

By: Senator(s) Harkins

To: Finance

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 2458

1 AN ACT TO CREATE NEW SECTION 27-7-5.1, MISSISSIPPI CODE OF
2 1972, TO ESTABLISH THE 2023 MISSISSIPPI TAX REBATE FUND IN THE
3 STATE TREASURY; TO PROVIDE THAT UP TO \$270,000,000.00, LESS
4 ADMINISTRATIVE COSTS, SHALL BE DISTRIBUTED BY THE DEPARTMENT OF
5 REVENUE TO PAY REBATES TO TAXPAYERS, WHICH MONIES SHALL BE
6 CONTINUOUSLY APPROPRIATED; TO PROVIDE THAT, AFTER FILING A 2022
7 MISSISSIPPI INCOME TAX RETURN, ANY TAXPAYER WHO ALSO FILED A 2021
8 MISSISSIPPI INCOME TAX RETURN SHALL RECEIVE A ONE-TIME, NONTAXABLE
9 INCOME TAX REBATE IN AN AMOUNT EQUAL TO THE LESSER OF THE 2021
10 INCOME TAX AMOUNT DUE, IF ANY, BEFORE THE APPLICATION OF ANY TAX
11 CREDITS, OR A SET FIGURE DEPENDING ON THE TAXPAYER'S 2021 FILING
12 STATUS, THAT FIGURE BEING \$250.00 FOR SINGLE TAXPAYERS AND MARRIED
13 TAXPAYERS FILING SEPARATELY, \$375.00 FOR HEADS OF FAMILIES AND
14 \$500.00 FOR A MARRIED COUPLE FILING JOINTLY; TO PROVIDE FOR
15 PRORATION OF THE REBATE FOR NONRESIDENTS AND PART-YEAR RESIDENTS;
16 TO PROVIDE THAT THE REBATE SHALL NOT BE GREATER THAN THE
17 TAXPAYER'S 2021 INDIVIDUAL INCOME TAX LIABILITY; TO REQUIRE THAT
18 THE REBATE FIRST BE CREDITED AGAINST ANY OUTSTANDING TAX LIABILITY
19 EXISTING AT THE TIME THE REBATE IS TO BE ISSUED; TO PROHIBIT THE
20 REBATE FROM ACCRUING INTEREST FOR THE BENEFIT OF THE TAXPAYER OR
21 FROM BEING REFUNDED OR CREDITED TO THE TAXPAYER WITH INTEREST; TO
22 PROVIDE THAT THE AMOUNT DUE TO BE REFUNDED OR CREDITED SHALL BE
23 SUBJECT TO SETOFF DEBT COLLECTION PROVISIONS; TO AUTHORIZE THE
24 COMMISSIONER OF REVENUE TO PROMULGATE ANY RULES OR REGULATIONS
25 NECESSARY TO IMPLEMENT AND ADMINISTER THE REBATE AND ITS FUND; TO
26 DIRECT THE STATE FISCAL OFFICER TO TRANSFER FUNDS OUT OF THE
27 CAPITAL EXPENSE FUND TO THE 2023 MISSISSIPPI TAX REBATE FUND
28 CREATED IN THIS ACT; TO AMEND SECTION 27-7-15, MISSISSIPPI CODE OF
29 1972, TO EXCLUDE REBATES RECEIVED UNDER THIS ACT FROM THE
30 DEFINITION OF THE TERM "GROSS INCOME" FOR PURPOSES OF THE STATE
31 INCOME TAX LAW; AND FOR RELATED PURPOSES.

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



33 **SECTION 1.** The following shall be codified as Section
34 27-7-5.1, Mississippi Code of 1972:

35 27-7-5.1. (1) There is created in the State Treasury a
36 special fund designated as the "2023 Mississippi Tax Rebate Fund"
37 for the purpose of implementing the provisions of this section.
38 Up to Two Hundred Seventy Million Dollars (\$270,000,000.00), less
39 administrative costs, shall be distributed by the department to
40 pay rebates to taxpayers as provided in this section, which monies
41 shall be continuously appropriated.

