

By: Representative Fleming

To: Ways and Means

HOUSE BILL NO. 51

1 AN ACT TO AMEND SECTION 27-7-5, MISSISSIPPI CODE OF 1972, TO
2 INCREASE THE RATE OF THE STATE INCOME TAX BY PROVIDING THAT ALL
3 TAXABLE INCOME IN EXCESS OF \$15,000.00 SHALL BE TAXED AT THE RATE
4 OF SIX PERCENT; AND FOR RELATED PURPOSES.

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

6 **SECTION 1.** Section 27-7-5, Mississippi Code of 1972, is
7 amended as follows:

8 27-7-5. (1) There is hereby assessed and levied, to be
9 collected and paid as hereinafter provided, for the calendar year
10 1983 and fiscal years ending during the calendar year 1983 and all
11 taxable years thereafter through calendar year 2004, upon the
12 entire net income of every resident individual, corporation,
13 association, trust or estate, in excess of the credits provided, a
14 tax at the following rates:

15 (a) On the first Five Thousand Dollars (\$5,000.00) of
16 taxable income, or any part thereof, at the rate of three percent
17 (3%);

18 On the next Five Thousand Dollars (\$5,000.00) of taxable
19 income, or any part thereof, at the rate of four percent (4%); and

20 On all taxable income in excess of Ten Thousand Dollars
21 (\$10,000.00), at the rate of five percent (5%).

22 (b) For calendar year 2005, and each calendar year
23 thereafter, such tax shall be at the following rates:

24 On the first Five Thousand Dollars (\$5,000.00) of taxable
25 income, or any part thereof, at the rate of three percent (3%);

26 On the next Five Thousand Dollars (\$5,000.00) of taxable
27 income, or any part thereof, at the rate of four percent (4%);

28 On the next Five Thousand Dollars (\$5,000.00) of taxable
29 income, or any part thereof, at the rate of five percent (5%); and
30 On all taxable income in excess of Fifteen Thousand Dollars
31 (\$15,000.00), at the rate of six percent (6%).

32 (2) An S corporation, as defined in Section 27-8-3(1)(g),
33 shall not be subject to the income tax imposed under this section.

34 (3) A like tax is hereby imposed to be assessed, collected
35 and paid annually, except as hereinafter provided, at the rate
36 specified in this section and as hereinafter provided, upon and
37 with respect to the entire net income, from all property owned or
38 sold, and from every business, trade or occupation carried on in
39 this state by individuals, corporations, partnerships, trusts or
40 estates, not residents of the State of Mississippi.

41 (4) In the case of taxpayers having a fiscal year beginning
42 in the calendar year 1982 and ending after the first day of
43 January 1983, the tax due for that taxable year shall be
44 determined by:

45 (a) Computing for the full fiscal year the amount of
46 tax that would be due under the rates in effect for the calendar
47 year 1982; and

48 (b) Computing for the full fiscal year the amount of
49 tax that would be due under the rates in effect for the calendar
50 year 1983; and

51 (c) Applying to the tax computed under paragraph (a)
52 the ratio which the number of months falling within the earlier
53 calendar year bears to the total number of months in the fiscal
54 year; and

55 (d) Applying to the tax computed under paragraph (b)
56 the ratio which the number of months falling within the later
57 calendar year bears to the total number of months within the
58 fiscal year; and

59 (e) Adding to the tax determined under paragraph (c)
60 the tax determined under paragraph (d) the sum of which shall be
61 the amount of tax due for the fiscal year.

62 (5) In the case of a taxpayer having a fiscal year beginning
63 in the calendar year 2004 and ending after the first day of
64 January 2005, the tax due for that taxable year shall be
65 determined by:

66 (a) Computing for the full fiscal year the amount of
67 tax that would be due under the rates in effect for the calendar
68 year 2004;

69 (b) Computing for the full fiscal year the amount of
70 tax that would be due under the rates in effect for the calendar
71 year 2005;

72 (c) Applying to the tax computed under paragraph (a)
73 the ratio which the number of months falling within the earlier
74 calendar year bears to the total number of months in the fiscal
75 year;

76 (d) Applying to the tax computed under paragraph (b)
77 the ratio which the number of months falling within the later
78 calendar year bears to the total number of months within the
79 fiscal year; and

80 (e) Adding to the tax determined under paragraph (c)
81 the tax determined under paragraph (d) the sum of which shall be
82 the amount of tax due for the fiscal year.

83 **SECTION 2.** This act shall take effect and be in force from
84 and after January 1, 2005.