

**Mississippi is tax-friendly** when it comes to retirees. In addition to low tax rates in general, retirees living in Mississippi don't pay any state income tax on qualified retirement income. They also gain an additional bonus exemption on property taxes upon reaching the age of 65. Mississippi residents benefit from the lowest per capita tax burden in the nation. Kiplinger's Personal Finance Magazine rates Mississippi seventh in the country and number one in the Sun Belt for least expensive tax states for retirees.

**Income Tax:** Qualified retirement income is exempt from state income tax. Social Security is not taxed, regardless of total income. Retirement income from IRAs, 401s/403s, Keoghs and qualified public and private pension plans is not taxable. Interest income from federal securities and obligations of Mississippi and its political subdivisions are all exempt.

The state's income tax rates are 3%, 4% and 5%. The first \$5,000 of taxable income is taxed at 3%, the second \$5,000 at 4% and all above \$10,000 is taxed at 5%. A married couple filing joint returns with joint or separate earned income can separate their income, which would allow both individuals to take advantage of the lower rates.

There is a standard deduction of \$2,300 for single, \$4,600 for married filing jointly and \$3,400 as head of household. The same itemized deductions for federal income tax apply with the exception of state income tax. Single taxpayers can claim a \$6,000 exemption. Those married, and filing jointly, can claim \$12,000. Head of household can claim \$8,000. Each additional exemption is \$1,500.

**Property Tax:** Property and automobiles are both subject to ad valorem taxes – meaning that the tax is assessed in relationship to the value of the property. Residential property used as a residence has a homestead credit of \$300 against the ad valorem tax.

Persons 65 years of age and older or persons who are disabled are exempt from ad valorem taxes up to \$75,000 of the market value on homestead property.

**Automobiles** are assessed at 30% of market value, and 5% of the assessed value is used as a tax credit. Your

property tax bill includes county, municipal and state ad valorem tax. The market value is determined by the local tax assessor, and there is a hearing procedure if you do not agree with the assessment. The taxes vary from city to city depending upon the local rate levied.

**Sales Tax:** The state sales tax rate is 7% for most goods and services. There is no additional local general sales tax, although Meridian has a 2.5% hotel/motel tax supporting tourism. The sales tax rate for automobiles is 5%. Prescription drugs, residential utilities, motor fuel and newspapers are all exempt from sales tax.

**Estate Tax:** Estates are taxed at the amount claimed as a state credit on the federal estate return. The first \$600,000 is exempt, and no returns are required for estates below that amount. There is no inheritance tax on estates left to the surviving spouse.

**Intangible Personal Property Tax:** There is no intangible personal property tax.

**Gift Tax:** There is no gift tax.

**Real Estate Tax:** There is no state real estate tax.

*For additional or specific information, please contact:*

Mississippi State Tax Commission  
P.O. Box 1033, Jackson, MS 39215-1033  
601.923.7000

[www.mstc.state.ms.us/index.html](http://www.mstc.state.ms.us/index.html)

Lauderdale County Tax Assessor  
500 Constitution Avenue, 1st Floor, Meridian, MS 39301  
601.482.9779  
[http://www.lauderdalecounty.org/officerservices/tax\\_assessor.htm](http://www.lauderdalecounty.org/officerservices/tax_assessor.htm)

Lauderdale County Tax Collector  
500 Constitution Avenue, 1st Floor, Meridian, MS 39301  
601.482.9786  
[http://www.lauderdalecounty.org/officerservices/tax\\_collector.htm](http://www.lauderdalecounty.org/officerservices/tax_collector.htm)

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