

By: Representatives Lamar, White

To: Ways and Means

HOUSE BILL NO. 1647

1 AN ACT TO AUTHORIZE THE COMMISSIONER OF INSURANCE TO  
 2 ESTABLISH ANY PROGRAM OR PROMULGATE ANY RULE, POLICY, GUIDELINE,  
 3 OR PLAN OR CHANGE ANY PROGRAM, RULE, POLICY OR GUIDELINE TO  
 4 IMPLEMENT, ESTABLISH, CREATE, ADMINISTER, OR OTHERWISE OPERATE A  
 5 HEALTH INSURANCE EXCHANGE, TO APPLY FOR, ACCEPT OR EXPEND FEDERAL  
 6 MONIES RELATED TO THE CREATION, IMPLEMENTATION OR OPERATION OF AN  
 7 EXCHANGE, AND TO ESTABLISH ANY ADVISORY BOARD OR COMMITTEE AS  
 8 NECESSARY FOR PROVIDING RECOMMENDATIONS ON THE CREATION,  
 9 IMPLEMENTATION OR OPERATION OF AN EXCHANGE; TO AUTHORIZE AN INCOME  
 10 TAX DEDUCTION FOR TAXPAYERS WHO PROVIDE HEALTH CARE SERVICES THAT  
 11 ARE COVERED UNDER AN EXCHANGE AND UNDER WHICH THE TAXPAYER  
 12 RECEIVES PAYMENT FOR SUCH SERVICES; TO PROVIDE FOR THE AMOUNT OF  
 13 THE TAX DEDUCTION; TO AUTHORIZE AN INCOME TAX DEDUCTION FOR  
 14 TAXPAYERS WHO PAY ALL OR ANY PORTION OF THE COST FOR AN INSURANCE  
 15 POLICY FOR AN EMPLOYEE UNDER AN EXCHANGE; TO PROVIDE FOR THE  
 16 AMOUNT OF THE TAX DEDUCTION; TO AUTHORIZE AN INSURANCE PREMIUM TAX  
 17 CREDIT FOR TAXPAYERS PROVIDING INSURANCE POLICIES UNDER AN  
 18 EXCHANGE; TO PROVIDE FOR THE AMOUNT OF THE TAX CREDIT; TO BRING  
 19 FORWARD SECTIONS 27-7-17 AND 27-7-18, MISSISSIPPI CODE OF 1972,  
 20 WHICH PROVIDE FOR INCOME TAX DEDUCTIONS AND ADJUSTMENTS TO GROSS  
 21 INCOME, FOR THE PURPOSES OF POSSIBLE AMENDMENT; AND FOR RELATED  
 22 PURPOSES.

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

24 **SECTION 1.** (1) For the purposes of this section, the word  
 25 "exchange" means a state exchange operating in Mississippi  
 26 pursuant to Section 1311 of the federal Patient Protection and  
 27 Affordable Care Act.



28 (2) The Commissioner of Insurance shall have the authority  
29 to:

30 (a) Establish any program; promulgate any rule, policy,  
31 guideline, or plan; or change any program, rule, policy or  
32 guideline to implement, establish, create, administer, or  
33 otherwise operate an exchange;

34 (b) Apply for, accept or expend federal monies related  
35 to the creation, implementation or operation of an exchange; and

36 (c) Establish any advisory board or committee the  
37 Commissioner deems necessary for providing recommendations on the  
38 creation, implementation or operation of an exchange.

39 (3) In addition to any other requirements relating to an  
40 exchange, the Commissioner of Insurance shall develop a policy and  
41 procedure for making information available to persons regarding  
42 the availability of the exchange.

43 **SECTION 2.** A taxpayer who provides health care services for  
44 which coverage is provided under an exchange and for which the  
45 taxpayer receives payment under the exchange, shall be allowed a  
46 deduction from income as provided in this section. The amount of  
47 the deduction shall be equal to twenty (20%) of the amount of the  
48 taxpayer's income derived from payment under an exchange for  
49 health care services provided by the taxpayer. For the purposes  
50 of this section, the term "exchange" means a state exchange as  
51 defined in Section 1 of this act.



52           **SECTION 3.** A taxpayer who pays all or any portion of the  
53 cost for an insurance policy under an exchange for an employee of  
54 the taxpayer shall be allowed a deduction from income for an  
55 amount equal to the cost paid by the taxpayer for the insurance  
56 policy. For the purposes of this section, the term "exchange"  
57 means a state exchange as defined in Section 1 of this act.

