 of this section for individuals, contributions or gifts made by  
202 corporations within the taxable year to corporations,  
203 organizations, associations or institutions, including Community  
204 Chest funds, foundations and trusts created solely and exclusively  
205 for religious, charitable, scientific or educational purposes, or  
206 for the prevention of cruelty to children or animals, no part of  
207 the net earnings of which inure to the benefit of any private  
208 stockholder or individual. This deduction shall be allowed in an  
209 amount not to exceed twenty percent (20%) of the net income. Such  
210 contributions or gifts shall be allowable as deductions only if  
211 verified under rules and regulations prescribed by the  
212 commissioner, with the approval of the Governor. Contributions  
213 made in any form other than cash shall be allowed as a deduction,  
214 subject to the limitations herein provided, in an amount equal to  
215 the actual market value of the contributions at the time the  
216 contribution is actually made and consummated.



217 (i) **Reserve funds - insurance companies.** In the case  
218 of insurance companies the net additions required by law to be  
219 made within the taxable year to reserve funds when such reserve  
220 funds are maintained for the purpose of liquidating policies at  
221 maturity.

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

225 (k) **Contributions to employee pension plans.**  
226 Contributions made by an employer to a plan or a trust forming  
227 part of a pension plan, stock bonus plan, disability or  
228 death-benefit plan, or profit-sharing plan of such employer for  
229 the exclusive benefit of some or all of his, their, or its  
230 employees, or their beneficiaries, shall be deductible from his,  
231 their, or its income only to the extent that, and for the taxable  
232 year in which, the contribution is deductible for federal income  
233 tax purposes under the Internal Revenue Code of 1986 and any other  
234 provisions of similar purport in the Internal Revenue Laws of the  
235 United States, and the rules, regulations, rulings and  
236 determinations promulgated thereunder, provided that:

237 (i) The plan or trust be irrevocable.

238 (ii) The plan or trust constitute a part of a  
239 pension plan, stock bonus plan, disability or death-benefit plan,  
240 or profit-sharing plan for the exclusive benefit of some or all of  
241 the employer's employees and/or officers, or their beneficiaries,



242 for the purpose of distributing the corpus and income of the plan  
243 or trust to such employees and/or officers, or their  
244 beneficiaries.

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

248 Contributions to all plans or to all trusts of real or  
249 personal property (or real and personal property combined) or to  
250 insured plans created under a retirement plan for which provision  
251 has been made under the laws of the United States of America,  
252 making such contributions deductible from income for federal  
253 income tax purposes, shall be deductible only to the same extent  
254 under the Income Tax Laws of the State of Mississippi.

255 (1) **Net operating loss carrybacks and carryovers.** A  
256 net operating loss for any taxable year ending after December 31,  
257 1993, and taxable years thereafter, shall be a net operating loss  
258 carryback to each of the three (3) taxable years preceding the  
259 taxable year of the loss. If the net operating loss for any  
260 taxable year is not exhausted by carrybacks to the three (3)  
261 taxable years preceding the taxable year of the loss, then there  
262 shall be a net operating loss carryover to each of the fifteen  
263 (15) taxable years following the taxable year of the loss  
264 beginning with any taxable year after December 31, 1991.

265 For any taxable year ending after December 31, 1997, the  
266 period for net operating loss carrybacks and net operating loss



267 carryovers shall be the same as those established by the Internal  
268 Revenue Code and the rules, regulations, rulings and  
269 determinations promulgated thereunder as in effect at the taxable  
270 year end or on December 31, 2000, whichever is earlier.

271 A net operating loss for any taxable year ending after  
272 December 31, 2001, and taxable years thereafter, shall be a net  
273 operating loss carryback to each of the two (2) taxable years  
274 preceding the taxable year of the loss. If the net operating loss  
275 for any taxable year is not exhausted by carrybacks to the two (2)  
276 taxable years preceding the taxable year of the loss, then there  
277 shall be a net operating loss carryover to each of the twenty (20)  
278 taxable years following the taxable year of the loss beginning  
279 with any taxable year after the taxable year of the loss.