42 (2) As used in this section, the term "taxpayer" means a
43 taxpayer who filed an individual income tax return for both the
44 2021 and 2022 taxable years by the due date for filing the 2022
45 return, including any extensions granted. The term shall not
46 include any:

47 (a) Nonresident alien individual;

48 (b) Individual claimed as a dependent by another
49 taxpayer for federal or Mississippi income tax purposes for the
50 2021 taxable year; or

51 (c) Estate or trust.

52 (3) (a) After filing a 2022 Mississippi individual income
53 tax return, a taxpayer shall receive a one-time, nontaxable income
54 tax rebate equal to the lesser of:

55 (i) The taxpayer's 2021 individual income tax
56 liability as properly reported on 2021 Form 80-105, line 17, or on
57 2021 Form 80-205, line 20; or



58 (ii) An amount, based on the taxpayer's filing
59 status on 2021 Form 80-105 or 2021 Form 80-205, equal to:

60 1. For a single taxpayer or a married
61 taxpayer filing a separate return, Two Hundred Fifty Dollars
62 (\$250.00);

63 2. For a head of family, Three Hundred
64 Seventy-five Dollars (\$375.00); and

65 3. For a married couple filing a joint
66 return, Five Hundred Dollars (\$500.00).

67 (b) Notwithstanding paragraph (a) of this subsection,
68 in the case of any taxable nonresident or part-year resident whose
69 tax was prorated as provided under Section 27-7-21, the amount of
70 the rebate determined under paragraph (a) of this subsection shall
71 be prorated based on the ratio of income taxable to Mississippi as
72 properly reported on line 13c of 2021 Form 80-205.

73 (c) In no event shall the rebate provided for in this
74 section be greater than the taxpayer's 2021 individual income tax
75 liability as properly reported on 2021 Form 80-105, line 17, or on
76 2021 Form 80-205, line 20.

77 (4) Any rebate due under this section shall be mailed by
78 check or, if the taxpayer's 2022 return includes a direct deposit
79 request, transmitted electronically; however, a rebate shall first
80 be credited against any outstanding tax liability existing at the
81 time the rebate is to be issued.



82 (5) In no event shall the amount of the rebate provided for
83 in this section accrue interest for the benefit of the taxpayer or
84 be refunded or credited to the taxpayer with interest.

85 (6) Any amount due to be refunded or credited to a taxpayer
86 under this section shall be subject to the setoff debt collection
87 provisions of Articles 5, 6, 7 and 8 of this chapter.

88 (7) The commissioner may promulgate any rules or regulations
89 necessary to implement and administer this section.

90 **SECTION 2.** Upon the effective date of this act, the State
91 Fiscal Officer shall transfer the sum of Two Hundred Seventy
92 Million Dollars (\$270,000,000.00) from the Capital Expense Fund to
93 the 2023 Mississippi Tax Rebate Fund created in Section 27-7-5.1.

94 **SECTION 3.** Section 27-7-15, Mississippi Code of 1972, is
95 amended as follows:

96 27-7-15. (1) For the purposes of this article, except as
97 otherwise provided, the term "gross income" means and includes the
98 income of a taxpayer derived from salaries, wages, fees or
99 compensation for service, of whatever kind and in whatever form
100 paid, including income from governmental agencies and subdivisions
101 thereof; or from professions, vocations, trades, businesses,
102 commerce or sales, or renting or dealing in property, or
103 reacquired property; also from annuities, interest, rents,
104 dividends, securities, insurance premiums, reinsurance premiums,
105 considerations for supplemental insurance contracts, or the
106 transaction of any business carried on for gain or profit, or



107 gains, or profits, and income derived from any source whatever and
108 in whatever form paid. The amount of all such items of income
109 shall be included in the gross income for the taxable year in
110 which received by the taxpayer. The amount by which an eligible
111 employee's salary is reduced pursuant to a salary reduction
112 agreement authorized under Section 25-17-5 shall be excluded from
113 the term "gross income" within the meaning of this article.

114 (2) In determining gross income for the purpose of this
115 section, the following, under regulations prescribed by the
116 commissioner, shall be applicable:

117 (a) **Dealers in property.** Federal rules, regulations
118 and revenue procedures shall be followed with respect to
119 installment sales unless a transaction results in the shifting of
120 income from inside the state to outside the state.

