



MULTISTATE INCOME/FRANCHISE TAX

Mississippi enacts pass-through entity tax election Tax Alert

Overview

On April 14, 2022, Mississippi's Governor signed [House Bill 1691](#) (H.B. 1691) into law, effective from and after January 1, 2022. Under the legislation, any partnership, S corporation, or similar pass-through entity may make an election to pay an entity level state income tax for the 2022 calendar year, and for each calendar year thereafter.

This Tax Alert summarizes some of the provisions of H.B. 1691.

Pass-through entity tax election

- Effective for calendar year 2022, and for each calendar year thereafter, a partnership, S corporation, or similar pass-through entity may elect to have income tax imposed at the entity level.
- The election is binding for that taxable year and all taxable years thereafter until revoked.
- The election, or revocation of such election, is required to be made on or before the 15th day of the third month following the close of the tax year.
- Both election and revocation shall be accomplished by a vote or written consent of the members of the governing body of the entity as well as a vote by or written consent of the owners, members, partners, or shareholders holding greater than 50% of the voting control of the entity.
- The legislation does not provide information on the pass-through entity taxable base or applicable tax rate if the election is made.

Pass-through entity tax credit

- Owners, members, partners, or shareholders of an electing pass-through entity may claim a credit against 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.

Get in touch

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Have a question relating to this or any other pass-through entity tax regime? Reach out to one of our national multistate pass-through entity tax specialists.

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