

By: Representative Formby

To: Ways and Means

HOUSE BILL NO. 74

1 AN ACT TO AMEND SECTION 27-7-18, MISSISSIPPI CODE OF 1972, TO
2 PROVIDE THAT A PORTION OF THE SELF-EMPLOYMENT TAXES ASSESSED
3 AGAINST SELF-EMPLOYED INDIVIDUALS SHALL BE ALLOWED AS AN
4 ADJUSTMENT TO GROSS INCOME UNDER THE STATE INCOME TAX LAW; AND FOR
5 RELATED PURPOSES.

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

7 **SECTION 1.** Section 27-7-18, Mississippi Code of 1972, is
8 amended as follows:

9 27-7-18. (1) Alimony payments. In the case of a person
10 described in Section 27-7-15(2)(e), there shall be allowed as a
11 deduction from gross income amounts paid as periodic payments to
12 the extent of such amounts as are includible in the gross income
13 of the spouse as provided in Section 27-7-15(2)(e), payment of
14 which is made within the person's taxable year.

15 (2) Unreimbursed moving expenses incurred after December 31,
16 1994, are deductible as an adjustment to gross income in
17 accordance with provisions of the United States Internal Revenue
18 Code, and rules, regulations and revenue procedures thereunder
19 relating to moving expenses, not in direct conflict with the
20 provisions of the Mississippi Income Tax Law.

21 (3) Amounts paid after December 31, 1998, by a self-employed
22 individual for insurance which constitute medical care for the
23 taxpayer, his spouse and dependents, are deductible as an
24 adjustment to gross income in accordance with provisions of the
25 United States Internal Revenue Code, and rules, regulations and
26 revenue procedures thereunder relating to such payments, not in
27 direct conflict with the provisions of the Mississippi Income Tax
28 Law.



29 (4) Contributions or payments to a Mississippi Affordable
30 College Savings (MACS) Program account are deductible from gross
31 income as provided in Section 37-155-113. Payments made under a
32 prepaid tuition contract entered into under the Mississippi
33 Prepaid Affordable College Tuition Program are deductible as
34 provided in Section 37-155-17.

35 (5) In the case of a self-employed individual, there shall
36 be allowed as a deduction from gross income an amount equal to
37 one-half (1/2) of the self-employment taxes imposed on such
38 individual for the taxable year. However, for the 2002 calendar
39 year, the deduction authorized by this subsection (5) shall not
40 exceed one-third (1/3) of one-half (1/2) of the self-employment
41 taxes imposed on such individual; for the 2003 calendar year, the
42 deduction authorized by this subsection (5) shall not exceed
43 two-thirds (2/3) of one-half (1/2) of the self-employment taxes
44 imposed on such individual; and for the 2004 calendar year, and
45 each calendar year thereafter, the deduction authorized by this
46 subsection (5) shall be an amount equal to one-half (1/2) of the
47 self-employment taxes imposed on such individual.

48 **SECTION 2.** Nothing in this act shall affect or defeat any
49 claim, assessment, appeal, suit, right or cause of action for
50 taxes due or accrued under the income tax laws before the date on
51 which this act becomes effective, whether such claims,
52 assessments, appeals, suits or actions have been begun before the
53 date on which this act becomes effective or are begun thereafter;
54 and the provisions of the income tax laws are expressly continued
55 in full force, effect and operation for the purpose of the
56 assessment, collection and enrollment of liens for any taxes due
57 or accrued and the execution of any warrant under such laws before
58 the date on which this act becomes effective, and for the
59 imposition of any penalties, forfeitures or claims for failure to
60 comply with such laws.



61 **SECTION 3.** This act shall take effect and be in force from
62 and after January 1, 2002.