280 The term "net operating loss," for the purposes of this  
281 paragraph, shall be the excess of the deductions allowed over the  
282 gross income; provided, however, the following deductions shall  
283 not be allowed in computing same:

284 (i) No net operating loss deduction shall be  
285 allowed.

286 (ii) No personal exemption deduction shall be  
287 allowed.

288 (iii) Allowable deductions which are not  
289 attributable to taxpayer's trade or business shall be allowed only  
290 to the extent of the amount of gross income not derived from such  
291 trade or business.



292 Any taxpayer entitled to a carryback period as provided by  
293 this paragraph may elect to relinquish the entire carryback period  
294 with respect to a net operating loss for any taxable year ending  
295 after December 31, 1991. The election shall be made in the manner  
296 prescribed by the Department of Revenue and shall be made by the  
297 due date, including extensions of time, for filing the taxpayer's  
298 return for the taxable year of the net operating loss for which  
299 the election is to be in effect. The election, once made for any  
300 taxable year, shall be irrevocable for that taxable year.

301 (m) **Amortization of pollution or environmental control**  
302 **facilities.** Allowance of deduction. Every taxpayer, at his  
303 election, shall be entitled to a deduction for pollution or  
304 environmental control facilities to the same extent as that  
305 allowed under the Internal Revenue Code and the rules,  
306 regulations, rulings and determinations promulgated thereunder.

307 (n) **Dividend distributions - real estate investment**  
308 **trusts.** "Real estate investment trust" (hereinafter referred to  
309 as REIT) shall have the meaning ascribed to such term in Section  
310 856 of the federal Internal Revenue Code of 1986, as amended. A  
311 REIT is allowed a dividend distributed deduction if the dividend  
312 distributions meet the requirements of Section 857 or are  
313 otherwise deductible under Section 858 or 860, federal Internal  
314 Revenue Code of 1986, as amended. In addition:

315 (i) A dividend distributed deduction shall only be  
316 allowed for dividends paid by a publicly traded REIT. A qualified



317 REIT subsidiary shall be allowed a dividend distributed deduction  
318 if its owner is a publicly traded REIT.

319 (ii) Income generated from real estate contributed  
320 or sold to a REIT by a shareholder or related party shall not give  
321 rise to a dividend distributed deduction, unless the shareholder  
322 or related party would have received the dividend distributed  
323 deduction under this chapter.

324 (iii) A holding corporation receiving a dividend  
325 from a REIT shall not be allowed the deduction in Section  
326 27-7-15(4)(t).

327 (iv) Any REIT not allowed the dividend distributed  
328 deduction in the federal Internal Revenue Code of 1986, as  
329 amended, shall not be allowed a dividend distributed deduction  
330 under this chapter.

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

335 (o) **Contributions to college savings trust fund**  
336 **accounts.** Contributions or payments to a Mississippi Affordable  
337 College Savings Program account are deductible as provided under  
338 Section 37-155-113. Payments made under a prepaid tuition  
339 contract entered into under the Mississippi Prepaid Affordable  
340 College Tuition Program are deductible as provided under Section  
341 37-155-17.



342           (p) **Contributions of human pharmaceutical products.** To  
343 the extent that a "major supplier" as defined in Section  
344 27-13-13(2) (d) contributes human pharmaceutical products in excess  
345 of Two Hundred Fifty Million Dollars (\$250,000,000.00) as  
346 determined under Section 170 of the Internal Revenue Code, the  
347 charitable contribution limitation associated with those donations  
348 shall follow the federal limitation but cannot result in the  
349 Mississippi net income being reduced below zero.

350           (q) **Contributions to ABLE trust fund accounts.**  
351 Contributions or payments to a Mississippi Achieving a Better Life  
352 Experience (ABLE) Program account are deductible as provided under  
353 Section 43-28-13.

