

**Adopted
COMMITTEE AMENDMENT NO 1 PROPOSED TO**

House Bill No. 1685

BY: Committee

**Amend by striking all after the enacting clause and inserting
in lieu thereof the following:**

22 **SECTION 1.** (1) This section shall be known and may be cited
23 as the "Pregnancy Resource Act."

24 (2) For the purposes of this section, the following words
25 and phrases shall have the meanings ascribed in this section
26 unless the context clearly indicates otherwise:

27 (a) "Department" means the Department of Revenue.

28 (b) "Eligible charitable organization" means an
29 organization that is exempt from federal income taxation under
30 Section 501(c)(3) of the Internal Revenue Code and is a pregnancy
31 resource center or crisis pregnancy center eligible to receive



32 funding disbursed by the Choose Life Advisory Committee under
33 Section 27-19-56.70, 27-19-56.277 and/or 27-19-56.412.

34 (3) (a) The tax credit authorized in this section shall be
35 available only to a taxpayer who is a business enterprise engaged
36 in commercial, industrial or professional activities and operating
37 as a corporation, limited liability company, partnership or sole
38 proprietorship. Except as otherwise provided in this section, a
39 credit is allowed against the taxes imposed by Sections 27-7-5,
40 27-15-103, 27-15-109 and 27-15-123, for voluntary cash
41 contributions made by a taxpayer during the taxable year to an
42 eligible charitable organization. For a taxpayer that is not
43 operating as a corporation, a credit is also allowed against ad
44 valorem taxes assessed and levied on real property for voluntary
45 cash contributions made by the taxpayer during the taxable year to
46 an eligible charitable organization. The amount of credit that
47 may be utilized by a taxpayer in a taxable year shall be limited
48 to (i) an amount not to exceed fifty percent (50%) of the total
49 tax liability of the taxpayer for the taxes imposed by such
50 sections of law and (ii) an amount not to exceed fifty percent
51 (50%) of the total tax liability of the taxpayer for ad valorem
52 taxes assessed and levied on real property. Any tax credit
53 claimed under this section but not used in any taxable year may be
54 carried forward for five (5) consecutive years from the close of
55 the tax year in which the credits were earned.



56 (b) A contribution for which a credit is claimed under
57 this section may not be used as a deduction by the taxpayer for
58 state income tax purposes.

59 (4) Taxpayers taking a credit authorized by this section
60 shall provide the name of the eligible charitable organization and
61 the amount of the contribution to the department on forms provided
62 by the department.

63 (5) An eligible charitable organization shall provide the
64 department with a written certification that it meets all criteria
65 to be considered an eligible charitable organization. The
66 organization shall also notify the department of any changes that
67 may affect eligibility under this section.

68 (6) The eligible charitable organization's written
69 certification must be signed by an officer of the organization
70 under penalty of perjury. The written certification shall include
71 the following:

72 (a) Verification of the organization's status under
73 Section 501(c)(3) of the Internal Revenue Code;

74 (b) A statement that the organization does not provide,
75 pay for or provide coverage of abortions and does not financially
76 support any other entity that provides, pays for or provides
77 coverage of abortions;

78 (c) Any other information that the department requires
79 to administer this section.



80 (7) The department shall review each written certification
81 and determine whether the organization meets all the criteria to
82 be considered an eligible charitable organization and notify the
83 organization of its determination. The department may also
84 periodically request recertification from the organization. The
85 department shall compile and make available to the public a list
86 of eligible charitable organizations.

87 (8) Tax credits authorized by this section that are earned
88 by a partnership, limited liability company, S corporation or
89 other similar pass-through entity, shall be allocated among all
90 partners, members or shareholders, respectively, either in
91 proportion to their ownership interest in such entity or as the
92 partners, members or shareholders mutually agree as provided in an
93 executed document.

94 (9) (a) A taxpayer shall apply for credits with the
95 department on forms prescribed by the department. In the
96 application the taxpayer shall certify to the department the
97 dollar amount of the contributions made or to be made during the
98 calendar year. Within thirty (30) days after the receipt of an
99 application, the department shall allocate credits based on the
100 dollar amount of contributions as certified in the application.
101 However, if the department cannot allocate the full amount of
102 credits certified in the application due to the limit on the
103 aggregate amount of credits that may be awarded under this section
104 in a calendar year, the department shall so notify the applicant



105 within thirty (30) days with the amount of credits, if any, that
106 may be allocated to the applicant in the calendar year. Once the
107 department has allocated credits to a taxpayer, if the
108 contribution for which a credit is allocated has not been made as
109 of the date of the allocation, then the contribution must be made
110 not later than sixty (60) days from the date of the allocation.
111 If the contribution is not made within such time period, the
112 allocation shall be cancelled and returned to the department for
113 reallocation. Upon final documentation of the contributions, if
114 the actual dollar amount of the contributions is lower than the
115 amount estimated, the department shall adjust the tax credit
116 allowed under this section.

117 (b) For the purposes of using a tax credit against ad
118 valorem taxes assessed and levied on real property, a taxpayer
119 shall present to the appropriate tax collector the tax credit
120 documentation provided to the taxpayer by the Department of
121 Revenue, and the tax collector shall apply the tax credit against
122 such ad valorem taxes. The tax collector shall forward the tax
123 credit documentation to the Department of Revenue along with the
124 amount of the tax credit applied against ad valorem taxes, and the
125 department shall disburse funds to the tax collector for the
126 amount of the tax credit applied against ad valorem taxes. Such
127 payments by the Department of Revenue shall be made from current
128 tax collections.



129 (10) The aggregate amount of tax credits that may be
130 allocated by the department under this section during a calendar
131 year shall not exceed Three Million Five Hundred Thousand Dollars
132 (\$3,500,000.00). For credits allocated during a calendar year for
133 contributions to eligible charitable organizations, no more than
134 fifty percent (50%) of such credits may be allocated for
135 contributions to a single eligible charitable organization.

136 **SECTION 2.** Section 27-7-22.41, Mississippi Code of 1972, is
137 brought forward as follows:

138 27-7-22.41. (1) For the purposes of this section, the
139 following words and phrases shall have the meanings ascribed in
140 this section unless the context clearly indicates otherwise:

141 (a) "Department" means the Department of Revenue.

142 (b) "Eligible charitable organization" means an
143 organization that is exempt from federal income taxation under
144 Section 501(c)(3) of the Internal Revenue Code and is:

145 (i) Licensed by or under contract with the
146 Mississippi Department of Child Protection Services and provides
147 services for:

148 1. The prevention and diversion of children
149 from custody with the Department of Child Protection Services,

150 2. The safety, care and well-being of
151 children in custody with the Department of Child Protection
152 Services, or



153 3. The express purpose of creating permanency
154 for children through adoption; or

155 (ii) Certified by the department as an educational
156 services charitable organization and provides services to:

157 1. Children in a foster care placement
158 program established by the Department of Child Protection
159 Services, children placed under the Safe Families for Children
160 model, or children at significant risk of entering a foster care
161 placement program established by the Department of Child
162 Protection Services,

163 2. Children who have a chronic illness
164 or physical, intellectual, developmental or emotional disability,
165 or

166 3. Children eligible for free or reduced
167 price meals programs under Section 37-11-7, or selected for
168 participation in the Promise Neighborhoods Program sponsored by
169 the U.S. Department of Education.

