Form 83-124-08-8-1-000 (Rev. 06/08)

Mississippi
Direct Accounting Income Statement
2008

Instructions: As of 1-1-2001 only multistate construction contractors, producers of mineral or natural resource products, taxpayers receiving written authorization (since the date of law change - 1-1-2001), and taxapayers explicitly required by the Commissioner will use a direct accounting method. Multistate **construction contractors** complete page 2 of this form. General instructions for this page are provided on page 2 of this form. Corporations, S corporations and partnerships that apportion or allocated 100% of their income to Mississippi DO NOT USE THIS FORM.

FEIN -

Round All Amounts to the Nearest Dollar
(If negative, shade minus (-) in box as in example to the left)

Income

1. Gross receipts or sales: $ _____ Less: Returns and allowances: $ _____ — 1.
2. Cost of goods sold and/or operations (Must Attach Schedule of Computations) — 2.
3. Gross profit (Line 1 less Line 2) — 3.
4. Dividends (Must Attach Schedule or Listing) — 4.
5. Interest — 5.
6. Gross rents — 6.
7. Gross royalties — 7.
8. Allocable capital gain (Must Attach Schedule or Listing) — 8.
9. Allocable net gain (loss) (Must Attach Schedule or Listing) — 9.
10. Other income (loss) (Must Attach Schedule or Listing) — 10.
11. **TOTAL INCOME** - (Add Lines 3 through 10) — 11.

Deductions

12. Compensation of officers — 12.
13. Salaries and wages — 13.
14. Repairs — 14.
15. Bad debts — 15.
16. Rents — 16.
17. Taxes (Must Attach List) — 17.
18. Interest — 18.
19. Contributions — 19.

20a. Total depreciation (A 30% or 50% special depr. allowance is **not** allowed) $ _____ — 20a.

20b. Depreciation claimed elsewhere on return $ _____ — 20b.

21. Balance of depreciation claimed here. (Line 20a minus Line 20b) — 21.
22. Depletion — 22.
23. Advertising — 23.
24. Pension, profit-sharing, plans, etc. — 24.
25. Employee benefit programs — 25.
26. Other deductions (Must Attach Schedule or Listing) — 26.
27. **TOTAL DEDUCTIONS** (Add Lines 12 through 26) — 27.

Total

28. **NET DIRECT INCOME (LOSS)** (Line 11 minus Line 27) — 28.
29. Non-allocable business income (loss), including ordinary/capital gains, apportioned to this state using a sales/sales ratio. (Must Attach Sch.of Computations) — 29.
30. Non-allocable general and administrative expense apportioned to Mississippi using a sales to sales ratio. (Must Attach Schedule of Computations) — 30.
31. **NET INCOME (LOSS)** (Line 28 plus Line 29, minus Line 30) Enter here and: C-Corp- Form 83-122, Line 13; S-Corp - Form 85-122, Line 16; Partnership- Form 86-122, Line 16. — 31.

Form 83-124-08-8-2-000 (Rev. 06/08)

Mississippi
Direct Accounting Income Statement
2008

Name

FEIN: -

Multistate Construction Contractor - Direct Accounting Method

Round All Amounts to the Nearest Dollar
(If negative, shade minus (-) in box as in example to the left)

1. Gross receipts or gross sales from jobs in Mississippi
2. Adjustments (Must Attach Schedule)
3. Direct cost from jobs in Mississippi
4. Mississippi gross profit (Line 1 plus Line 2 minus Line 3)

Add: Non-Allocable Business Income (Interest, other income, etc.)

5. Total Company Non-Allocable Business Income (Must Attach Schedule)
6. Total MS Sales (Line 1 above plus other MS business income)
7. Total Company Sales (Total sales from jobs **and** other business income)
8. Ratio (Divide Line 6 by Line 7) (Show as a percent) . %
9. Mississippi non-allocable business income (Multiply Line 5 by Line 8)

Deduct: Non-Allocable General and Administrative Expenses

10. Total Company Non-Allocable G & A Expenses (Must Attach Schedule)
11. Mississippi direct cost
12. Total company direct cost
13. Ratio (Divide Line 11 by Line 12) (Show as a percent) . %
14. Mississippi Non-Allocable General & Administrative expense (Multiply Line 10 by Line 13)
15. **Net Income (Loss)** (Line 4 plus Line 9 minus Line 14) Enter here and: C-Corp - Form 83-122, Line 13; S-Corp - Form 85-122, Line 16; Partnerships - Form 86-122, Line 16.

General Instructions For Page One:

For lines 1 through 27 enter only the Mississippi sourced amounts. Capital and ordinary gains (losses) which are directly allocable to Mississippi are entered on lines 8 and 9 respectively. Enter on lines 20a and 20b only the depreciation expense which is directly allocable to Mississippi excluding any 30% or 50% bonus depreciation taken on such property. All other business gains and losses not directly allocable will be apportioned and reported on line 29. All nonallocable general and administrative expenses are apportioned and entered on line 30. Interest, gains (losses) on investments, dividends, etc. are apportioned unless it can be clearly shown that such income is not "business income".

BUSINESS INCOME OF CONTRACTORS.

Title 35, Part III, Subpart 08, Chapter 06 of the Mississippi Administrative Code:

The net business income of taxpayers engaged in the business of contracting shall be accounted for and assigned directly to this state for each contract performed within this state. Taxpayers engaged in the business of contracting both within and without the state shall determine such job cost which cannot be specifically allocated to the Mississippi contract by multiplying such nonallocable business-related expenses in the ratio that Mississippi direct job costs bears to total direct job costs.

Where a contract is performed partly within and partly without the state, the net business income assignable directly to Mississippi shall be determined by first deducting from the total contract receipts those job costs directly allocable to said contract and then deducting a pro-rata part of expenses which cannot be directly allocable to any contract, said pro-rata part to be determined by using the ratio between the contract direct job costs and the direct job costs of total contracts. The net business income from the contract, thus determined, shall then be apportioned to Mississippi in the ratio that receipts from said contract allocable to Mississippi for sales tax purposes bears to the total receipts from said contract. In the event that no allocation has been or can be made of the Mississippi gross receipts from said contract for Mississippi sales tax purposes, and the Mississippi gross receipts from said contract cannot otherwise be determined, then the apportionment of the net business income from the contract to Mississippi shall be made by such reasonable method as is acceptable to the Commissioner.

In the case of a prime contractor, who enters into a contract with a subcontractor for the performance of all or part of a contract within the State of Mississippi, both prime contractor and subcontractor are required to report any and all income from such contracts.

The net business income derived by a contractor from gains (losses) from sales of capital assets, interest, dividends, rents and royalties shall be apportioned to Mississippi by multiplying such net business income by a receipts factor, the numerator of which is the total receipts located, assignable, allocated, or otherwise having a situs in this state during the tax year, and the denominator of which is the total receipts of the taxpayer everywhere during the tax year. In the case of sales of capital assets (buildings, land, depreciable machinery and equipment, stocks, bonds, etc.) receipts, for purposes of the receipts factor, shall include only the net gain (loss) resulting from such sales of capital assets.