Mississippi has a business friendly environment, where we do what is necessary to help companies reduce speed to market, limit risk, and increase profitability. As a foreign company, it can be intimidating to enter a new market, but we are here to help.

This document provides guidance on doing business in the state of Mississippi.
Nissan’s Vehicle Assembly Plant located in Canton, Mississippi employs over 6,500 Mississipians.
Mississippi is located in the southeastern region of the United States, and is bordered by the states of Alabama, Tennessee, Arkansas, Louisiana, the Mississippi River, and the Gulf of Mexico.

Centrally located between the East and West coast, Mississippi provides easy access to major U.S. markets including, Mobile, New Orleans, Dallas, Atlanta, Nashville, Houston, St. Louis, and Memphis - the U.S. distribution hub.

Like most states in the U.S., Mississippi is divided into administrative subdivisions called counties. There are 82 counties in Mississippi, each comprised of multiple cities or municipalities. The state capital is the city of Jackson, located in Hinds County.

**Distance from Jackson, MS to Major U.S. Markets**

<table>
<thead>
<tr>
<th>City</th>
<th>Distance (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta, Georgia</td>
<td>613</td>
</tr>
<tr>
<td>Dallas, Texas</td>
<td>646</td>
</tr>
<tr>
<td>Houston, Texas</td>
<td>709</td>
</tr>
<tr>
<td>Chicago, Illinois</td>
<td>1,190</td>
</tr>
<tr>
<td>Detroit, Michigan</td>
<td>1,520</td>
</tr>
</tbody>
</table>
ROADS

The primary mode of transportation in Mississippi is the automobile. Because of this, the state has well maintained and efficient roadways, including 9 interstate highways, and 14 main U.S. highway routes. Most highways are divided, 4-lane roadways with limited traffic stops. Commuting distances of approximately 40 miles (64 km) are common throughout the state.

AIRPORTS

Six commercial airports, two of which are international airports, are located in the state. New Orleans and Memphis International airports are easily accessible. Mississippi has a total of 76 publicly owned and 4 privately owned airports that provide facilities for aircraft used by individuals, industry and private operators.

RAIL

Thirty rail systems serve Mississippi with more than 2,500 miles of track. Comprehensive rail services include carload, trailer on flat car, container on flat car and mini-bridge shipments. The merger of the Canadian National and Illinois Central railroads and a long-term marketing alliance with the Kansas City Southern created an efficient new rail link all along the NAFTA corridor, greatly increasing rail service and access in Mississippi. The agreements link together almost 25,000 miles of track stretching from both coasts of Canada through the central United States to the Gulf Coast, Texas and Mexico.

PORTS

The state is surrounded by three navigable waterways: the Mississippi River to the west, the Tennessee-Tombigbee Waterway to the east and the Gulf of Mexico to the south. These nearly 800 miles of commercially navigable waterways provide access to national and international markets. Two deep water ports are in the state & the Ports of New Orleans, Memphis, & Mobile are easily accessible.
Incorporation of a company in the United States is administered at the state level. In Mississippi, this involves filing a Certificate of Formation (LLC) or Articles of Incorporation (corporation) with the Secretary of State’s office. Companies may find it helpful to contract with a U.S. based legal firm to assist with incorporation and the following items.

☑️ **Obtain a federal tax Employee ID Number**

This is obtained from the U.S. Internal Revenue Service and is needed for opening bank account(s) & federal taxation.

☑️ **Register with the Mississippi Department of Revenue**

This is needed for federal and state taxation, incentives & tax abatements.

☑️ **Register with the Mississippi Department of Employment Security**

This is needed for paying unemployment insurance tax, registering for unemployment insurance, recruiting employees & job training assistance.
The Mississippi Department of Environmental Quality (MDEQ) issues both state and federal level operating and environmental permits, saving your company time and reducing risk.

There are no application fees for MDEQ permits. Federally mandated Title V fees are required at the time operation begins.

If constructing a new building or remodeling an existing building, Mississippi also requires various building permits. City and county governments set building regulations and issue permits; therefore, permit requirements and costs vary by location, but are not considered a burden.