58           **SECTION 4.** There shall be allowed a credit against the taxes  
59 imposed under Sections 27-15-103, 27-15-109 and 27-15-123, in an  
60 amount equal to twenty percent (20%) of a taxpayer's premium tax  
61 liability on the gross premium receipts on policies written for  
62 insurance under an exchange. For the purposes of this section,  
63 the term "exchange" means a state exchange as defined in Section 1  
64 of this act.

65           **SECTION 5.** Section 27-7-17, Mississippi Code of 1972, is  
66 brought forward as follows:

67           27-7-17. In computing taxable income, there shall be allowed  
68 as deductions:

69           (1) **Business deductions.**

70                   (a) **Business expenses.** All the ordinary and necessary  
71 expenses paid or incurred during the taxable year in carrying on  
72 any trade or business, including a reasonable allowance for  
73 salaries or other compensation for personal services actually  
74 rendered; nonreimbursable traveling expenses incident to current  
75 employment, including a reasonable amount expended for meals and  
76 lodging while away from home in the pursuit of a trade or



77 business; and rentals or other payments required to be made as a  
78 condition of the continued use or possession, for purposes of the  
79 trade or business of property to which the taxpayer has not taken  
80 or is not taking title or in which he had no equity. Expense  
81 incurred in connection with earning and distributing nontaxable  
82 income is not an allowable deduction. Limitations on  
83 entertainment expenses shall conform to the provisions of the  
84 Internal Revenue Code of 1986. There shall also be allowed a  
85 deduction for expenses as provided in Section 41-137-51.

86 (b) **Interest.** All interest paid or accrued during the  
87 taxable year on business indebtedness, except interest upon the  
88 indebtedness for the purchase of tax-free bonds, or any stocks,  
89 the dividends from which are nontaxable under the provisions of  
90 this article; provided, however, in the case of securities  
91 dealers, interest payments or accruals on loans, the proceeds of  
92 which are used to purchase tax-exempt securities, shall be  
93 deductible if income from otherwise tax-free securities is  
94 reported as income. Investment interest expense shall be limited  
95 to investment income. Interest expense incurred for the purchase  
96 of treasury stock, to pay dividends, or incurred as a result of an  
97 undercapitalized affiliated corporation may not be deducted unless  
98 an ordinary and necessary business purpose can be established to  
99 the satisfaction of the commissioner. For the purposes of this  
100 paragraph, the phrase "interest upon the indebtedness for the  
101 purchase of tax-free bonds" applies only to the indebtedness



102 incurred for the purpose of directly purchasing tax-free bonds and  
103 does not apply to any other indebtedness incurred in the regular  
104 course of the taxpayer's business. Any corporation, association,  
105 organization or other entity taxable under Section 27-7-23(c)  
106 shall allocate interest expense as provided in Section  
107 27-7-23(c) (3) (I).

108 (c) **Taxes.** Taxes paid or accrued within the taxable  
109 year, except state and federal income taxes, excise taxes based on  
110 or measured by net income, estate and inheritance taxes, gift  
111 taxes, cigar and cigarette taxes, gasoline taxes, and sales and  
112 use taxes unless incurred as an item of expense in a trade or  
113 business or in the production of taxable income. In the case of  
114 an individual, taxes permitted as an itemized deduction under the  
115 provisions of subsection (3) (a) of this section are to be claimed  
116 thereunder.

117 (d) **Business losses.**

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

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

124 (e) **Bad debts.** Losses from debts ascertained to be  
125 worthless and charged off during the taxable year, if sustained in  
126 the conduct of the regular trade or business of the taxpayer;



127 provided, that such losses shall be allowed only when the taxpayer  
128 has reported as income, on the accrual basis, the amount of such  
129 debt or account.

130           (f) **Depreciation.** (i) A reasonable allowance for  
131 exhaustion, wear and tear of property used in the trade or  
132 business, or rental property, and depreciation upon buildings  
133 based upon their reasonable value as of March 16, 1912, if  
134 acquired prior thereto, and upon cost if acquired subsequent to  
135 that date. In the case of new or used aircraft, equipment,  
136 engines, or other parts and tools used for aviation, allowance for  
137 bonus depreciation conforms with the federal bonus depreciation  
138 rates and reasonable allowance for depreciation under this section  
139 is no less than one hundred percent (100%).