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

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

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

358                           1. Expenses, losses and costs for, related  
359 to, or in connection directly or indirectly with the direct or  
360 indirect acquisition, use, maintenance or management, ownership,  
361 sale, exchange or any other disposition of intangible property to  
362 the extent such amounts are allowed as deductions or costs in  
363 determining taxable income under this chapter;

364                           2. Expenses or losses related to or incurred  
365 in connection directly or indirectly with factoring transactions  
366 or discounting transactions;



367                   3. Royalty, patent, technical and copyright  
368 fees;

369                   4. Licensing fees; and

370                   5. Other similar expenses and costs.

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

374                   (iii) "Interest expenses and cost" means amounts  
375 directly or indirectly allowed as deductions for purposes of  
376 determining taxable income under this chapter to the extent such  
377 interest expenses and costs are directly or indirectly for,  
378 related to, or in connection with the direct or indirect  
379 acquisition, maintenance, management, ownership, sale, exchange or  
380 disposition of intangible property.

381                   (iv) "Related member" means an entity or person  
382 that, with respect to the taxpayer during all or any portion of  
383 the taxable year, is a related entity, a component member as  
384 defined in the Internal Revenue Code, or is an entity or a person  
385 to or from whom there is attribution of stock ownership in  
386 accordance with Section 1563(e) of the Internal Revenue Code.

387                   (v) "Related entity" means:

388                   1. A stockholder who is an individual or a  
389 member of the stockholder's family, as defined in regulations  
390 prescribed by the commissioner, if the stockholder and the members  
391 of the stockholder's family own, directly, indirectly,





392 beneficially or constructively, in the aggregate, at least fifty  
393 percent (50%) of the value of the taxpayer's outstanding stock;

394           2. A stockholder, or a stockholder's  
395 partnership, limited liability company, estate, trust or  
396 corporation, if the stockholder and the stockholder's  
397 partnerships, limited liability companies, estates, trusts and  
398 corporations own, directly, indirectly, beneficially or  
399 constructively, in the aggregate, at least fifty percent (50%) of  
400 the value of the taxpayer's outstanding stock;

401           3. A corporation, or a party related to the  
402 corporation in a manner that would require an attribution of stock  
403 from the corporation to the party or from the party to the  
404 corporation, if the taxpayer owns, directly, indirectly,  
405 beneficially or constructively, at least fifty percent (50%) of  
406 the value of the corporation's outstanding stock under regulation  
407 prescribed by the commissioner;

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

411           (b) In computing net income, a taxpayer shall add back  
412 otherwise deductible interest expenses and costs and intangible  
413 expenses and costs directly or indirectly paid, accrued to or  
414 incurred, in connection directly or indirectly with one or more  
415 direct or indirect transactions with one or more related members.



416 (c) The adjustments required by this subsection shall  
417 not apply to such portion of interest expenses and costs and  
418 intangible expenses and costs that the taxpayer can establish  
419 meets one (1) of the following:

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

423 (ii) The transaction giving rise to the interest  
424 expenses and costs or intangible expenses and costs between the  
425 taxpayer and related member was done primarily for a valid  
426 business purpose other than the avoidance of taxes, and the  
427 related member is not primarily engaged in the acquisition, use,  
428 maintenance or management, ownership, sale, exchange or any other  
429 disposition of intangible property.

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

434 (e) The commissioner may prescribe such regulations as  
435 necessary or appropriate to carry out the purposes of this  
436 subsection, including, but not limited to, clarifying definitions  
437 of terms, rules of stock attribution, factoring and discount  
438 transactions.

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



440 (a) The amount allowable for individual nonbusiness  
441 itemized deductions for federal income tax purposes where the  
442 individual is eligible to elect, for the taxable year, to itemize  
443 deductions on his federal return except the following:

444 (i) The deduction for state income taxes paid or  
445 other taxes allowed for federal purposes in lieu of state income  
446 taxes paid;

447 (ii) The deduction for gaming losses from gaming  
448 establishments;