121 (b) **Casual sales of property.**

122 (i) Prior to January 1, 2001, federal rules,
123 regulations and revenue procedures shall be followed with respect
124 to installment sales except they shall be applied and administered
125 as if H.R. 3594, the Installment Tax Correction Act of 2000 of the
126 106th Congress, had not been enacted. This provision will
127 generally affect taxpayers, reporting on the accrual method of
128 accounting, entering into installment note agreements on or after
129 December 17, 1999. Any gain or profit resulting from the casual
130 sale of property will be recognized in the year of sale.



131 (ii) From and after January 1, 2001, federal
132 rules, regulations and revenue procedures shall be followed with
133 respect to installment sales except as provided in this
134 subparagraph (ii). Gain or profit from the casual sale of
135 property shall be recognized in the year of sale. When a taxpayer
136 recognizes gain on the casual sale of property in which the gain
137 is deferred for federal income tax purposes, a taxpayer may elect
138 to defer the payment of tax resulting from the gain as allowed and
139 to the extent provided under regulations prescribed by the
140 commissioner. If the payment of the tax is made on a deferred
141 basis, the tax shall be computed based on the applicable rate for
142 the income reported in the year the payment is made. Except as
143 otherwise provided in subparagraph (iii) of this paragraph (b),
144 deferring the payment of the tax shall not affect the liability
145 for the tax. If at any time the installment note is sold,
146 contributed, transferred or disposed of in any manner and for any
147 purpose by the original note holder, or the original note holder
148 is merged, liquidated, dissolved or withdrawn from this state,
149 then all deferred tax payments under this section shall
150 immediately become due and payable.

151 (iii) If the selling price of the property is
152 reduced by any alteration in the terms of an installment note,
153 including default by the purchaser, the gain to be recognized is
154 recomputed based on the adjusted selling price in the same manner
155 as for federal income tax purposes. The tax on this amount, less



156 the previously paid tax on the recognized gain, is payable over
157 the period of the remaining installments. If the tax on the
158 previously recognized gain has been paid in full to this state,
159 the return on which the payment was made may be amended for this
160 purpose only. The statute of limitations in Section 27-7-49 shall
161 not bar an amended return for this purpose.

162 (c) **Reserves of insurance companies.** In the case of
163 insurance companies, any amounts in excess of the legally required
164 reserves shall be included as gross income.

165 (d) **Affiliated companies or persons.** As regards sales,
166 exchanges or payments for services from one to another of
167 affiliated companies or persons or under other circumstances where
168 the relation between the buyer and seller is such that gross
169 proceeds from the sale or the value of the exchange or the payment
170 for services are not indicative of the true value of the subject
171 matter of the sale, exchange or payment for services, the
172 commissioner shall prescribe uniform and equitable rules for
173 determining the true value of the gross income, gross sales,
174 exchanges or payment for services, or require consolidated returns
175 of affiliates.

176 (e) **Alimony and separate maintenance payments.** The
177 federal rules, regulations and revenue procedures in determining
178 the deductibility and taxability of alimony payments shall be
179 followed in this state.



180 (f) **Reimbursement for expenses of moving.** There shall
181 be included in gross income (as compensation for services) any
182 amount received or accrued, directly or indirectly, by an
183 individual as a payment for or reimbursement of expenses of moving
184 from one (1) residence to another residence which is attributable
185 to employment or self-employment.

186 (3) In the case of taxpayers other than residents, gross
187 income includes gross income from sources within this state.

188 (4) The words "gross income" do not include the following
189 items of income which shall be exempt from taxation under this
190 article:

191 (a) The proceeds of life insurance policies and
192 contracts paid upon the death of the insured. However, the income
193 from the proceeds of such policies or contracts shall be included
194 in the gross income.

195 (b) The amount received by the insured as a return of
196 premium or premiums paid by him under life insurance policies,
197 endowment, or annuity contracts, either during the term or at
198 maturity or upon surrender of the contract.

199 (c) The value of property acquired by gift, bequest,
200 devise or descent, but the income from such property shall be
201 included in the gross income.