### Common Permits Required

<table>
<thead>
<tr>
<th>Permit Type</th>
<th>Level</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction · Storm Water</td>
<td>State</td>
<td>10+ Days</td>
</tr>
<tr>
<td>Construction · Air</td>
<td>State</td>
<td>90-150 Days</td>
</tr>
<tr>
<td>Construction · Building Permit</td>
<td>Local</td>
<td>10+ Days</td>
</tr>
<tr>
<td>Operating · Title V Air</td>
<td>State</td>
<td>180 Days</td>
</tr>
<tr>
<td>Operating · Wastewater Discharge</td>
<td>State</td>
<td>90-180 Days</td>
</tr>
</tbody>
</table>

* This is not a comprehensive list of permits required. Permits vary depending on the type of operation.*
Corporate taxes in Mississippi fall into five basic tax types.

**CORPORATE INCOME**
In Mississippi, corporate income is subject to a state income tax. Corporate Income Tax is an assessment levied by the government on the profits of a company.

**FRANCHISE**
Currently, most corporations engaged in business in Mississippi are subject to franchise tax, a tax assessed on a company’s capital value.

**LOCAL PROPERTY**
Counties and municipalities levy a property tax on real and tangible personal property in Mississippi.

**SALES AND USE**
All tangible personal property sold within the state is considered taxable unless specifically exempted or assigned a reduced rate by state law. Similarly, companies doing business in Mississippi that bring tangible personal property into the state are required to pay use tax on that property.

**UNEMPLOYMENT INSURANCE**
Mississippi requires employers to pay state unemployment insurance tax each year. This tax is part of a national program that provides temporary payments to individuals unemployed through no fault of their own.
CORPORATE INCOME TAX

There is no local income tax in Mississippi; therefore, only state income tax is collected. Unless a company is taxable in another state, Mississippi corporate income tax is based on the company's net taxable income.

| Income Tax Rates | 3% on the first $5,000 of taxable income | 4% on the next $5,000 of taxable income | 5% on the remaining taxable income |

For multi-state corporations, income tax is calculated by determining the amount of Mississippi-to-total-company ratio in terms of net business income.

For manufacturers, income tax is apportioned using a three-factored approach based on property, payroll and sales in Mississippi versus everywhere. After the apportioned net taxable income is calculated, additional non-business income attributable to Mississippi is added to the calculated amount to arrive at the Mississippi net taxable income. Eligible projects may receive a 10 year abatement on this tax.

Legislation passed in 2016 gradually eliminates the tax on the first $5,000 of taxable income, starting in 2018. By 2022, no tax will be levied on the first $5,000 of taxable income.

Feuer Powertrain, a manufacturer of crankshafts for the automotive industry, chose Tunica, Mississippi to build their first ever production facility in North America.
Legislation was passed in 2016 that will fully phase out Mississippi’s corporate franchise tax by 2028. From 2028 onward, businesses will pay only $25.00 in franchise tax each year.

**FRANCHISE TAX**

A tax assessed on the company’s capital value apportioned to the Mississippi location(s). The capital value is calculated based on capital stock, paid-in capital, surplus and retained earnings including deferred taxes, deferred gains, deferred income, contingent liabilities and other true reserves. The franchise tax rate is $2.50 per $1,000 of capital invested in Mississippi.

<table>
<thead>
<tr>
<th>Franchise Tax Rate</th>
<th>$1.75 PER $1,000 of capital invested in Mississippi</th>
</tr>
</thead>
</table>

Beginning in 2018, the tax rate dropped by $0.25, and will continue to each year until the tax is eliminated in 2028. From 2028 onward, businesses will pay only $25.00 in franchise tax each year.

**LOCAL PROPERTY TAX**

There is no state property tax in Mississippi. Property tax on real and tangible personal property is collected at the local level. Each city and/or county sets its taxation rate. To calculate estimated property tax, multiply the assessed value of the property by the taxation rate. Eligible projects may receive full or partial exemptions of this tax.

| Property Assessed at | 15% of true value |
SALES AND USE TAX

All tangible personal property sold within the state, or brought into the state for use is considered taxable unless specifically exempted or assigned a reduced rate by state law. To calculate the amount of tax owed, multiply the rate by the price of the good or service. Eligible projects may receive full or partial exemptions of this tax.