170 (2) (a) The tax credit authorized in this section shall be
171 available only to a taxpayer who is a business enterprise engaged
172 in commercial, industrial or professional activities and operating
173 as a corporation, limited liability company, partnership or sole
174 proprietorship. Except as otherwise provided in this section, a
175 credit is allowed against the taxes imposed by Sections 27-7-5,
176 27-15-103, 27-15-109 and 27-15-123, for voluntary cash
177 contributions made by a taxpayer during the taxable year to an



178 eligible charitable organization. From and after January 1, 2022,
179 for a taxpayer that is not operating as a corporation, a credit is
180 also allowed against ad valorem taxes assessed and levied on real
181 property for voluntary cash contributions made by the taxpayer
182 during the taxable year to an eligible charitable organization.
183 The amount of credit that may be utilized by a taxpayer in a
184 taxable year shall be limited to (i) an amount not to exceed fifty
185 percent (50%) of the total tax liability of the taxpayer for the
186 taxes imposed by such sections of law and (ii) an amount not to
187 exceed fifty percent (50%) of the total tax liability of the
188 taxpayer for ad valorem taxes assessed and levied on real
189 property. Any tax credit claimed under this section but not used
190 in any taxable year may be carried forward for five (5)
191 consecutive years from the close of the tax year in which the
192 credits were earned.

193 (b) A contribution to an eligible charitable
194 organization for which a credit is claimed under this section does
195 not qualify for and shall not be included in any credit that may
196 be claimed under Section 27-7-22.39.

197 (c) A contribution for which a credit is claimed under
198 this section may not be used as a deduction by the taxpayer for
199 state income tax purposes.

200 (3) Taxpayers taking a credit authorized by this section
201 shall provide the name of the eligible charitable organization and



202 the amount of the contribution to the department on forms provided
203 by the department.

204 (4) An eligible charitable organization shall provide the
205 department with a written certification that it meets all criteria
206 to be considered an eligible charitable organization. An eligible
207 charitable organization must also provide the department with
208 written documented proof of its license and/or written contract
209 with the Mississippi Department of Child Protection Services. The
210 organization shall also notify the department of any changes that
211 may affect eligibility under this section.

212 (5) The eligible charitable organization's written
213 certification must be signed by an officer of the organization
214 under penalty of perjury. The written certification shall include
215 the following:

216 (a) Verification of the organization's status under
217 Section 501(c)(3) of the Internal Revenue Code;

218 (b) A statement that the organization does not provide,
219 pay for or provide coverage of abortions and does not financially
220 support any other entity that provides, pays for or provides
221 coverage of abortions;

222 (c) Any other information that the department requires
223 to administer this section.

224 (6) The department shall review each written certification
225 and determine whether the organization meets all the criteria to
226 be considered an eligible charitable organization and notify the



227 organization of its determination. The department may also
228 periodically request recertification from the organization. The
229 department shall compile and make available to the public a list
230 of eligible charitable organizations.

231 (7) Tax credits authorized by this section that are earned
232 by a partnership, limited liability company, S corporation or
233 other similar pass-through entity, shall be allocated among all
234 partners, members or shareholders, respectively, either in
235 proportion to their ownership interest in such entity or as the
236 partners, members or shareholders mutually agree as provided in an
237 executed document.

238 (8) (a) A taxpayer shall apply for credits with the
239 department on forms prescribed by the department. In the
240 application the taxpayer shall certify to the department the
241 dollar amount of the contributions made or to be made during the
242 calendar year. Within thirty (30) days after the receipt of an
243 application, the department shall allocate credits based on the
244 dollar amount of contributions as certified in the application.
245 However, if the department cannot allocate the full amount of
246 credits certified in the application due to the limit on the
247 aggregate amount of credits that may be awarded under this section
248 in a calendar year, the department shall so notify the applicant
249 within thirty (30) days with the amount of credits, if any, that
250 may be allocated to the applicant in the calendar year. Once the
251 department has allocated credits to a taxpayer, if the



252 contribution for which a credit is allocated has not been made as
253 of the date of the allocation, then the contribution must be made
254 not later than sixty (60) days from the date of the allocation.
255 If the contribution is not made within such time period, the
256 allocation shall be cancelled and returned to the department for
257 reallocation. Upon final documentation of the contributions, if
258 the actual dollar amount of the contributions is lower than the
259 amount estimated, the department shall adjust the tax credit
260 allowed under this section.

261 (b) A taxpayer who applied for a tax credit under this
262 section during calendar year 2020, but who was unable to be
263 awarded the credit due to the limit on the aggregate amount of
264 credits authorized for calendar year 2020, shall be given priority
265 for tax credits authorized to be allocated to taxpayers under this
266 section by Section 27-7-22.39.

267 (c) For the purposes of using a tax credit against ad
268 valorem taxes assessed and levied on real property, a taxpayer
269 shall present to the appropriate tax collector the tax credit
270 documentation provided to the taxpayer by the Department of
271 Revenue, and the tax collector shall apply the tax credit against
272 such ad valorem taxes. The tax collector shall forward the tax
273 credit documentation to the Department of Revenue along with the
274 amount of the tax credit applied against ad valorem taxes, and the
275 department shall disburse funds to the tax collector for the
276 amount of the tax credit applied against ad valorem taxes. Such



277 payments by the Department of Revenue shall be made from current
278 tax collections.

279 (9) The aggregate amount of tax credits that may be
280 allocated by the department under this section during a calendar
281 year shall not exceed Five Million Dollars (\$5,000,000.00), and
282 not more than fifty percent (50%) of tax credits allocated during
283 a calendar year may be allocated for contributions to eligible
284 charitable organizations described in subsection (1)(b)(ii) of
285 this section. However, for calendar year 2021, the aggregate
286 amount of tax credits that may be allocated by the department
287 under this section during a calendar year shall not exceed Ten
288 Million Dollars (\$10,000,000.00), and for calendar year 2022, and
289 for each calendar year thereafter, the aggregate amount of tax
290 credits that may be allocated by the department under this section
291 during a calendar year shall not exceed Sixteen Million Dollars
292 (\$16,000,000.00). For calendar year 2021, and for each calendar
293 year thereafter, fifty percent (50%) of the tax credits allocated
294 during a calendar year shall be allocated for contributions to
295 eligible charitable organizations described in subsection
296 (1)(b)(i) of this section and fifty percent (50%) of the tax
297 credits allocated during a calendar year shall be allocated for
298 contributions to eligible charitable organizations described in
299 subsection (1)(b)(ii) of this section. For calendar year 2022,
300 and for each calendar year thereafter, of the amount of tax
301 credits that may be allocated for contributions to eligible