202 (d) Interest upon the obligations of the United States
203 or its possessions, or securities issued under the provisions of
204 the Federal Farm Loan Act of 1916, or bonds issued by the War



205 Finance Corporation, or obligations of the State of Mississippi or
206 political subdivisions thereof.

207 (e) The amounts received through accident or health
208 insurance as compensation for personal injuries or sickness, plus
209 the amount of any damages received for such injuries or such
210 sickness or injuries, or through the War Risk Insurance Act, or
211 any law for the benefit or relief of injured or disabled members
212 of the military or naval forces of the United States.

213 (f) Income received by any religious denomination or by
214 any institution or trust for moral or mental improvements,
215 religious, Bible, tract, charitable, benevolent, fraternal,
216 missionary, hospital, infirmary, educational, scientific,
217 literary, library, patriotic, historical or cemetery purposes or
218 for two (2) or more of such purposes, if such income be used
219 exclusively for carrying out one or more of such purposes.

220 (g) Income received by a domestic corporation which is
221 "taxable in another state" as this term is defined in this
222 article, derived from business activity conducted outside this
223 state. Domestic corporations taxable both within and without the
224 state shall determine Mississippi income on the same basis as
225 provided for foreign corporations under the provisions of this
226 article.

227 (h) In case of insurance companies, there shall be
228 excluded from gross income such portion of actual premiums
229 received from an individual policyholder as is paid back or



230 credited to or treated as an abatement of premiums of such
231 policyholder within the taxable year.

232 (i) Income from dividends that has already borne a tax
233 as dividend income under the provisions of this article, when such
234 dividends may be specifically identified in the possession of the
235 recipient.

236 (j) Amounts paid by the United States to a person as
237 added compensation for hazardous duty pay as a member of the Armed
238 Forces of the United States in a combat zone designated by
239 Executive Order of the President of the United States.

240 (k) Amounts received as retirement allowances,
241 pensions, annuities or optional retirement allowances paid under
242 the federal Social Security Act, the Railroad Retirement Act, the
243 Federal Civil Service Retirement Act, or any other retirement
244 system of the United States government, retirement allowances paid
245 under the Mississippi Public Employees' Retirement System,
246 Mississippi Highway Safety Patrol Retirement System or any other
247 retirement system of the State of Mississippi or any political
248 subdivision thereof. The exemption allowed under this paragraph
249 (k) shall be available to the spouse or other beneficiary at the
250 death of the primary retiree.

251 (l) Amounts received as retirement allowances,
252 pensions, annuities or optional retirement allowances paid by any
253 public or governmental retirement system not designated in
254 paragraph (k) or any private retirement system or plan of which



255 the recipient was a member at any time during the period of his
256 employment. Amounts received as a distribution under a Roth
257 Individual Retirement Account shall be treated in the same manner
258 as provided under the Internal Revenue Code of 1986, as amended.
259 The exemption allowed under this paragraph (l) shall be available
260 to the spouse or other beneficiary at the death of the primary
261 retiree.

262 (m) National Guard or Reserve Forces of the United
263 States compensation not to exceed the aggregate sum of Five
264 Thousand Dollars (\$5,000.00) for any taxable year through the 2005
265 taxable year, and not to exceed the aggregate sum of Fifteen
266 Thousand Dollars (\$15,000.00) for any taxable year thereafter.

267 (n) Compensation received for active service as a
268 member below the grade of commissioned officer and so much of the
269 compensation as does not exceed the maximum enlisted amount
270 received for active service as a commissioned officer in the Armed
271 Forces of the United States for any month during any part of which
272 such members of the Armed Forces (i) served in a combat zone as
273 designated by Executive Order of the President of the United
274 States or a qualified hazardous duty area as defined by federal
275 law, or both; or (ii) was hospitalized as a result of wounds,
276 disease or injury incurred while serving in such combat zone. For
277 the purposes of this paragraph (n), the term "maximum enlisted
278 amount" means and has the same definition as that term has in 26
279 USCS 112.



280 (o) The proceeds received from federal and state
281 forestry incentive programs.