140           (ii) 1. For the purposes of computing income tax  
141 for tax years beginning after December 31, 2022, a taxpayer may  
142 treat specified research or experimental expenditures that are  
143 paid or incurred by the taxpayer during the tax year in connection  
144 with the taxpayer's trade or business as expenses that are not  
145 chargeable to the capital account. Such expenditures so treated  
146 shall be allowed as an immediate deduction. Such expenditures  
147 shall remain allowable as a full and immediate expense deduction  
148 in the year in which the expenses are incurred notwithstanding any  
149 changes to the federal Internal Revenue Code related to the  
150 depreciation of such specified research or experimental  
151 expenditures. A taxpayer may alternatively treat the depreciation



152 of such specified research or experimental expenditures in  
153 accordance with the schedule provided in 26 USCS Section 174. A  
154 taxpayer may make an election whether to take a full and immediate  
155 deduction for such expenditures and/or to depreciate the  
156 expenditures in accordance with 26 USCS Section 174. Such an  
157 election may be made for any tax year if made not later than the  
158 time prescribed by law for filing the return for such tax year,  
159 including extensions thereof. The method so elected by the  
160 taxpayer is irrevocable unless the commissioner specifically  
161 allows a change in the method.

162           2. For the purpose of computing income tax  
163 for tax years beginning after December 31, 2022, expenditures for  
164 business assets that are qualified property or qualified  
165 improvement property shall be eligible for one hundred percent  
166 (100%) bonus depreciation and may be deducted as an expense  
167 incurred by the taxpayer during the tax year during which the  
168 property is placed in service, notwithstanding any changes to  
169 federal law related to cost recovery beginning on January 1, 2023,  
170 or on any other date. A taxpayer may alternatively treat the  
171 depreciation of such business assets in accordance with the  
172 schedule provided in 26 USCS Section 168. A taxpayer may make an  
173 election whether to take a bonus depreciation deduction for such  
174 expenditures and/or to depreciate the expenditures in accordance  
175 with 26 USCS Section 168. Such an election may be made for any  
176 tax year if made not later than the time prescribed by law for



177 filing the return for such tax year, including extensions thereof.  
178 The method so elected by the taxpayer is irrevocable unless the  
179 commissioner specifically allows a change in the method.

180           3. In any taxable year in which any 26 USCS  
181 Section 179 property is placed in service, a taxpayer may elect to  
182 treat the cost of such property as an expense which is not  
183 chargeable to a capital account, and any cost so treated shall be  
184 allowed as a deduction for that year. Mississippi's treatment of  
185 the deduction shall conform to the provisions of 26 USCS Section  
186 179 in effect for that year.

187           4. For the purposes of this subparagraph  
188 (ii), unless the context requires otherwise, the following terms  
189 shall have the meanings ascribed herein:

190                   a. "Qualified improvement property"  
191 means and has the same definition as such term has in 26 USCS  
192 Section 168(e)(6) as it existed on January 1, 2021, and shall  
193 apply to property placed in service after December 31, 2022.

194                   b. "Qualified property" means and has  
195 the same definition as such term has in 26 USCS Section 168(k) as  
196 it existed on January 1, 2021, and shall apply to property placed  
197 in service after December 31, 2022.

198                   c. "Specified research or experimental  
199 expenditures" means and has the same definition as such term has  
200 in 26 USCS Section 174 as it existed on January 1, 2021.





201                   5. Nothing in this subparagraph (ii) shall be  
202 construed to nullify or otherwise alter the treatment of  
203 depreciation expenses for any tax year prior to 2023.

204                   6. The total of any method or combination of  
205 methods of depreciation used under this subparagraph (ii) cannot  
206 exceed one hundred percent (100%) of the cost of the subject  
207 property.

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

215                   (h) **Contributions or gifts.** Except as otherwise  
216 provided in paragraph (p) of this subsection or subsection (3)(a)  
217 of this section for individuals, contributions or gifts made by  
218 corporations within the taxable year to corporations,  
219 organizations, associations or institutions, including Community  
220 Chest funds, foundations and trusts created solely and exclusively  
221 for religious, charitable, scientific or educational purposes, or  
222 for the prevention of cruelty to children or animals, no part of  
223 the net earnings of which inure to the benefit of any private  
224 stockholder or individual. This deduction shall be allowed in an  
225 amount not to exceed twenty percent (20%) of the net income. Such



226 contributions or gifts shall be allowable as deductions only if  
227 verified under rules and regulations prescribed by the  
228 commissioner, with the approval of the Governor. Contributions  
229 made in any form other than cash shall be allowed as a deduction,  
230 subject to the limitations herein provided, in an amount equal to  
231 the actual market value of the contributions at the time the  
232 contribution is actually made and consummated.