Sales and Use Tax Rates

<table>
<thead>
<tr>
<th>Item</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard goods and services</td>
<td>7%</td>
</tr>
<tr>
<td>Manufacturing equipment and machinery</td>
<td>1.5%</td>
</tr>
<tr>
<td>Electricity and fuel used in the manufacturing process</td>
<td>EXEMPT</td>
</tr>
<tr>
<td>Manufacturers’ raw materials</td>
<td>EXEMPT</td>
</tr>
<tr>
<td>Non-production manufacturing equipment and machinery</td>
<td>7%</td>
</tr>
<tr>
<td>Water and sewer for commercial or industrial use</td>
<td>7%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>7%</td>
</tr>
<tr>
<td>Pollution Control Equipment</td>
<td>Exempt</td>
</tr>
</tbody>
</table>

UNEMPLOYMENT INSURANCE TAX

Mississippi levies an unemployment compensation tax on the first $14,000 of wages paid to each employee each calendar year. This tax is part of a national program that provides temporary payments to individuals unemployed through no fault of their own.

The total unemployment compensation tax rate for a start-up business in Mississippi is 1.00 percent the first year of liability, 1.10 percent the second year of liability and 1.20 percent the third and subsequent years of liability until the employer is eligible for a modified rate. If a company acquires a business that is already liable for unemployment taxes in Mississippi, the company may be immediately eligible for a modified tax rate.

Unemployment Compensation Tax Rate

<table>
<thead>
<tr>
<th>Year of Liability</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>first year</td>
<td>1.00%</td>
</tr>
<tr>
<td>second year</td>
<td>1.10%</td>
</tr>
<tr>
<td>third and subsequent years</td>
<td>1.20%</td>
</tr>
</tbody>
</table>
In 2019, CNBC ranked Mississippi the state with the 6th Lowest Cost of Doing Business in the U.S. Competitive, yet affordable wages combined with a business-friendly tax climate create an extremely low-cost operating environment.

### Average Employer Cost Per Hour Worked - Private Industry

<table>
<thead>
<tr>
<th></th>
<th>Cost Per Hour</th>
<th>Percent of Total Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Compensation</td>
<td>$31.51</td>
<td>100%</td>
</tr>
<tr>
<td>Wages &amp; Salaries</td>
<td>$22.49</td>
<td>71%</td>
</tr>
<tr>
<td>Total Benefits</td>
<td>$9.02</td>
<td>29%</td>
</tr>
</tbody>
</table>

(包括但不限于: 带薪休假, 补贴工资, 医疗保险, 养老金, 工人补偿, 社保)


### Commonly Required Insurance Coverage

- **Commercial Liability Insurance** - Provides defense and damages if employees or products cause bodily injury or property damage to a third party.

- **Property Insurance** - Protects against events such as fire, theft, vandalism, smoke damage, etc.

- **Workers Compensation Insurance** - Provides insurance to employees who are injured on the job, and is required by Mississippi law. The cost of the plan depends on several factors including payroll and the type of industry.
07 | Data

Governor | Tate Reeves (R)
Capital | Jackson, MS
Number of Counties | 82
Land Area | 46,923 miles
Coastline | 44 miles
Time Zone | Central

2,986,220
2019 Population

1,339,614
Labor Force

0.1%
Annual Population Growth Rate

$42,009
Median household Income

5.8%
Unemployment Rate

$39,650
Average Annual Wage

114.1 Billion
Gross Domestic Product

The largest contributing sector, Manufacturing, contributed 16% to the 2018 Gross Domestic Product (GDP) of the state.

Largest Industry Clusters

- Wood/Paper
- Food Mfg
- Coal/Oil/Power
- Auto/Auto Related
- Machinery Mfg

Mississippi Weather Statistics

18°C/69° F
Average Temperature

1,376 mm/54 in.
Average Rainfall

Sources: ESRI Business Analyst and JobsEQ, 2019