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Chapter No. 521
14/SS01/R504SG
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SENATE BILL NO. 2065

Originated in Senate

[Signature]

Secretary

SENATE BILL NO. 2065

AN ACT TO AMEND SECTION 27-13-9, MISSISSIPPI CODE OF 1972, TO EXCLUDE DEFERRED GAINS AND DEFERRED INCOME FROM THE COMPUTATION OF CAPITAL, PAID-IN CAPITAL, SURPLUS AND RETAINED EARNINGS FOR PURPOSES OF THE CORPORATION FRANCHISE TAX LAW; TO PROVIDE THAT FOR PURPOSES OF THE CORPORATION FRANCHISE TAX LAW CAPITAL SHALL BE REDUCED BY THE COST OF TREASURY STOCK OF THE CORPORATION REGARDLESS OF WHETHER SUCH STOCK IS PURCHASED WITH THE EARNINGS OF THE CORPORATION; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 27-13-9, Mississippi Code of 1972, is amended as follows:

27-13-9. (1) The tax imposed, levied and assessed, under the provisions of this chapter, shall be calculated on the basis of the value of the capital employed in this state for the year preceding the date of filing the return, whether a calendar year, or fiscal year, except where otherwise provided in this chapter, measured by the combined issued and outstanding capital stock, paid-in capital, surplus and retained earnings; provided, that in computing capital, paid-in capital, surplus and retained earnings, there shall be included deferred taxes, * * * contingent

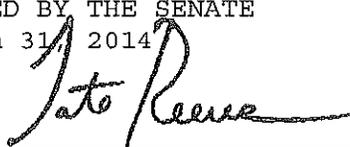
liabilities and all true reserves, including all reserves other than for definite known fixed liabilities which do not enhance the value of assets; and amounts designated for the payment of dividends shall not be excluded from such calculations until such amounts are definitely and irrevocably placed to the credit of stockholders, subject to withdrawal on demand; provided, however, there shall not be included in the value of the capital stock any sums representing debts, notes, bonds and mortgages due and payable, except where notes or debts due are provided by an affiliated company as a substitute for stock or paid-in capital; nor depreciation reserves, bad debt reserves, nor reserves representing valuation accounts, nor redeemable preference shares issued by a railroad pursuant to Section 506 of the Railroad Revitalization and Regulatory Reform Act of 1976, and capital shall be reduced by the cost of treasury stock of the corporation * * *. In the case of an association or other organization, except those exempted under Section 27-13-63, that does not have a capital structure like a corporation, the tax is based on that organization's accounts that are equivalent to the aforementioned corporate accounts, or any other capital employed in Mississippi. There shall not be any exclusion of capital by a corporation relating to the stock of another corporation except as otherwise provided in subsection (2). In no case shall the franchise tax so computed be less than Twenty-five Dollars (\$25.00) for the period covering which the return is filed. In no

case shall the determined capital in Mississippi be less than the assessed value of the real estate and tangible personal property in Mississippi for the year preceding the year in which the return is due.

(2) In the case of a holding corporation, the value of the capital used, invested or employed in this state shall exclude that portion of the book value of the holding corporation's investment in stock or securities of its subsidiary corporation determined under the following formula: (a) the ratio between (i) the holding corporation's investment in stock or securities of its subsidiary corporation, computed pursuant to regulations promulgated by the commissioner, and (ii) the holding corporation's total assets shall be computed; (b) such ratio then shall be applied to the total capital stock, surplus, undivided profits and true reserves of the holding corporation in order to arrive at the amount of the exclusion.

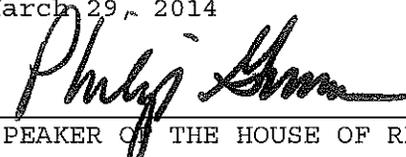
SECTION 2. This act shall take effect and be in force from and after July 1, 2014.

PASSED BY THE SENATE
March 31, 2014



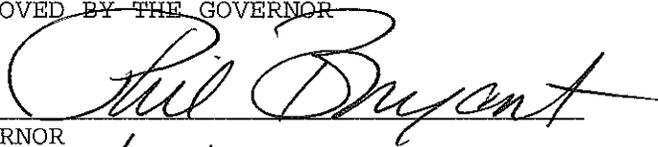
PRESIDENT OF THE SENATE

PASSED BY THE HOUSE OF REPRESENTATIVES
March 29, 2014



SPEAKER OF THE HOUSE OF REPRESENTATIVES

APPROVED BY THE GOVERNOR



GOVERNOR

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