233           (i) **Reserve funds - insurance companies.** In the case  
234 of insurance companies the net additions required by law to be  
235 made within the taxable year to reserve funds when such reserve  
236 funds are maintained for the purpose of liquidating policies at  
237 maturity.

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

241           (k) **Contributions to employee pension plans.**  
242 Contributions made by an employer to a plan or a trust forming  
243 part of a pension plan, stock bonus plan, disability or  
244 death-benefit plan, or profit-sharing plan of such employer for  
245 the exclusive benefit of some or all of his, their, or its  
246 employees, or their beneficiaries, shall be deductible from his,  
247 their, or its income only to the extent that, and for the taxable  
248 year in which, the contribution is deductible for federal income  
249 tax purposes under the Internal Revenue Code of 1986 and any other  
250 provisions of similar purport in the Internal Revenue Laws of the



251 United States, and the rules, regulations, rulings and  
252 determinations promulgated thereunder, provided that:

253 (i) The plan or trust be irrevocable.

254 (ii) The plan or trust constitute a part of a  
255 pension plan, stock bonus plan, disability or death-benefit plan,  
256 or profit-sharing plan for the exclusive benefit of some or all of  
257 the employer's employees and/or officers, or their beneficiaries,  
258 for the purpose of distributing the corpus and income of the plan  
259 or trust to such employees and/or officers, or their  
260 beneficiaries.

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

264 Contributions to all plans or to all trusts of real or  
265 personal property (or real and personal property combined) or to  
266 insured plans created under a retirement plan for which provision  
267 has been made under the laws of the United States of America,  
268 making such contributions deductible from income for federal  
269 income tax purposes, shall be deductible only to the same extent  
270 under the Income Tax Laws of the State of Mississippi.

271 (1) **Net operating loss carrybacks and carryovers.** A  
272 net operating loss for any taxable year ending after December 31,  
273 1993, and taxable years thereafter, shall be a net operating loss  
274 carryback to each of the three (3) taxable years preceding the  
275 taxable year of the loss. If the net operating loss for any



276 taxable year is not exhausted by carrybacks to the three (3)  
277 taxable years preceding the taxable year of the loss, then there  
278 shall be a net operating loss carryover to each of the fifteen  
279 (15) taxable years following the taxable year of the loss  
280 beginning with any taxable year after December 31, 1991.

281 For any taxable year ending after December 31, 1997, the  
282 period for net operating loss carrybacks and net operating loss  
283 carryovers shall be the same as those established by the Internal  
284 Revenue Code and the rules, regulations, rulings and  
285 determinations promulgated thereunder as in effect at the taxable  
286 year end or on December 31, 2000, whichever is earlier.

287 A net operating loss for any taxable year ending after  
288 December 31, 2001, and taxable years thereafter, shall be a net  
289 operating loss carryback to each of the two (2) taxable years  
290 preceding the taxable year of the loss. If the net operating loss  
291 for any taxable year is not exhausted by carrybacks to the two (2)  
292 taxable years preceding the taxable year of the loss, then there  
293 shall be a net operating loss carryover to each of the twenty (20)  
294 taxable years following the taxable year of the loss beginning  
295 with any taxable year after the taxable year of the loss.

296 The term "net operating loss," for the purposes of this  
297 paragraph, shall be the excess of the deductions allowed over the  
298 gross income; provided, however, the following deductions shall  
299 not be allowed in computing same:



300 (i) No net operating loss deduction shall be  
301 allowed.

302 (ii) No personal exemption deduction shall be  
303 allowed.

304 (iii) Allowable deductions which are not  
305 attributable to taxpayer's trade or business shall be allowed only  
306 to the extent of the amount of gross income not derived from such  
307 trade or business.

308 Any taxpayer entitled to a carryback period as provided by  
309 this paragraph may elect to relinquish the entire carryback period  
310 with respect to a net operating loss for any taxable year ending  
311 after December 31, 1991. The election shall be made in the manner  
312 prescribed by the Department of Revenue and shall be made by the  
313 due date, including extensions of time, for filing the taxpayer's  
314 return for the taxable year of the net operating loss for which  
315 the election is to be in effect. The election, once made for any  
316 taxable year, shall be irrevocable for that taxable year.