302 charitable organizations described in subsection (1)(b)(ii) of
303 this section, fifteen percent (15%) of the tax credits shall be
304 available solely for allocation for contributions to eligible
305 charitable organizations described in subsection (1)(b)(ii)2;
306 however, any such tax credits not allocated before April 1 of a
307 calendar year may be allocated for contributions to eligible
308 charitable organizations described in subsection (1)(b)(ii)1 of
309 this section. For calendar year 2021, and for each calendar year
310 thereafter, for credits allocated during a calendar year for
311 contributions to eligible charitable organizations described in
312 subsection (1)(b)(i) of this section, no more than twenty-five
313 percent (25%) of such credits may be allocated for contributions
314 to a single eligible charitable organization. Except as otherwise
315 provided in this section, for calendar year 2021, and for each
316 calendar year thereafter, for credits allocated during a calendar
317 year for contributions to eligible charitable organizations
318 described in subsection (1)(b)(ii) of this section, no more than
319 five percent (5%) of such credits may be allocated for
320 contributions to a single eligible charitable organization.
321 However, for calendar year 2022, of the additional amount of tax
322 credits authorized under this section, as amended by Chapter 480,
323 Laws of 2021, for allocation for contributions to eligible
324 charitable organizations described in subsection (1)(b)(ii) of
325 this section, Two Million Dollars (\$2,000,000.00) of the tax
326 credits shall be available solely for allocation for contributions



327 to Magnolia Speech School; however, any such tax credits not
328 allocated before April 1, 2022, may be allocated for contributions
329 to eligible charitable organizations described in subsection
330 (1)(b)(ii) of this section.

331 **SECTION 3.** Nothing in this act shall affect or defeat any
332 claim, assessment, appeal, suit, right or cause of action for
333 taxes due or accrued under the income tax laws, insurance premium
334 tax laws or ad valorem tax laws before the date on which this act
335 becomes effective, whether such claims, assessments, appeals,
336 suits or actions have been begun before the date on which this act
337 becomes effective or are begun thereafter; and the provisions of
338 the income tax laws, insurance premium tax laws and ad valorem tax
339 laws are expressly continued in full force, effect and operation
340 for the purpose of the assessment, collection and enrollment of
341 liens for any taxes due or accrued and the execution of any
342 warrant under such laws before the date on which this act becomes
343 effective, and for the imposition of any penalties, forfeitures or
344 claims for failure to comply with such laws.

345 **SECTION 4.** Section 27-7-17, Mississippi Code of 1972, as
346 amended by Senate Bill No. 2095, 2022 Regular Session, and House
347 Bill No. 1529, 2022 Regular Session, is amended as follows:

348 **Through February 1, 2022, this section shall read as follows:**

349 27-7-17. In computing taxable income, there shall be allowed
350 as deductions:

351 (1) **Business deductions.**



352 (a) **Business expenses.** All the ordinary and necessary
353 expenses paid or incurred during the taxable year in carrying on
354 any trade or business, including a reasonable allowance for
355 salaries or other compensation for personal services actually
356 rendered; nonreimbursable traveling expenses incident to current
357 employment, including a reasonable amount expended for meals and
358 lodging while away from home in the pursuit of a trade or
359 business; and rentals or other payments required to be made as a
360 condition of the continued use or possession, for purposes of the
361 trade or business of property to which the taxpayer has not taken
362 or is not taking title or in which he had no equity. Expense
363 incurred in connection with earning and distributing nontaxable
364 income is not an allowable deduction. Limitations on
365 entertainment expenses shall conform to the provisions of the
366 Internal Revenue Code of 1986.

367 (b) **Interest.** All interest paid or accrued during the
368 taxable year on business indebtedness, except interest upon the
369 indebtedness for the purchase of tax-free bonds, or any stocks,
370 the dividends from which are nontaxable under the provisions of
371 this article; provided, however, in the case of securities
372 dealers, interest payments or accruals on loans, the proceeds of
373 which are used to purchase tax-exempt securities, shall be
374 deductible if income from otherwise tax-free securities is
375 reported as income. Investment interest expense shall be limited
376 to investment income. Interest expense incurred for the purchase



377 of treasury stock, to pay dividends, or incurred as a result of an
378 undercapitalized affiliated corporation may not be deducted unless
379 an ordinary and necessary business purpose can be established to
380 the satisfaction of the commissioner. For the purposes of this
381 paragraph, the phrase "interest upon the indebtedness for the
382 purchase of tax-free bonds" applies only to the indebtedness
383 incurred for the purpose of directly purchasing tax-free bonds and
384 does not apply to any other indebtedness incurred in the regular
385 course of the taxpayer's business. Any corporation, association,
386 organization or other entity taxable under Section 27-7-23(c)
387 shall allocate interest expense as provided in Section
388 27-7-23(c) (3) (I).

389 (c) **Taxes.** Taxes paid or accrued within the taxable
390 year, except state and federal income taxes, excise taxes based on
391 or measured by net income, estate and inheritance taxes, gift
392 taxes, cigar and cigarette taxes, gasoline taxes, and sales and
393 use taxes unless incurred as an item of expense in a trade or
394 business or in the production of taxable income. In the case of
395 an individual, taxes permitted as an itemized deduction under the
396 provisions of subsection (3) (a) of this section are to be claimed
397 thereunder.

398 (d) **Business losses.**

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



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

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

411 (f) **Depreciation.** A reasonable allowance for
412 exhaustion, wear and tear of property used in the trade or
413 business, or rental property, and depreciation upon buildings
414 based upon their reasonable value as of March 16, 1912, if
415 acquired prior thereto, and upon cost if acquired subsequent to
416 that date. In the case of new or used aircraft, equipment,
417 engines, or other parts and tools used for aviation, allowance for
418 bonus depreciation conforms with the federal bonus depreciation
419 rates and reasonable allowance for depreciation under this section
420 is no less than one hundred percent (100%).

421 (g) **Depletion.** In the case of mines, oil and gas
422 wells, other natural deposits and timber, a reasonable allowance
423 for depletion and for depreciation of improvements, based upon
424 cost, including cost of development, not otherwise deducted, or
425 fair market value as of March 16, 1912, if acquired prior to that



426 date, such allowance to be made upon regulations prescribed by the
427 commissioner, with the approval of the Governor.

428 (h) **Contributions or gifts.** Except as otherwise
429 provided in paragraph (p) of this subsection or subsection (3)(a)
430 of this section for individuals, contributions or gifts made by
431 corporations within the taxable year to corporations,
432 organizations, associations or institutions, including Community
433 Chest funds, foundations and trusts created solely and exclusively
434 for religious, charitable, scientific or educational purposes, or
435 for the prevention of cruelty to children or animals, no part of
436 the net earnings of which inure to the benefit of any private
437 stockholder or individual. This deduction shall be allowed in an
438 amount not to exceed twenty percent (20%) of the net income. Such
439 contributions or gifts shall be allowable as deductions only if
440 verified under rules and regulations prescribed by the
441 commissioner, with the approval of the Governor. Contributions
442 made in any form other than cash shall be allowed as a deduction,
443 subject to the limitations herein provided, in an amount equal to
444 the actual market value of the contributions at the time the
445 contribution is actually made and consummated.

