

By: Senator(s) Nunnelee

To: Finance

SENATE BILL NO. 2345

1 AN ACT TO AMEND SECTION 27-7-21, MISSISSIPPI CODE OF 1972, TO
2 PROVIDE THAT RELATIVES OF TAXPAYERS WHO ARE 65 YEARS OF AGE OR
3 OLDER, WHOSE LIVING EXPENSES ARE PAID IN MAJOR PART BY THE
4 TAXPAYER AND WHOSE ANNUAL INCOME IS LESS THAN \$10,000.00, SHALL BE
5 INCLUDED IN THE DEFINITION OF THE TERM "DEPENDENT" FOR PURPOSES OF
6 A DEDUCTION UNDER THE INCOME TAX LAW; AND FOR RELATED PURPOSES.

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

8 **SECTION 1.** Section 27-7-21, Mississippi Code of 1972, is
9 amended as follows:

10 27-7-21. (a) **Allowance of deductions.** In the case of a
11 resident individual, the exemptions provided by this section, as
12 applicable to individuals, shall be allowed as deductions in
13 computing taxable income.

14 (b) **Single individuals.** In the case of a single individual,
15 a personal exemption of Five Thousand Two Hundred Fifty Dollars
16 (\$5,250.00) for the 1979 and 1980 calendar years and Six Thousand
17 Dollars (\$6,000.00) for each calendar year thereafter.

18 (c) **Married individuals.** In the case of married individuals
19 living together, a joint personal exemption of Eight Thousand
20 Dollars (\$8,000.00) for the 1979 and 1980 calendar years and Nine
21 Thousand Five Hundred Dollars (\$9,500.00) for the 1981 through
22 1997 calendar years, Ten Thousand Dollars (\$10,000.00) for the
23 calendar year 1998, Eleven Thousand Dollars (\$11,000.00) for the
24 calendar year 1999, and Twelve Thousand Dollars (\$12,000.00) for
25 each calendar year thereafter. A husband and wife living together
26 shall receive but one (1) personal exemption in the amounts
27 provided for in this subsection for each calendar year against
28 their aggregate income.

29 (d) **Head of family individuals.** In the case of a head of
30 family individual, a personal exemption of Eight Thousand Dollars
31 (\$8,000.00) for the 1979 and 1980 calendar years and Nine Thousand
32 Five Hundred Dollars (\$9,500.00) for each calendar year
33 thereafter. The term "head of family" means an individual who is
34 single, or married but not living with his spouse for the entire
35 taxable year, who maintains a household which constitutes the
36 principal place of abode of himself and one or more individuals
37 who are dependents under the provisions of Section 152(a) of the
38 Internal Revenue Code of 1954, as amended. The head of family
39 individual shall be entitled to the additional dependent exemption
40 as provided in subsection (e) of this section only to the extent
41 of dependents in excess of the one (1) dependent needed to qualify
42 as head of family.

43 (e) **Additional exemption for dependents.** In the case of any
44 individual having a dependent, other than husband or wife, an
45 additional personal exemption of One Thousand Five Hundred Dollars
46 (\$1,500.00) for each such dependent, except as otherwise provided
47 in subsection (d) of this section. The term "dependent" as used
48 in this subsection shall mean any person or individual who
49 qualifies as a dependent under the provisions of Section 152,
50 Internal Revenue Code of 1954, as amended. In addition, a
51 relative of the taxpayer who otherwise qualifies as a dependent
52 under the provisions of Section 152, Internal Revenue Code of
53 1954, as amended, shall be included in the term "dependent" as
54 used in this subsection if:

55 (i) The relative is sixty-five (65) years of age or
56 older; and

57 (ii) The gross income of the relative for the calendar
58 year in which the taxable year of the taxpayer begins is not more
59 than Ten Thousand Dollars (\$10,000.00).

60 (f) **Additional exemption for taxpayer or spouse aged**
61 **sixty-five (65) or more.** In the case of any taxpayer or the

62 spouse of the taxpayer who has attained the age of sixty-five (65)
63 before the close of his taxable year, an additional exemption of
64 One Thousand Five Hundred Dollars (\$1,500.00).