282 (p) The amount representing the difference between the
283 increase of gross income derived from sales for export outside the
284 United States as compared to the preceding tax year wherein gross
285 income from export sales was highest, and the net increase in
286 expenses attributable to such increased exports. In the absence
287 of direct accounting, the ratio of net profits to total sales may
288 be applied to the increase in export sales. This paragraph (p)
289 shall only apply to businesses located in this state engaging in
290 the international export of Mississippi goods and services. Such
291 goods or services shall have at least fifty percent (50%) of value
292 added at a location in Mississippi.

293 (q) Amounts paid by the federal government for the
294 construction of soil conservation systems as required by a
295 conservation plan adopted pursuant to 16 USCS 3801 et seq.

296 (r) The amount deposited in a medical savings account,
297 and any interest accrued thereon, that is a part of a medical
298 savings account program as specified in the Medical Savings
299 Account Act under Sections 71-9-1 through 71-9-9; provided,
300 however, that any amount withdrawn from such account for purposes
301 other than paying eligible medical expense or to procure health
302 coverage shall be included in gross income.

303 (s) Amounts paid by the Mississippi Soil and Water
304 Conservation Commission from the Mississippi Soil and Water



305 Cost-Share Program for the installation of water quality best
306 management practices.

307 (t) Dividends received by a holding corporation, as
308 defined in Section 27-13-1, from a subsidiary corporation, as
309 defined in Section 27-13-1.

310 (u) Interest, dividends, gains or income of any kind on
311 any account in the Mississippi Affordable College Savings Trust
312 Fund, as established in Sections 37-155-101 through 37-155-125, to
313 the extent that such amounts remain on deposit in the MACS Trust
314 Fund or are withdrawn pursuant to a qualified withdrawal, as
315 defined in Section 37-155-105.

316 (v) Interest, dividends or gains accruing on the
317 payments made pursuant to a prepaid tuition contract, as provided
318 for in Section 37-155-17.

319 (w) Income resulting from transactions with a related
320 member where the related member subject to tax under this chapter
321 was required to, and did in fact, add back the expense of such
322 transactions as required by Section 27-7-17(2). Under no
323 circumstances may the exclusion from income exceed the deduction
324 add-back of the related member, nor shall the exclusion apply to
325 any income otherwise excluded under this chapter.

326 (x) Amounts that are subject to the tax levied pursuant
327 to Section 27-7-901, and are paid to patrons by gaming
328 establishments licensed under the Mississippi Gaming Control Act.



329 (y) Amounts that are subject to the tax levied pursuant
330 to Section 27-7-903, and are paid to patrons by gaming
331 establishments not licensed under the Mississippi Gaming Control
332 Act.

333 (z) Interest, dividends, gains or income of any kind on
334 any account in a qualified tuition program and amounts received as
335 distributions under a qualified tuition program shall be treated
336 in the same manner as provided under the United States Internal
337 Revenue Code, as amended. For the purposes of this paragraph (z),
338 the term "qualified tuition program" means and has the same
339 definition as that term has in 26 USCS 529.

340 (aa) The amount deposited in a health savings account,
341 and any interest accrued thereon, that is a part of a health
342 savings account program as specified in the Health Savings
343 Accounts Act created in Sections 83-62-1 through 83-62-9; however,
344 any amount withdrawn from such account for purposes other than
345 paying qualified medical expenses or to procure health coverage
346 shall be included in gross income, except as otherwise provided by
347 Sections 83-62-7 and 83-62-9.

348 (bb) Amounts received as qualified disaster relief
349 payments shall be treated in the same manner as provided under the
350 United States Internal Revenue Code, as amended.

351 (cc) Amounts received as a "qualified Hurricane Katrina
352 distribution" as defined in the United States Internal Revenue
353 Code, as amended.



354 (dd) Amounts received by an individual which may be
355 excluded from income as foreign earned income for federal income
356 tax purposes.

357 (ee) Amounts received by a qualified individual,
358 directly or indirectly, from an employer or nonprofit housing
359 organization that are qualified housing expenses associated with
360 an employer-assisted housing program. For purposes of this
361 paragraph (ee):

362 (i) "Qualified individual" means any individual
363 whose household income does not exceed one hundred twenty percent
364 (120%) of the area median gross income (as defined by the United
365 States Department of Housing and Urban Development), adjusted for
366 household size, for the area in which the housing is located.