446 (i) **Reserve funds - insurance companies.** In the case
447 of insurance companies the net additions required by law to be
448 made within the taxable year to reserve funds when such reserve
449 funds are maintained for the purpose of liquidating policies at
450 maturity.



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

454 (k) **Contributions to employee pension plans.**
455 Contributions made by an employer to a plan or a trust forming
456 part of a pension plan, stock bonus plan, disability or
457 death-benefit plan, or profit-sharing plan of such employer for
458 the exclusive benefit of some or all of his, their, or its
459 employees, or their beneficiaries, shall be deductible from his,
460 their, or its income only to the extent that, and for the taxable
461 year in which, the contribution is deductible for federal income
462 tax purposes under the Internal Revenue Code of 1986 and any other
463 provisions of similar purport in the Internal Revenue Laws of the
464 United States, and the rules, regulations, rulings and
465 determinations promulgated thereunder, provided that:

466 (i) The plan or trust be irrevocable.

467 (ii) The plan or trust constitute a part of a
468 pension plan, stock bonus plan, disability or death-benefit plan,
469 or profit-sharing plan for the exclusive benefit of some or all of
470 the employer's employees and/or officers, or their beneficiaries,
471 for the purpose of distributing the corpus and income of the plan
472 or trust to such employees and/or officers, or their
473 beneficiaries.



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

477 Contributions to all plans or to all trusts of real or
478 personal property (or real and personal property combined) or to
479 insured plans created under a retirement plan for which provision
480 has been made under the laws of the United States of America,
481 making such contributions deductible from income for federal
482 income tax purposes, shall be deductible only to the same extent
483 under the Income Tax Laws of the State of Mississippi.

484 (1) **Net operating loss carrybacks and carryovers.** A
485 net operating loss for any taxable year ending after December 31,
486 1993, and taxable years thereafter, shall be a net operating loss
487 carryback to each of the three (3) taxable years preceding the
488 taxable year of the loss. If the net operating loss for any
489 taxable year is not exhausted by carrybacks to the three (3)
490 taxable years preceding the taxable year of the loss, then there
491 shall be a net operating loss carryover to each of the fifteen
492 (15) taxable years following the taxable year of the loss
493 beginning with any taxable year after December 31, 1991.

494 For any taxable year ending after December 31, 1997, the
495 period for net operating loss carrybacks and net operating loss
496 carryovers shall be the same as those established by the Internal
497 Revenue Code and the rules, regulations, rulings and



498 determinations promulgated thereunder as in effect at the taxable
499 year end or on December 31, 2000, whichever is earlier.

500 A net operating loss for any taxable year ending after
501 December 31, 2001, and taxable years thereafter, shall be a net
502 operating loss carryback to each of the two (2) taxable years
503 preceding the taxable year of the loss. If the net operating loss
504 for any taxable year is not exhausted by carrybacks to the two (2)
505 taxable years preceding the taxable year of the loss, then there
506 shall be a net operating loss carryover to each of the twenty (20)
507 taxable years following the taxable year of the loss beginning
508 with any taxable year after the taxable year of the loss.

509 The term "net operating loss," for the purposes of this
510 paragraph, shall be the excess of the deductions allowed over the
511 gross income; provided, however, the following deductions shall
512 not be allowed in computing same:

513 (i) No net operating loss deduction shall be
514 allowed.

515 (ii) No personal exemption deduction shall be
516 allowed.

517 (iii) Allowable deductions which are not
518 attributable to taxpayer's trade or business shall be allowed only
519 to the extent of the amount of gross income not derived from such
520 trade or business.

521 Any taxpayer entitled to a carryback period as provided by
522 this paragraph may elect to relinquish the entire carryback period



523 with respect to a net operating loss for any taxable year ending
524 after December 31, 1991. The election shall be made in the manner
525 prescribed by the Department of Revenue and shall be made by the
526 due date, including extensions of time, for filing the taxpayer's
527 return for the taxable year of the net operating loss for which
528 the election is to be in effect. The election, once made for any
529 taxable year, shall be irrevocable for that taxable year.

530 (m) **Amortization of pollution or environmental control**
531 **facilities.** Allowance of deduction. Every taxpayer, at his
532 election, shall be entitled to a deduction for pollution or
533 environmental control facilities to the same extent as that
534 allowed under the Internal Revenue Code and the rules,
535 regulations, rulings and determinations promulgated thereunder.

536 (n) **Dividend distributions - real estate investment**
537 **trusts.** "Real estate investment trust" (hereinafter referred to
538 as REIT) shall have the meaning ascribed to such term in Section
539 856 of the federal Internal Revenue Code of 1986, as amended. A
540 REIT is allowed a dividend distributed deduction if the dividend
541 distributions meet the requirements of Section 857 or are
542 otherwise deductible under Section 858 or 860, federal Internal
543 Revenue Code of 1986, as amended. In addition:

544 (i) A dividend distributed deduction shall only be
545 allowed for dividends paid by a publicly traded REIT. A qualified
546 REIT subsidiary shall be allowed a dividend distributed deduction
547 if its owner is a publicly traded REIT.



548 (ii) Income generated from real estate contributed
549 or sold to a REIT by a shareholder or related party shall not give
550 rise to a dividend distributed deduction, unless the shareholder
551 or related party would have received the dividend distributed
552 deduction under this chapter.

553 (iii) A holding corporation receiving a dividend
554 from a REIT shall not be allowed the deduction in Section
555 27-7-15(4)(t).

556 (iv) Any REIT not allowed the dividend distributed
557 deduction in the federal Internal Revenue Code of 1986, as
558 amended, shall not be allowed a dividend distributed deduction
559 under this chapter.

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

564 (o) **Contributions to college savings trust fund**
565 **accounts.** Contributions or payments to a Mississippi Affordable
566 College Savings Program account are deductible as provided under
567 Section 37-155-113. Payments made under a prepaid tuition
568 contract entered into under the Mississippi Prepaid Affordable
569 College Tuition Program are deductible as provided under Section
570 37-155-17.

571 (p) **Contributions of human pharmaceutical products.** To
572 the extent that a "major supplier" as defined in Section



573 27-13-13(2) (d) contributes human pharmaceutical products in excess
574 of Two Hundred Fifty Million Dollars (\$250,000,000.00) as
575 determined under Section 170 of the Internal Revenue Code, the
576 charitable contribution limitation associated with those donations
577 shall follow the federal limitation but cannot result in the
578 Mississippi net income being reduced below zero.

579 (q) **Contributions to ABLE trust fund accounts.**

580 Contributions or payments to a Mississippi Achieving a Better Life
581 Experience (ABLE) Program account are deductible as provided under
582 Section 43-28-13.