317 (m) **Amortization of pollution or environmental control**  
318 **facilities.** Allowance of deduction. Every taxpayer, at his  
319 election, shall be entitled to a deduction for pollution or  
320 environmental control facilities to the same extent as that  
321 allowed under the Internal Revenue Code and the rules,  
322 regulations, rulings and determinations promulgated thereunder.

323 (n) **Dividend distributions - real estate investment**  
324 **trusts.** "Real estate investment trust" (hereinafter referred to



325 as REIT) shall have the meaning ascribed to such term in Section  
326 856 of the federal Internal Revenue Code of 1986, as amended. A  
327 REIT is allowed a dividend distributed deduction if the dividend  
328 distributions meet the requirements of Section 857 or are  
329 otherwise deductible under Section 858 or 860, federal Internal  
330 Revenue Code of 1986, as amended. In addition:

331 (i) A dividend distributed deduction shall only be  
332 allowed for dividends paid by a publicly traded REIT. A qualified  
333 REIT subsidiary shall be allowed a dividend distributed deduction  
334 if its owner is a publicly traded REIT.

335 (ii) Income generated from real estate contributed  
336 or sold to a REIT by a shareholder or related party shall not give  
337 rise to a dividend distributed deduction, unless the shareholder  
338 or related party would have received the dividend distributed  
339 deduction under this chapter.

340 (iii) A holding corporation receiving a dividend  
341 from a REIT shall not be allowed the deduction in Section  
342 27-7-15(4)(t).

343 (iv) Any REIT not allowed the dividend distributed  
344 deduction in the federal Internal Revenue Code of 1986, as  
345 amended, shall not be allowed a dividend distributed deduction  
346 under this chapter.

347 The commissioner is authorized to promulgate rules and  
348 regulations consistent with the provisions in Section 269 of the



349 federal Internal Revenue Code of 1986, as amended, so as to  
350 prevent the evasion or avoidance of state income tax.

351 (o) **Contributions to college savings trust fund**  
352 **accounts.** Contributions or payments to a Mississippi Affordable  
353 College Savings Program account are deductible as provided under  
354 Section 37-155-113. Payments made under a prepaid tuition  
355 contract entered into under the Mississippi Prepaid Affordable  
356 College Tuition Program are deductible as provided under Section  
357 37-155-17.

358 (p) **Contributions of human pharmaceutical products.** To  
359 the extent that a "major supplier" as defined in Section  
360 27-13-13(2) (d) contributes human pharmaceutical products in excess  
361 of Two Hundred Fifty Million Dollars (\$250,000,000.00) as  
362 determined under Section 170 of the Internal Revenue Code, the  
363 charitable contribution limitation associated with those donations  
364 shall follow the federal limitation but cannot result in the  
365 Mississippi net income being reduced below zero.

366 (q) **Contributions to ABLE trust fund accounts.**  
367 Contributions or payments to a Mississippi Achieving a Better Life  
368 Experience (ABLE) Program account are deductible as provided under  
369 Section 43-28-13.

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

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

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



374 1. Expenses, losses and costs for, related  
375 to, or in connection directly or indirectly with the direct or  
376 indirect acquisition, use, maintenance or management, ownership,  
377 sale, exchange or any other disposition of intangible property to  
378 the extent such amounts are allowed as deductions or costs in  
379 determining taxable income under this chapter;

380 2. Expenses or losses related to or incurred  
381 in connection directly or indirectly with factoring transactions  
382 or discounting transactions;

383 3. Royalty, patent, technical and copyright  
384 fees;

385 4. Licensing fees; and

386 5. Other similar expenses and costs.

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

390 (iii) "Interest expenses and cost" means amounts  
391 directly or indirectly allowed as deductions for purposes of  
392 determining taxable income under this chapter to the extent such  
393 interest expenses and costs are directly or indirectly for,  
394 related to, or in connection with the direct or indirect  
395 acquisition, maintenance, management, ownership, sale, exchange or  
396 disposition of intangible property.

397 (iv) "Related member" means an entity or person  
398 that, with respect to the taxpayer during all or any portion of





399 the taxable year, is a related entity, a component member as  
400 defined in the Internal Revenue Code, or is an entity or a person  
401 to or from whom there is attribution of stock ownership in  
402 accordance with Section 1563(e) of the Internal Revenue Code.