367 (ii) "Nonprofit housing organization" means an
368 organization that is organized as a not-for-profit organization
369 under the laws of this state or another state and has as one of
370 its purposes:

371 1. Homeownership education or counseling;
372 2. The development of affordable housing; or
373 3. The development or administration of
374 employer-assisted housing programs.

375 (iii) "Employer-assisted housing program" means a
376 separate written plan of any employer (including, without
377 limitation, tax-exempt organizations and public employers) for the
378 exclusive benefit of the employer's employees to pay qualified



379 housing expenses to assist the employer's employees in securing
380 affordable housing.

381 (iv) "Qualified housing expenses" means:

382 1. With respect to rental assistance, an
383 amount not to exceed Two Thousand Dollars (\$2,000.00) paid for the
384 purpose of assisting employees with security deposits and rental
385 subsidies; and

386 2. With respect to homeownership assistance,
387 an amount not to exceed the lesser of Ten Thousand Dollars
388 (\$10,000.00) or six percent (6%) of the purchase price of the
389 employee's principal residence that is paid for the purpose of
390 assisting employees with down payments, payment of closing costs,
391 reduced interest mortgages, mortgage guarantee programs, mortgage
392 forgiveness programs, equity contribution programs, or
393 contributions to homebuyer education and/or homeownership
394 counseling of eligible employees.

395 (ff) For the 2010 taxable year and any taxable year
396 thereafter, amounts converted in accordance with the United States
397 Internal Revenue Code, as amended, from a traditional Individual
398 Retirement Account to a Roth Individual Retirement Account. The
399 exemption allowed under this paragraph (ff) shall be available to
400 the spouse or other beneficiary at the death of the primary
401 retiree.

402 (gg) Amounts received for the performance of disaster
403 or emergency-related work as defined in Section 27-113-5.



404 (hh) The amount deposited in a catastrophe savings
405 account established under Sections 27-7-1001 through 27-7-1007,
406 interest income earned on the catastrophe savings account, and
407 distributions from the catastrophe savings account; however, any
408 amount withdrawn from a catastrophe savings account for purposes
409 other than paying qualified catastrophe expenses shall be included
410 in gross income, except as otherwise provided by Sections
411 27-7-1001 through 27-7-1007.

412 (ii) Interest, dividends, gains or income of any kind
413 on any account in the Mississippi Achieving a Better Life
414 Experience (ABLE) Trust Fund, as established in Chapter 28, Title
415 43, to the extent that such amounts remain on deposit in the ABLE
416 Trust Fund or are withdrawn pursuant to a qualified withdrawal, as
417 defined in Section 43-28-11.

418 (jj) Subject to the limitations provided under Section
419 27-7-1103, amounts deposited into a first-time homebuyer savings
420 account and any interest or other income earned attributable to an
421 account and monies or funds withdrawn or distributed from an
422 account for the payment of eligible costs by or on behalf of a
423 qualified beneficiary; however, any monies or funds withdrawn or
424 distributed from a first-time homebuyer savings account for any
425 purpose other than the payment of eligible costs by or on behalf
426 of a qualified beneficiary shall be included in gross income. For
427 the purpose of this paragraph (jj), the terms "first-time
428 homebuyer savings account," "eligible costs" and "qualified



429 beneficiary" mean and have the same definitions as such terms have
430 in Section 27-7-1101.

431 (kk) Amounts paid by an agricultural disaster program
432 as compensation to an agricultural producer, cattle farmer or
433 cattle rancher who has suffered a loss as the result of a disaster
434 or emergency, including, but not limited to, the following United
435 States Department of Agriculture programs:

436 (i) Livestock Forage Disaster Program;

437 (ii) Livestock Indemnity Program;

438 (iii) Emergency Assistance for Livestock, Honey
439 Bees and Farm-raised Fish Program;

440 (iv) Emergency Conservation Program;

441 (v) Noninsured Crop Disaster Assistance Program;

442 (vi) Pasture, Rangeland, Forage Pilot Insurance
443 Program;

444 (vii) Annual Forage Pilot Program;

445 (viii) Livestock Risk Protection Insurance

446 Program; and

447 (ix) Livestock Gross Margin Insurance Plan.