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

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

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

587 1. Expenses, losses and costs for, related
588 to, or in connection directly or indirectly with the direct or
589 indirect acquisition, use, maintenance or management, ownership,
590 sale, exchange or any other disposition of intangible property to
591 the extent such amounts are allowed as deductions or costs in
592 determining taxable income under this chapter;

593 2. Expenses or losses related to or incurred
594 in connection directly or indirectly with factoring transactions
595 or discounting transactions;

596 3. Royalty, patent, technical and copyright
597 fees;



598 4. Licensing fees; and
599 5. Other similar expenses and costs.

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

603 (iii) "Interest expenses and cost" means amounts
604 directly or indirectly allowed as deductions for purposes of
605 determining taxable income under this chapter to the extent such
606 interest expenses and costs are directly or indirectly for,
607 related to, or in connection with the direct or indirect
608 acquisition, maintenance, management, ownership, sale, exchange or
609 disposition of intangible property.

610 (iv) "Related member" means an entity or person
611 that, with respect to the taxpayer during all or any portion of
612 the taxable year, is a related entity, a component member as
613 defined in the Internal Revenue Code, or is an entity or a person
614 to or from whom there is attribution of stock ownership in
615 accordance with Section 1563(e) of the Internal Revenue Code.

616 (v) "Related entity" means:

617 1. A stockholder who is an individual or a
618 member of the stockholder's family, as defined in regulations
619 prescribed by the commissioner, if the stockholder and the members
620 of the stockholder's family own, directly, indirectly,
621 beneficially or constructively, in the aggregate, at least fifty
622 percent (50%) of the value of the taxpayer's outstanding stock;



623 2. A stockholder, or a stockholder's
624 partnership, limited liability company, estate, trust or
625 corporation, if the stockholder and the stockholder's
626 partnerships, limited liability companies, estates, trusts and
627 corporations own, directly, indirectly, beneficially or
628 constructively, in the aggregate, at least fifty percent (50%) of
629 the value of the taxpayer's outstanding stock;

630 3. A corporation, or a party related to the
631 corporation in a manner that would require an attribution of stock
632 from the corporation to the party or from the party to the
633 corporation, if the taxpayer owns, directly, indirectly,
634 beneficially or constructively, at least fifty percent (50%) of
635 the value of the corporation's outstanding stock under regulation
636 prescribed by the commissioner;

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

640 (b) In computing net income, a taxpayer shall add back
641 otherwise deductible interest expenses and costs and intangible
642 expenses and costs directly or indirectly paid, accrued to or
643 incurred, in connection directly or indirectly with one or more
644 direct or indirect transactions with one or more related members.

645 (c) The adjustments required by this subsection shall
646 not apply to such portion of interest expenses and costs and



647 intangible expenses and costs that the taxpayer can establish
648 meets one (1) of the following:

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

652 (ii) The transaction giving rise to the interest
653 expenses and costs or intangible expenses and costs between the
654 taxpayer and related member was done primarily for a valid
655 business purpose other than the avoidance of taxes, and the
656 related member is not primarily engaged in the acquisition, use,
657 maintenance or management, ownership, sale, exchange or any other
658 disposition of intangible property.

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

663 (e) The commissioner may prescribe such regulations as
664 necessary or appropriate to carry out the purposes of this
665 subsection, including, but not limited to, clarifying definitions
666 of terms, rules of stock attribution, factoring and discount
667 transactions.

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

669 (a) The amount allowable for individual nonbusiness
670 itemized deductions for federal income tax purposes where the



671 individual is eligible to elect, for the taxable year, to itemize
672 deductions on his federal return except the following:

673 (i) The deduction for state income taxes paid or
674 other taxes allowed for federal purposes in lieu of state income
675 taxes paid;

676 (ii) The deduction for gaming losses from gaming
677 establishments;

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

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

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

687 (i) Three Thousand Four Hundred Dollars
688 (\$3,400.00) through calendar year 1997, Four Thousand Two Hundred
689 Dollars (\$4,200.00) for the calendar year 1998 and Four Thousand
690 Six Hundred Dollars (\$4,600.00) for each calendar year thereafter
691 in the case of married individuals filing a joint or combined
692 return;

693 (ii) One Thousand Seven Hundred Dollars
694 (\$1,700.00) through calendar year 1997, Two Thousand One Hundred
695 Dollars (\$2,100.00) for the calendar year 1998 and Two Thousand



696 Three Hundred Dollars (\$2,300.00) for each calendar year
697 thereafter in the case of married individuals filing separate
698 returns;

699 (iii) Three Thousand Four Hundred Dollars
700 (\$3,400.00) in the case of a head of family; or

701 (iv) Two Thousand Three Hundred Dollars
702 (\$2,300.00) in the case of an individual who is not married.

703 In the case of a husband and wife living together, having
704 separate incomes, and filing combined returns, the standard
705 deduction authorized may be divided in any manner they choose. In
706 the case of separate returns by a husband and wife, the standard
707 deduction shall not be allowed to either if the taxable income of
708 one of the spouses is determined without regard to the standard
709 deduction.

710 (c) A nonresident individual shall be allowed the same
711 individual nonbusiness deductions as are authorized for resident
712 individuals in paragraph (a) or (b) of this subsection; however,
713 the nonresident individual is entitled only to that proportion of
714 the individual nonbusiness deductions as his net income from
715 sources within the State of Mississippi bears to his total or
716 entire net income from all sources.

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



719 (5) Notwithstanding any other provision in Title 27,
720 Mississippi Code of 1972, there shall be allowed an income tax
721 deduction for otherwise deductible expenses if:

722 (a) The payment(s) for such deductible expenses are
723 made with the grant or loan program of the Paycheck Protection
724 Program as authorized under (i) the Coronavirus Aid, Relief, and
725 Economic Security (CARES) Act and the Consolidated Appropriations
726 Act of 2021, (ii) the COVID-19 Economic Injury Disaster Loan
727 Program, (iii) the 2020 COVID-19 Mississippi Business Assistance
728 Act, (iv) the Rental Assistance Grant Program, (v) the Shuttered
729 Venue Operators Grant Program and Restaurant Revitalization Fund
730 authorized by the Economic Aid to Hard-Hit Small Businesses,
731 Nonprofits, and Venues Act, and amended by the federal American
732 Rescue Plan Act, and/or (vi) the Mississippi Agriculture
733 Stabilization Act; and

734 (b) Such deductible expenses shall be allowed as
735 deductions for federal income tax purposes.

736 **From and after February 2, 2022, this section shall read as**
737 **follows:**

738 27-7-17. In computing taxable income, there shall be allowed
739 as deductions:

740 (1) **Business deductions.**

741 (a) **Business expenses.** All the ordinary and necessary
742 expenses paid or incurred during the taxable year in carrying on
743 any trade or business, including a reasonable allowance for



744 salaries or other compensation for personal services actually
745 rendered; nonreimbursable traveling expenses incident to current
746 employment, including a reasonable amount expended for meals and
747 lodging while away from home in the pursuit of a trade or
748 business; and rentals or other payments required to be made as a
749 condition of the continued use or possession, for purposes of the
750 trade or business of property to which the taxpayer has not taken
751 or is not taking title or in which he had no equity. Expense
752 incurred in connection with earning and distributing nontaxable
753 income is not an allowable deduction. Limitations on
754 entertainment expenses shall conform to the provisions of the
755 Internal Revenue Code of 1986. There shall also be allowed a
756 deduction for expenses as provided in Section 26 of Senate Bill
757 No. 2095, 2022 Regular Session.