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

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

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

458 (i) Three Thousand Four Hundred Dollars  
459 (\$3,400.00) through calendar year 1997, Four Thousand Two Hundred  
460 Dollars (\$4,200.00) for the calendar year 1998 and Four Thousand  
461 Six Hundred Dollars (\$4,600.00) for each calendar year thereafter  
462 in the case of married individuals filing a joint or combined  
463 return;



464 (ii) One Thousand Seven Hundred Dollars  
465 (\$1,700.00) through calendar year 1997, Two Thousand One Hundred  
466 Dollars (\$2,100.00) for the calendar year 1998 and Two Thousand  
467 Three Hundred Dollars (\$2,300.00) for each calendar year  
468 thereafter in the case of married individuals filing separate  
469 returns;

470 (iii) Three Thousand Four Hundred Dollars  
471 (\$3,400.00) in the case of a head of family; or

472 (iv) Two Thousand Three Hundred Dollars  
473 (\$2,300.00) in the case of an individual who is not married.

474 In the case of a husband and wife living together, having  
475 separate incomes, and filing combined returns, the standard  
476 deduction authorized may be divided in any manner they choose. In  
477 the case of separate returns by a husband and wife, the standard  
478 deduction shall not be allowed to either if the taxable income of  
479 one of the spouses is determined without regard to the standard  
480 deduction.

481 (c) A nonresident individual shall be allowed the same  
482 individual nonbusiness deductions as are authorized for resident  
483 individuals in paragraph (a) or (b) of this subsection; however,  
484 the nonresident individual is entitled only to that proportion of  
485 the individual nonbusiness deductions as his net income from  
486 sources within the State of Mississippi bears to his total or  
487 entire net income from all sources.



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

490 (5) From and after January 1, 2023, in addition to any other  
491 deduction authorized in this section, an eligible new business  
492 shall be allowed a deduction as follows:

493 (a) For the first taxable year in which an eligible new  
494 business is in operation in this state, the business shall be  
495 allowed a deduction in an amount equal to fifty percent (50%) of  
496 the eligible new business's first Two Hundred Fifty Thousand  
497 Dollars (\$250,000.00) of Mississippi adjusted gross income, or any  
498 part thereof;

499 (b) For the second taxable year in which an eligible  
500 new business is in operation in this state, the business shall be  
501 allowed a deduction in an amount equal to thirty-seven and  
502 one-half percent (37-1/2%) of the eligible new business's first  
503 Five Hundred Thousand Dollars (\$500,000.00) of Mississippi  
504 adjusted gross income, or any part thereof;

505 (c) For the third taxable year in which an eligible new  
506 business is in operation in this state, the business shall be  
507 allowed a deduction in an amount equal to twenty-five percent  
508 (25%) of the eligible new business's first Seven Hundred Fifty  
509 Thousand Dollars (\$750,000.00) of Mississippi adjusted gross  
510 income, or any part thereof; and

511 (d) For the fourth taxable year in which an eligible  
512 new business is in operation in this state, the business shall be



513 allowed a deduction in an amount equal to twelve and one-half  
514 percent (12-1/2%) of the eligible new business's first One Million  
515 Dollars (\$1,000,000.00) of Mississippi adjusted gross income, or  
516 any part thereof.

517 For the purposes of this subsection (5), "eligible new  
518 business" means a taxpayer that begins business operations in this  
519 state on or after January 1, 2023.

520 **SECTION 3.** Nothing in this act shall affect or defeat any  
521 claim, assessment, appeal, suit, right or cause of action for  
522 taxes due or accrued under the income tax laws before the date on  
523 which this act becomes effective, whether such claims,  
524 assessments, appeals, suits or actions have been begun before the  
525 date on which this act becomes effective or are begun thereafter;  
526 and the provisions of the income tax laws are expressly continued  
527 in full force, effect and operation for the purpose of the  
528 assessment, collection and enrollment of liens for any taxes due  
529 or accrued and the execution of any warrant under such laws before  
530 the date on which this act becomes effective, and for the  
531 imposition of any penalties, forfeitures or claims for failure to  
532 comply with such laws.

533 **SECTION 4.** This act shall take effect and be in force from  
534 and after July 1, 2022.

