

## Chapter 02 Accounting Periods

- 100 Every taxpayer must compute taxable income based on their tax year. A tax year is an annual accounting period used by the taxpayer for keeping records and reporting income and expenses. A tax year may be a calendar year, which is a period of twelve (12) consecutive months ending on December 31<sup>st</sup>, or a fiscal year, which is a period of twelve (12) consecutive months ending on the last day of any month except December 31<sup>st</sup>.
- 101 Miss. Code Ann Section 27-7-13(4) provides that if a taxpayer's annual accounting period is not a proper fiscal year ending or if the taxpayer has no annual accounting period or does not maintain books and records that identify an accounting period, that the taxable period will be based on a calendar year.
- 102 S Corporations, fiduciaries and partnerships are required to file for the same period for Mississippi as for federal purposes.
- 103 Taxpayers required to file an individual income tax return will file using a calendar year tax period unless they have been granted permission by the Commissioner to file otherwise.
- 104 Pursuant to Miss. Code Ann. Section 27-7-43 a taxpayer will only be allowed to change an accounting period when it has received approval from the Commissioner. If permission is granted by the federal government to change the accounting period, then state permission is automatic provided the taxpayer attaches a copy of the written federal approval to the first state return filed for the new period. If the Commissioner determines that such change in accounting period results in an understatement of income, the Commissioner will deny the final approval.
- 105 When the accounting period is changed, it is required that the tax on the first return be computed by placing the income on an annual basis. The annualized income is determined by dividing the income for the period by the number of months in the short period and multiplying the result by twelve (12). The tax computed on the annualized taxable income is multiplied by the number of months in the short period and divided by twelve (12).
- 106 (Reserved)

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