403 (v) "Related entity" means:

404 1. A stockholder who is an individual or a  
405 member of the stockholder's family, as defined in regulations  
406 prescribed by the commissioner, if the stockholder and the members  
407 of the stockholder's family own, directly, indirectly,  
408 beneficially or constructively, in the aggregate, at least fifty  
409 percent (50%) of the value of the taxpayer's outstanding stock;

410 2. A stockholder, or a stockholder's  
411 partnership, limited liability company, estate, trust or  
412 corporation, if the stockholder and the stockholder's  
413 partnerships, limited liability companies, estates, trusts and  
414 corporations own, directly, indirectly, beneficially or  
415 constructively, in the aggregate, at least fifty percent (50%) of  
416 the value of the taxpayer's outstanding stock;

417 3. A corporation, or a party related to the  
418 corporation in a manner that would require an attribution of stock  
419 from the corporation to the party or from the party to the  
420 corporation, if the taxpayer owns, directly, indirectly,  
421 beneficially or constructively, at least fifty percent (50%) of  
422 the value of the corporation's outstanding stock under regulation  
423 prescribed by the commissioner;



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

427                   (b) In computing net income, a taxpayer shall add back  
428 otherwise deductible interest expenses and costs and intangible  
429 expenses and costs directly or indirectly paid, accrued to or  
430 incurred, in connection directly or indirectly with one or more  
431 direct or indirect transactions with one or more related members.

432                   (c) The adjustments required by this subsection shall  
433 not apply to such portion of interest expenses and costs and  
434 intangible expenses and costs that the taxpayer can establish  
435 meets one (1) of the following:

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

439                   (ii) The transaction giving rise to the interest  
440 expenses and costs or intangible expenses and costs between the  
441 taxpayer and related member was done primarily for a valid  
442 business purpose other than the avoidance of taxes, and the  
443 related member is not primarily engaged in the acquisition, use,  
444 maintenance or management, ownership, sale, exchange or any other  
445 disposition of intangible property.

446                   (d) Nothing in this subsection shall require a taxpayer  
447 to add to its net income more than once any amount of interest



448 expenses and costs or intangible expenses and costs that the  
449 taxpayer pays, accrues or incurs to a related member.

450 (e) The commissioner may prescribe such regulations as  
451 necessary or appropriate to carry out the purposes of this  
452 subsection, including, but not limited to, clarifying definitions  
453 of terms, rules of stock attribution, factoring and discount  
454 transactions.

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

456 (a) The amount allowable for individual nonbusiness  
457 itemized deductions for federal income tax purposes where the  
458 individual is eligible to elect, for the taxable year, to itemize  
459 deductions on his federal return except the following:

460 (i) The deduction for state income taxes paid or  
461 other taxes allowed for federal purposes in lieu of state income  
462 taxes paid;

463 (ii) The deduction for gaming losses from gaming  
464 establishments;

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

467 (iv) The deduction for taxes collected by gaming  
468 establishments pursuant to Section 27-7-903; and

469 (v) The deduction for medical expenses for the  
470 provision of gender transition procedures as defined in Section  
471 41-141-3.



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

477 (i) Three Thousand Four Hundred Dollars  
478 (\$3,400.00) through calendar year 1997, Four Thousand Two Hundred  
479 Dollars (\$4,200.00) for the calendar year 1998 and Four Thousand  
480 Six Hundred Dollars (\$4,600.00) for each calendar year thereafter  
481 in the case of married individuals filing a joint or combined  
482 return;

483 (ii) One Thousand Seven Hundred Dollars  
484 (\$1,700.00) through calendar year 1997, Two Thousand One Hundred  
485 Dollars (\$2,100.00) for the calendar year 1998 and Two Thousand  
486 Three Hundred Dollars (\$2,300.00) for each calendar year  
487 thereafter in the case of married individuals filing separate  
488 returns;

489 (iii) Three Thousand Four Hundred Dollars  
490 (\$3,400.00) in the case of a head of family; or

491 (iv) Two Thousand Three Hundred Dollars  
492 (\$2,300.00) in the case of an individual who is not married.

493 In the case of a husband and wife living together, having  
494 separate incomes, and filing combined returns, the standard  
495 deduction authorized may be divided in any manner they choose. In  
496 the case of separate returns by a husband and wife, the standard



497 deduction shall not be allowed to either if the taxable income of  
498 one of the spouses is determined without regard to the standard  
499 deduction.