758 (b) **Interest.** All interest paid or accrued during the
759 taxable year on business indebtedness, except interest upon the
760 indebtedness for the purchase of tax-free bonds, or any stocks,
761 the dividends from which are nontaxable under the provisions of
762 this article; provided, however, in the case of securities
763 dealers, interest payments or accruals on loans, the proceeds of
764 which are used to purchase tax-exempt securities, shall be
765 deductible if income from otherwise tax-free securities is
766 reported as income. Investment interest expense shall be limited
767 to investment income. Interest expense incurred for the purchase
768 of treasury stock, to pay dividends, or incurred as a result of an



769 undercapitalized affiliated corporation may not be deducted unless
770 an ordinary and necessary business purpose can be established to
771 the satisfaction of the commissioner. For the purposes of this
772 paragraph, the phrase "interest upon the indebtedness for the
773 purchase of tax-free bonds" applies only to the indebtedness
774 incurred for the purpose of directly purchasing tax-free bonds and
775 does not apply to any other indebtedness incurred in the regular
776 course of the taxpayer's business. Any corporation, association,
777 organization or other entity taxable under Section 27-7-23(c)
778 shall allocate interest expense as provided in Section
779 27-7-23(c) (3) (I).

780 (c) **Taxes.** Taxes paid or accrued within the taxable
781 year, except state and federal income taxes, excise taxes based on
782 or measured by net income, estate and inheritance taxes, gift
783 taxes, cigar and cigarette taxes, gasoline taxes, and sales and
784 use taxes unless incurred as an item of expense in a trade or
785 business or in the production of taxable income. In the case of
786 an individual, taxes permitted as an itemized deduction under the
787 provisions of subsection (3) (a) of this section are to be claimed
788 thereunder.

789 (d) **Business losses.**

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



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

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

802 (f) **Depreciation.** A reasonable allowance for
803 exhaustion, wear and tear of property used in the trade or
804 business, or rental property, and depreciation upon buildings
805 based upon their reasonable value as of March 16, 1912, if
806 acquired prior thereto, and upon cost if acquired subsequent to
807 that date. In the case of new or used aircraft, equipment,
808 engines, or other parts and tools used for aviation, allowance for
809 bonus depreciation conforms with the federal bonus depreciation
810 rates and reasonable allowance for depreciation under this section
811 is no less than one hundred percent (100%).

812 (g) **Depletion.** In the case of mines, oil and gas
813 wells, other natural deposits and timber, a reasonable allowance
814 for depletion and for depreciation of improvements, based upon
815 cost, including cost of development, not otherwise deducted, or
816 fair market value as of March 16, 1912, if acquired prior to that



817 date, such allowance to be made upon regulations prescribed by the
818 commissioner, with the approval of the Governor.

819 (h) **Contributions or gifts.** Except as otherwise
820 provided in paragraph (p) of this subsection or subsection (3)(a)
821 of this section for individuals, contributions or gifts made by
822 corporations within the taxable year to corporations,
823 organizations, associations or institutions, including Community
824 Chest funds, foundations and trusts created solely and exclusively
825 for religious, charitable, scientific or educational purposes, or
826 for the prevention of cruelty to children or animals, no part of
827 the net earnings of which inure to the benefit of any private
828 stockholder or individual. This deduction shall be allowed in an
829 amount not to exceed twenty percent (20%) of the net income. Such
830 contributions or gifts shall be allowable as deductions only if
831 verified under rules and regulations prescribed by the
832 commissioner, with the approval of the Governor. Contributions
833 made in any form other than cash shall be allowed as a deduction,
834 subject to the limitations herein provided, in an amount equal to
835 the actual market value of the contributions at the time the
836 contribution is actually made and consummated.

837 (i) **Reserve funds - insurance companies.** In the case
838 of insurance companies the net additions required by law to be
839 made within the taxable year to reserve funds when such reserve
840 funds are maintained for the purpose of liquidating policies at
841 maturity.



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

845 (k) **Contributions to employee pension plans.**
846 Contributions made by an employer to a plan or a trust forming
847 part of a pension plan, stock bonus plan, disability or
848 death-benefit plan, or profit-sharing plan of such employer for
849 the exclusive benefit of some or all of his, their, or its
850 employees, or their beneficiaries, shall be deductible from his,
851 their, or its income only to the extent that, and for the taxable
852 year in which, the contribution is deductible for federal income
853 tax purposes under the Internal Revenue Code of 1986 and any other
854 provisions of similar purport in the Internal Revenue Laws of the
855 United States, and the rules, regulations, rulings and
856 determinations promulgated thereunder, provided that:

857 (i) The plan or trust be irrevocable.

858 (ii) The plan or trust constitute a part of a
859 pension plan, stock bonus plan, disability or death-benefit plan,
860 or profit-sharing plan for the exclusive benefit of some or all of
861 the employer's employees and/or officers, or their beneficiaries,
862 for the purpose of distributing the corpus and income of the plan
863 or trust to such employees and/or officers, or their
864 beneficiaries.



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

868 Contributions to all plans or to all trusts of real or
869 personal property (or real and personal property combined) or to
870 insured plans created under a retirement plan for which provision
871 has been made under the laws of the United States of America,
872 making such contributions deductible from income for federal
873 income tax purposes, shall be deductible only to the same extent
874 under the Income Tax Laws of the State of Mississippi.

875 (1) **Net operating loss carrybacks and carryovers.** A
876 net operating loss for any taxable year ending after December 31,
877 1993, and taxable years thereafter, shall be a net operating loss
878 carryback to each of the three (3) taxable years preceding the
879 taxable year of the loss. If the net operating loss for any
880 taxable year is not exhausted by carrybacks to the three (3)
881 taxable years preceding the taxable year of the loss, then there
882 shall be a net operating loss carryover to each of the fifteen
883 (15) taxable years following the taxable year of the loss
884 beginning with any taxable year after December 31, 1991.

885 For any taxable year ending after December 31, 1997, the
886 period for net operating loss carrybacks and net operating loss
887 carryovers shall be the same as those established by the Internal
888 Revenue Code and the rules, regulations, rulings and



889 determinations promulgated thereunder as in effect at the taxable
890 year end or on December 31, 2000, whichever is earlier.

891 A net operating loss for any taxable year ending after
892 December 31, 2001, and taxable years thereafter, shall be a net
893 operating loss carryback to each of the two (2) taxable years
894 preceding the taxable year of the loss. If the net operating loss
895 for any taxable year is not exhausted by carrybacks to the two (2)
896 taxable years preceding the taxable year of the loss, then there
897 shall be a net operating loss carryover to each of the twenty (20)
898 taxable years following the taxable year of the loss beginning
899 with any taxable year after the taxable year of the loss.