448 (ll) Amounts received as advances and/or grants under
449 the federal Coronavirus Aid, Relief, and Economic Security Act,
450 the Consolidated Appropriations Act of 2021 and the American
451 Rescue Plan Act.



452 (mm) Any and all cancelled indebtedness provided for
453 under the Coronavirus Aid, Relief, and Economic Security Act and
454 the Consolidated Appropriations Act of 2021.

455 (nn) Amounts received as payments under Section
456 27-3-85.

457 (oo) Amounts received as grants under the 2020 COVID-19
458 Mississippi Business Assistance Act.

459 (pp) Amounts received as grants under Section 57-1-521.

460 (* * * qq) Amounts received as grants under the
461 Shuttered Venue Operators Grant Program and Restaurant
462 Revitalization Fund authorized by the Economic Aid to Hard-Hit
463 Small Businesses, Nonprofits, and Venues Act, and amended by the
464 American Rescue Plan Act.

465 (* * * rr) Amounts received as grants under the
466 Mississippi Agriculture Stabilization Act.

467 (ss) Amounts received as rebates under Section
468 27-7-5.1.

469 (5) Prisoners of war, missing in action-taxable status.

470 (a) **Members of the Armed Forces.** Gross income does not
471 include compensation received for active service as a member of
472 the Armed Forces of the United States for any month during any
473 part of which such member is in a missing status, as defined in
474 paragraph (d) of this subsection, during the Vietnam Conflict as a
475 result of such conflict.



476 (b) **Civilian employees.** Gross income does not include
477 compensation received for active service as an employee for any
478 month during any part of which such employee is in a missing
479 status during the Vietnam Conflict as a result of such conflict.

480 (c) **Period of conflict.** For the purpose of this
481 subsection, the Vietnam Conflict began February 28, 1961, and ends
482 on the date designated by the President by Executive Order as the
483 date of the termination of combatant activities in Vietnam. For
484 the purpose of this subsection, an individual is in a missing
485 status as a result of the Vietnam Conflict if immediately before
486 such status began he was performing service in Vietnam or was
487 performing service in Southeast Asia in direct support of military
488 operations in Vietnam. "Southeast Asia," as used in this
489 paragraph, is defined to include Cambodia, Laos, Thailand and
490 waters adjacent thereto.

491 (d) "Missing status" means the status of an employee or
492 member of the Armed Forces who is in active service and is
493 officially carried or determined to be absent in a status of (i)
494 missing; (ii) missing in action; (iii) interned in a foreign
495 country; (iv) captured, beleaguered or besieged by a hostile
496 force; or (v) detained in a foreign country against his will; but
497 does not include the status of an employee or member of the Armed
498 Forces for a period during which he is officially determined to be
499 absent from his post of duty without authority.



500 (e) "Active service" means active federal service by an
501 employee or member of the Armed Forces of the United States in an
502 active duty status.

503 (f) "Employee" means one who is a citizen or national
504 of the United States or an alien admitted to the United States for
505 permanent residence and is a resident of the State of Mississippi
506 and is employed in or under a federal executive agency or
507 department of the Armed Forces.

508 (g) "Compensation" means (i) basic pay; (ii) special
509 pay; (iii) incentive pay; (iv) basic allowance for quarters; (v)
510 basic allowance for subsistence; and (vi) station per diem
511 allowances for not more than ninety (90) days.

512 (h) If refund or credit of any overpayment of tax for
513 any taxable year resulting from the application of this subsection
514 (5) is prevented by the operation of any law or rule of law, such
515 refund or credit of such overpayment of tax may, nevertheless, be
516 made or allowed if claim therefor is filed with the Department of
517 Revenue within three (3) years after the date of the enactment of
518 this subsection.

519 (i) The provisions of this subsection shall be
520 effective for taxable years ending on or after February 28, 1961.

521 (6) A shareholder of an S corporation, as defined in Section
522 27-8-3(1)(g), shall take into account the income, loss, deduction
523 or credit of the S corporation only to the extent provided in
524 Section 27-8-7(2).



525 **SECTION 4.** This act shall take effect and be in force from
526 and after July 1, 2023.