500 (c) A nonresident individual shall be allowed the same  
501 individual nonbusiness deductions as are authorized for resident  
502 individuals in paragraph (a) or (b) of this subsection; however,  
503 the nonresident individual is entitled only to that proportion of  
504 the individual nonbusiness deductions as his net income from  
505 sources within the State of Mississippi bears to his total or  
506 entire net income from all sources.

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

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

512 (a) The payment(s) for such deductible expenses are  
513 made with the grant or loan program of the Paycheck Protection  
514 Program as authorized under (i) the Coronavirus Aid, Relief, and  
515 Economic Security (CARES) Act and the Consolidated Appropriations  
516 Act of 2021, (ii) the COVID-19 Economic Injury Disaster Loan  
517 Program, (iii) the 2020 COVID-19 Mississippi Business Assistance  
518 Act, (iv) the Rental Assistance Grant Program, (v) the Shuttered  
519 Venue Operators Grant Program and Restaurant Revitalization Fund  
520 authorized by the Economic Aid to Hard-Hit Small Businesses,  
521 Nonprofits, and Venues Act, and amended by the federal American



522 Rescue Plan Act, and/or (vi) the Mississippi Agriculture  
523 Stabilization Act; and

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

526 **SECTION 6.** Section 27-7-18, Mississippi Code of 1972, is  
527 brought forward as follows:

528 27-7-18. (1) Alimony payments. In the case of a person  
529 described in Section 27-7-15(2) (e), there shall be allowed as a  
530 deduction from gross income amounts paid as periodic payments to  
531 the extent of such amounts as are includible in the gross income  
532 of the spouse as provided in Section 27-7-15(2) (e), payment of  
533 which is made within the person's taxable year.

534 (2) Unreimbursed moving expenses incurred after December 31,  
535 1994, are deductible as an adjustment to gross income in  
536 accordance with provisions of the United States Internal Revenue  
537 Code, and rules, regulations and revenue procedures thereunder  
538 relating to moving expenses, not in direct conflict with the  
539 provisions of the Mississippi Income Tax Law.

540 (3) Amounts paid after December 31, 1998, by a self-employed  
541 individual for insurance which constitute medical care for the  
542 taxpayer, his spouse and dependents, are deductible as an  
543 adjustment to gross income in accordance with provisions of the  
544 United States Internal Revenue Code, and rules, regulations and  
545 revenue procedures thereunder relating to such payments, not in



546 direct conflict with the provisions of the Mississippi Income Tax  
547 Law.

548 (4) Contributions or payments to a Mississippi Affordable  
549 College Savings (MACS) Program account are deductible from gross  
550 income as provided in Section 37-155-113. Payments made under a  
551 prepaid tuition contract entered into under the Mississippi  
552 Prepaid Affordable College Tuition Program are deductible as  
553 provided in Section 37-155-17.

554 (5) (a) Unreimbursed travel expenses, lodging expenses and  
555 lost wages an individual incurred as a result of, and related to,  
556 the donation, while living, of one or more of his or her organs  
557 for human organ transplantation, are deductible from gross income.  
558 The deduction from gross income authorized by this subsection may  
559 be claimed for only once and may not exceed Ten Thousand Dollars  
560 (\$10,000.00).

561 (b) As used in this subsection, "organ" means all or  
562 part of a liver, pancreas, kidney, intestine, lung or bone marrow.

563 (6) In the case of a self-employed individual, there shall  
564 be allowed as a deduction from gross income an amount equal to:

565 (a) Seventeen percent (17%) of the federal  
566 self-employment taxes imposed on such individual for taxable years  
567 ending in calendar year 2017;

568 (b) Thirty-four percent (34%) of the federal  
569 self-employment taxes imposed on such individual for taxable years  
570 ending in calendar year 2018; and



571                   (c) Fifty percent (50%) of the federal self-employment  
572 taxes imposed on such individual for taxable years ending in  
573 calendar year 2019 and thereafter.

574                   (7) Contributions or payments to a Mississippi Achieving a  
575 Better Life Experience (ABLE) Program account are deductible from  
576 gross income as provided in Section 43-28-13.

577                   **SECTION 7.** Sections 2 and 3 of this act shall be codified as  
578 new sections in Chapter 7, Title 27, Mississippi Code of 1972.

579                   **SECTION 8.** This act shall take effect and be in force from  
580 and after July 1, 2024.

