

By: Senator(s) Michel, Mettetal, Hewes,
Gollott, King, White, Kirby, Canon, Nunnelee,
Johnson (19th)

To: Finance

SENATE BILL NO. 2645

1 AN ACT TO AMEND SECTION 27-7-18, MISSISSIPPI CODE OF 1972, TO
2 PROVIDE THAT A PORTION OF THE FEDERAL SELF-EMPLOYMENT TAXES
3 ASSESSED 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 federal self-employment taxes imposed on
38 such individual for the taxable year. However, for the 2003
39 calendar year, the deduction authorized by this subsection (5)
40 shall not exceed one-third (1/3) of one-half (1/2) of the federal
41 self-employment taxes imposed on such individual for the taxable
42 year; for the 2004 calendar year, the deduction authorized by this
43 subsection (5) shall not exceed two-thirds (2/3) of one-half (1/2)
44 of the federal self-employment taxes imposed on such individual
45 for the taxable year; and for the 2005 calendar year, and each
46 calendar year thereafter, the deduction authorized by this
47 subsection (5) shall be an amount equal to one-half (1/2) of the
48 federal self-employment taxes imposed on such individual for the
49 taxable year.

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



61 imposition of any penalties, forfeitures or claims for failure to
62 comply with such laws.

63 **SECTION 3.** This act shall take effect and be in force from
64 and after January 1, 2003.