900 The term "net operating loss," for the purposes of this
901 paragraph, shall be the excess of the deductions allowed over the
902 gross income; provided, however, the following deductions shall
903 not be allowed in computing same:

904 (i) No net operating loss deduction shall be
905 allowed.

906 (ii) No personal exemption deduction shall be
907 allowed.

908 (iii) Allowable deductions which are not
909 attributable to taxpayer's trade or business shall be allowed only
910 to the extent of the amount of gross income not derived from such
911 trade or business.

912 Any taxpayer entitled to a carryback period as provided by
913 this paragraph may elect to relinquish the entire carryback period



914 with respect to a net operating loss for any taxable year ending
915 after December 31, 1991. The election shall be made in the manner
916 prescribed by the Department of Revenue and shall be made by the
917 due date, including extensions of time, for filing the taxpayer's
918 return for the taxable year of the net operating loss for which
919 the election is to be in effect. The election, once made for any
920 taxable year, shall be irrevocable for that taxable year.

921 (m) **Amortization of pollution or environmental control**
922 **facilities.** Allowance of deduction. Every taxpayer, at his
923 election, shall be entitled to a deduction for pollution or
924 environmental control facilities to the same extent as that
925 allowed under the Internal Revenue Code and the rules,
926 regulations, rulings and determinations promulgated thereunder.

927 (n) **Dividend distributions - real estate investment**
928 **trusts.** "Real estate investment trust" (hereinafter referred to
929 as REIT) shall have the meaning ascribed to such term in Section
930 856 of the federal Internal Revenue Code of 1986, as amended. A
931 REIT is allowed a dividend distributed deduction if the dividend
932 distributions meet the requirements of Section 857 or are
933 otherwise deductible under Section 858 or 860, federal Internal
934 Revenue Code of 1986, as amended. In addition:

935 (i) A dividend distributed deduction shall only be
936 allowed for dividends paid by a publicly traded REIT. A qualified
937 REIT subsidiary shall be allowed a dividend distributed deduction
938 if its owner is a publicly traded REIT.



939 (ii) Income generated from real estate contributed
940 or sold to a REIT by a shareholder or related party shall not give
941 rise to a dividend distributed deduction, unless the shareholder
942 or related party would have received the dividend distributed
943 deduction under this chapter.

944 (iii) A holding corporation receiving a dividend
945 from a REIT shall not be allowed the deduction in Section
946 27-7-15(4)(t).

947 (iv) Any REIT not allowed the dividend distributed
948 deduction in the federal Internal Revenue Code of 1986, as
949 amended, shall not be allowed a dividend distributed deduction
950 under this chapter.

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

955 (o) **Contributions to college savings trust fund**
956 **accounts.** Contributions or payments to a Mississippi Affordable
957 College Savings Program account are deductible as provided under
958 Section 37-155-113. Payments made under a prepaid tuition
959 contract entered into under the Mississippi Prepaid Affordable
960 College Tuition Program are deductible as provided under Section
961 37-155-17.

962 (p) **Contributions of human pharmaceutical products.** To
963 the extent that a "major supplier" as defined in Section



964 27-13-13(2) (d) contributes human pharmaceutical products in excess
965 of Two Hundred Fifty Million Dollars (\$250,000,000.00) as
966 determined under Section 170 of the Internal Revenue Code, the
967 charitable contribution limitation associated with those donations
968 shall follow the federal limitation but cannot result in the
969 Mississippi net income being reduced below zero.

970 (q) **Contributions to ABLE trust fund accounts.**

971 Contributions or payments to a Mississippi Achieving a Better Life
972 Experience (ABLE) Program account are deductible as provided under
973 Section 43-28-13.

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

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

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

978 1. Expenses, losses and costs for, related
979 to, or in connection directly or indirectly with the direct or
980 indirect acquisition, use, maintenance or management, ownership,
981 sale, exchange or any other disposition of intangible property to
982 the extent such amounts are allowed as deductions or costs in
983 determining taxable income under this chapter;

984 2. Expenses or losses related to or incurred
985 in connection directly or indirectly with factoring transactions
986 or discounting transactions;

987 3. Royalty, patent, technical and copyright
988 fees;



989 4. Licensing fees; and
990 5. Other similar expenses and costs.

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

994 (iii) "Interest expenses and cost" means amounts
995 directly or indirectly allowed as deductions for purposes of
996 determining taxable income under this chapter to the extent such
997 interest expenses and costs are directly or indirectly for,
998 related to, or in connection with the direct or indirect
999 acquisition, maintenance, management, ownership, sale, exchange or
1000 disposition of intangible property.

1001 (iv) "Related member" means an entity or person
1002 that, with respect to the taxpayer during all or any portion of
1003 the taxable year, is a related entity, a component member as
1004 defined in the Internal Revenue Code, or is an entity or a person
1005 to or from whom there is attribution of stock ownership in
1006 accordance with Section 1563(e) of the Internal Revenue Code.

1007 (v) "Related entity" means:

1008 1. A stockholder who is an individual or a
1009 member of the stockholder's family, as defined in regulations
1010 prescribed by the commissioner, if the stockholder and the members
1011 of the stockholder's family own, directly, indirectly,
1012 beneficially or constructively, in the aggregate, at least fifty
1013 percent (50%) of the value of the taxpayer's outstanding stock;



1014 2. A stockholder, or a stockholder's
1015 partnership, limited liability company, estate, trust or
1016 corporation, if the stockholder and the stockholder's
1017 partnerships, limited liability companies, estates, trusts and
1018 corporations own, directly, indirectly, beneficially or
1019 constructively, in the aggregate, at least fifty percent (50%) of
1020 the value of the taxpayer's outstanding stock;

1021 3. A corporation, or a party related to the
1022 corporation in a manner that would require an attribution of stock
1023 from the corporation to the party or from the party to the
1024 corporation, if the taxpayer owns, directly, indirectly,
1025 beneficially or constructively, at least fifty percent (50%) of
1026 the value of the corporation's outstanding stock under regulation
1027 prescribed by the commissioner;

1028 4. Any entity or person which would be a
1029 related member under this section if the taxpayer were considered
1030 a corporation for purposes of this section.

1031 (b) In computing net income, a taxpayer shall add back
1032 otherwise deductible interest expenses and costs and intangible
1033 expenses and costs directly or indirectly paid, accrued to or
1034 incurred, in connection directly or indirectly with one or more
1035 direct or indirect transactions with one or more related members.

1036 (c) The adjustments required by this subsection shall
1037 not apply to such portion of interest expenses and costs and



1038 intangible expenses and costs that the taxpayer can establish
1039 meets one (1) of the following:

1040 (i) The related member directly or indirectly
1041 paid, accrued or incurred such portion to a person during the same
1042 income year who is not a related member; or

1043 (ii) The transaction giving rise to the interest
1044 expenses and costs or intangible expenses and costs between the
1045 taxpayer and related member was done primarily for a valid
1046 business purpose other than the avoidance of taxes, and the
1047 related member is not primarily engaged in the acquisition, use,
1048 maintenance or management, ownership, sale, exchange or any other
1049 disposition of intangible property.

