FREE REFERENCE

Mississippi business taxes, explained for 2026

Small businesses in Mississippi register with the state revenue agency for income tax withholding and sales tax, and with the Mississippi Department of Employment Security for unemployment tax. Mississippi has a flat 4% income tax, a 7% state sales tax and a $14,000 unemployment wage base for 2026.

QUICK FACTS

- **Income tax.** A flat 4% income tax for 2026
- **Sales tax.** 7% state rate, about 7.06% combined with local
- **Unemployment.** Employers pay Mississippi unemployment tax on the first $14,000 of each worker's 2026 wages

What taxes does a small business pay in Mississippi?

Most Mississippi businesses deal with four: federal and state payroll taxes once they hire, sales tax if they sell taxable items, income tax on profit, and the state's annual report or franchise filing for an LLC or corporation, filed with the Secretary of State.

How do I register for payroll taxes in Mississippi?

Before your first payroll in Mississippi:

1. Get a federal EIN and enroll in EFTPS for federal deposits.
2. Open a Mississippi withholding account with the Mississippi revenue agency, so you can withhold and pay state income tax.
3. Register for unemployment insurance with the Mississippi Department of Employment Security. For 2026, the tax applies to the first $14,000 of each employee's wages, at a rate the state sets for new employers and then adjusts to your history.
4. Report each new hire to Mississippi's new hire registry, usually within 20 days.

Our state payroll registration guide explains each step, and our payroll service handles it for you.

General information, not tax advice for your situation.

Do I need a Mississippi sales tax permit?

If you sell taxable goods or services in Mississippi, yes. Register with the Mississippi revenue agency before your first taxable sale. Out-of-state sellers need one once they pass Mississippi's economic nexus threshold.

SALES TAX IN MISSISSIPPI, MIDYEAR 2026	RATE
State rate	7%
Average local rate	0.06%
Average combined rate	7.06%
Highest local rate	1%

The state sets how often you file. Our sales tax permit guide covers what to have ready, and the sales tax calculator adds tax to a price.

How does Mississippi tax business owners?

Profit from a sole proprietorship, LLC, partnership or S-Corp passes through to the owners, who pay Mississippi income tax on it at the personal rates: a flat 4% income tax. Mississippi allows a standard deduction of $2,300 single and $4,600 joint, a personal exemption of $6,000 single and $12,000 joint and $1,500 for each dependent.

Estimate yours with the Mississippi income tax calculator.

Where are Mississippi's tax forms and refund status?

- Mississippi tax forms
- Mississippi revenue agency
- Mississippi refund status
- Mississippi Department of Employment Security

Every state's links are on our state tax forms page.

Which calculators work for Mississippi?

- Mississippi paycheck calculator: take-home pay after every deduction
- Mississippi income tax calculator: your 2026 state income tax
- Payroll cost calculator: what a hire costs you, with Mississippi unemployment

Common questions

Do I need a sales tax permit in Mississippi?
Yes, if you sell taxable goods or services there. Register with the Mississippi revenue agency before your first taxable sale.

What is the Mississippi unemployment wage base for 2026?
$14,000. Employers pay Mississippi unemployment tax on that much of each employee's wages, at a rate the state assigns.

Does Mississippi have a state income tax?
Yes. Mississippi has a flat 4% income tax for 2026.

Who runs payroll taxes in Mississippi?
The Mississippi revenue agency handles income tax withholding, and the Mississippi Department of Employment Security handles unemployment tax.

Want payroll handled?

We set it up, run it and file the returns. Book a free 30-minute call at eminenttax.com/contact or call (972) 347-4590.

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