65 (g) **Additional exemption for blindness of taxpayer or**
66 **spouse.** In the case of any taxpayer or the spouse of the taxpayer
67 who is blind at the close of the taxable year, an additional
68 exemption of One Thousand Five Hundred Dollars (\$1,500.00). For
69 the purpose of this subsection, an individual is blind only if his
70 central visual acuity does not exceed 20/200 in the better eye
71 with correcting lenses, or if his visual acuity is greater than
72 20/200 but is accompanied by a limitation in the fields of vision
73 such that the widest diameter of the visual field subtends an
74 angle no greater than twenty (20) degrees.

75 (h) **Husband and wife--claiming exemptions.** In the case of
76 husband and wife living together and filing combined returns, the
77 personal and additional exemptions authorized and allowed by this
78 section may be taken by either, or divided between them in any
79 manner they may choose. If the husband and wife fail to choose,
80 the commissioner shall divide the exemptions between husband and
81 wife in an equitable manner. In the case of a husband and wife
82 filing separate returns, the personal and additional exemptions
83 authorized and allowed by this section shall be divided equally
84 between the spouses.

85 (i) **Nonresidents.** A nonresident individual shall be allowed
86 the same personal and additional exemptions as are authorized for
87 resident individuals in subsection (a) of this section; however,
88 the nonresident individual is entitled only to that proportion of
89 the personal and additional exemptions as his net income from
90 sources within the State of Mississippi bears to his total or
91 entire net income from all sources.

92 A nonresident individual who is married and whose spouse has
93 income from independent sources must declare the joint income of
94 himself and his spouse from sources within and without Mississippi

95 and claim as a personal exemption that proportion of the
96 authorized personal and additional exemptions which the total net
97 income from Mississippi sources bears to the total net income of
98 both spouses from all sources. If both spouses have income from
99 sources within Mississippi and wish to file separate returns,
100 their combined personal and additional exemptions shall be that
101 proration of the exemption which their combined net income from
102 Mississippi sources is of their total combined net income from all
103 sources. The amount of the personal and additional exemptions so
104 computed may be divided between them in any manner they choose.

105 In the case of married individuals where one (1) spouse is a
106 resident and the other is a nonresident, the personal exemption of
107 the resident individual shall be prorated on the same basis as if
108 both were nonresidents having net income from within and without
109 the State of Mississippi.

110 For the purpose of this subsection, the term "net income"
111 means gross income less business expenses incurred in the
112 taxpayer's regular trade or business and computed in accordance
113 with the provisions of the Mississippi Income Tax Law.

114 (j) **Part-year residents.** An individual who is a resident of
115 Mississippi for only a part of his taxable year by reason of
116 either moving into the state or moving from the state shall be
117 allowed the same personal and additional exemptions as authorized
118 for resident individuals in subsection (a) of this section; the
119 part-year resident shall prorate his exemption on the same basis
120 as nonresidents having net income from within and without the
121 state.

122 (k) **Estates.** In the case of an estate, a specific exemption
123 of Six Hundred Dollars (\$600.00).

124 (l) **Trusts.** In the case of a trust which, under its
125 governing instrument, is required to distribute all of its income
126 currently, a specific exemption of Three Hundred Dollars

127 (\$300.00). In the case of all other trusts, a specific exemption
128 of One Hundred Dollars (\$100.00).

129 (m) **Corporations, foundations, joint ventures, associations.**

130 In the case of a corporation, foundation, joint venture or
131 association taxable herein, there shall be allowed no specific
132 exemption, except as provided under the Growth and Prosperity Act
133 and Section 57-64-33.

134 (n) **Status.** The status on the last day of the taxable year,
135 except in the case of the head of family as provided in subsection
136 (d) of this section, shall determine the right to the exemptions
137 provided in this section; provided, that a taxpayer shall be
138 entitled to such exemptions, otherwise allowable, if the husband
139 or wife or dependent has died during the taxable year.

140 (o) **Fiscal-year taxpayers.** Individual taxpayers reporting
141 on a fiscal year basis shall prorate their exemptions in a manner
142 established by regulations promulgated by the commissioner.

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