1050 (d) Nothing in this subsection shall require a taxpayer
1051 to add to its net income more than once any amount of interest
1052 expenses and costs or intangible expenses and costs that the
1053 taxpayer pays, accrues or incurs to a related member.

1054 (e) The commissioner may prescribe such regulations as
1055 necessary or appropriate to carry out the purposes of this
1056 subsection, including, but not limited to, clarifying definitions
1057 of terms, rules of stock attribution, factoring and discount
1058 transactions.

1059 (3) **Individual nonbusiness deductions.**

1060 (a) The amount allowable for individual nonbusiness
1061 itemized deductions for federal income tax purposes where the



1062 individual is eligible to elect, for the taxable year, to itemize
1063 deductions on his federal return except the following:

1064 (i) The deduction for state income taxes paid or
1065 other taxes allowed for federal purposes in lieu of state income
1066 taxes paid;

1067 (ii) The deduction for gaming losses from gaming
1068 establishments;

1069 (iii) The deduction for taxes collected by
1070 licensed gaming establishments pursuant to Section 27-7-901;

1071 (iv) The deduction for taxes collected by gaming
1072 establishments pursuant to Section 27-7-903.

1073 (b) In lieu of the individual nonbusiness itemized
1074 deductions authorized in paragraph (a), for all purposes other
1075 than ordinary and necessary expenses paid or incurred during the
1076 taxable year in carrying on any trade or business, an optional
1077 standard deduction of:

1078 (i) Three Thousand Four Hundred Dollars
1079 (\$3,400.00) through calendar year 1997, Four Thousand Two Hundred
1080 Dollars (\$4,200.00) for the calendar year 1998 and Four Thousand
1081 Six Hundred Dollars (\$4,600.00) for each calendar year thereafter
1082 in the case of married individuals filing a joint or combined
1083 return;

1084 (ii) One Thousand Seven Hundred Dollars
1085 (\$1,700.00) through calendar year 1997, Two Thousand One Hundred
1086 Dollars (\$2,100.00) for the calendar year 1998 and Two Thousand



1087 Three Hundred Dollars (\$2,300.00) for each calendar year
1088 thereafter in the case of married individuals filing separate
1089 returns;

1090 (iii) Three Thousand Four Hundred Dollars
1091 (\$3,400.00) in the case of a head of family; or

1092 (iv) Two Thousand Three Hundred Dollars
1093 (\$2,300.00) in the case of an individual who is not married.

1094 In the case of a husband and wife living together, having
1095 separate incomes, and filing combined returns, the standard
1096 deduction authorized may be divided in any manner they choose. In
1097 the case of separate returns by a husband and wife, the standard
1098 deduction shall not be allowed to either if the taxable income of
1099 one of the spouses is determined without regard to the standard
1100 deduction.

1101 (c) A nonresident individual shall be allowed the same
1102 individual nonbusiness deductions as are authorized for resident
1103 individuals in paragraph (a) or (b) of this subsection; however,
1104 the nonresident individual is entitled only to that proportion of
1105 the individual nonbusiness deductions as his net income from
1106 sources within the State of Mississippi bears to his total or
1107 entire net income from all sources.

1108 (4) Nothing in this section shall permit the same item to be
1109 deducted more than once, either in fact or in effect.



1110 (5) Notwithstanding any other provision in Title 27,
1111 Mississippi Code of 1972, there shall be allowed an income tax
1112 deduction for otherwise deductible expenses if:

1113 (a) The payment(s) for such deductible expenses are
1114 made with the grant or loan program of the Paycheck Protection
1115 Program as authorized under (i) the Coronavirus Aid, Relief, and
1116 Economic Security (CARES) Act and the Consolidated Appropriations
1117 Act of 2021, (ii) the COVID-19 Economic Injury Disaster Loan
1118 Program, (iii) the 2020 COVID-19 Mississippi Business Assistance
1119 Act, (iv) the Rental Assistance Grant Program, (v) the Shuttered
1120 Venue Operators Grant Program and Restaurant Revitalization Fund
1121 authorized by the Economic Aid to Hard-Hit Small Businesses,
1122 Nonprofits, and Venues Act, and amended by the federal American
1123 Rescue Plan Act, and/or (vi) the Mississippi Agriculture
1124 Stabilization Act; and

1125 (b) Such deductible expenses shall be allowed as
1126 deductions for federal income tax purposes.

1127 **SECTION 5.** Section 4 of this act shall take effect and be in
1128 force from and after January 1, 2020. The remainder of this act
1129 shall take effect and be in force from and after January 1, 2022,
1130 and shall stand repealed on December 31, 2021.

**Further, amend by striking the title in its entirety and
inserting in lieu thereof the following:**

1 AN ACT TO CREATE THE PREGNANCY RESOURCE ACT; TO AUTHORIZE AN
2 INCOME TAX CREDIT, INSURANCE PREMIUM TAX CREDIT AND AD VALOREM TAX



3 CREDIT FOR VOLUNTARY CASH CONTRIBUTIONS BY CERTAIN TAXPAYERS TO
4 ELIGIBLE CHARITABLE ORGANIZATIONS; TO LIMIT THE AMOUNT OF THE TAX
5 CREDIT; TO PROVIDE THAT UNUSED PORTIONS OF A TAX CREDIT MAY BE
6 CARRIED FORWARD FOR FIVE CONSECUTIVE YEARS FROM THE CLOSE OF THE
7 TAX YEAR IN WHICH THE CREDIT WAS EARNED; TO PROVIDE THAT
8 CONTRIBUTIONS FOR WHICH TAX CREDITS ARE CLAIMED UNDER THIS ACT MAY
9 NOT BE USED AS DEDUCTIONS FOR STATE TAX PURPOSES; TO PROVIDE THE
10 CRITERIA THAT AN ELIGIBLE CHARITABLE ORGANIZATION MUST MEET IN
11 ORDER FOR A CONTRIBUTION TO THE ORGANIZATION TO QUALIFY FOR THE
12 TAX CREDIT AUTHORIZED BY THIS ACT; TO BRING FORWARD SECTION
13 27-7-22.41, MISSISSIPPI CODE OF 1972, WHICH PROVIDES AN INCOME TAX
14 CREDIT, INSURANCE PREMIUM TAX CREDIT AND AD VALOREM TAX CREDIT FOR
15 CONTRIBUTIONS MADE BY CERTAIN TAXPAYERS TO CERTAIN ELIGIBLE
16 CHARITABLE ORGANIZATIONS, FOR THE PURPOSES OF POSSIBLE AMENDMENT;
17 TO AMEND SECTION 27-7-17, MISSISSIPPI CODE OF 1972, AS AMENDED BY
18 SENATE BILL NO. 2095, 2022 REGULAR SESSION, AND HOUSE BILL NO.
19 1529, 2022 REGULAR SESSION, TO CONFORM TO THE AMENDMENTS MADE BY
20 BOTH BILLS; AND FOR RELATED PURPOSES.

