

Income/Franchise:

Mississippi DOR Issues Guidance on New Elective Entity-Level Taxation for Pass-through Entities

Notice 80-22-001, Miss. Dept. of Rev. (7/28/22). The Mississippi Department of Revenue issued a notice addressing implementation of recently enacted legislation that, applicable from and after January 1, 2022, permits partnerships, S corporations, or similar pass-through entities to make an election to pay an entity level state income tax (PTE tax) in Mississippi for the 2022 calendar year, and for each calendar year thereafter [see H.B. 1691 (2022) and previously issued Multistate Tax Alert for more details on this legislation and the new PTE tax]. The notice explains that the election is binding for that taxable year and all taxable years thereafter until revoked. Furthermore, owner members, partners, or shareholders of an electing pass-through entity, in turn, may claim a credit against Mississippi income tax equal to their pro rata or distributive share of tax paid by the electing pass-through entity with respect to the corresponding taxable year. The notice discusses eligibility for the PTE tax election, making or revoking such election, filing an electing PTE tax return, making underlying estimated payments, composite returns, and credits for taxes paid on the electing PTE tax return. Please contact us with any questions.

URL: <https://www.dor.ms.gov/sites/default/files/Pass-Through%20Entity%20Election%20Notice.pdf>

URL: <http://billstatus.ls.state.ms.us/2022/pdf/history/HB/HB1691.xml>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mississippi-enacts-pass-through-entity-tax-election.pdf>

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