

## HB 1062 -- Small Business

Sponsor:   Brandom

This bill changes the laws regarding small business taxation and establishes the Small Business and Entrepreneurial Growth Act.

### SMALL BUSINESS TAXATION

Beginning January 1, 2010, the bill allows a small business to retain 2% of the tax withheld and due as a timely payment allowance when remitting withholding tax to the Department of Revenue. Currently, the compensation deduction percentage decreases to 1% when the employer withholds more than \$5,000 but no more than \$10,000 and .5% if the amount withheld exceeds \$10,000.

Corporations will be exempt from income tax if the corporation does not receive any funds from any programs administered by the Department of Economic Development. A corporation must file an annual exemption request and indicate that the corporation is not receiving any funds and will not apply to receive any funds from any department program for five years. The five-year exemption period will be renewed each year the corporation files an exemption request.

### SMALL BUSINESS AND ENTREPRENEURIAL GROWTH ACT

The bill establishes the Small Business and Entrepreneurial Growth Act which allows, beginning January 1, 2010, small business employers who increase their total payroll by increasing the number of jobs and meeting certain qualifications to retain the Missouri withholding tax from the salaries of the newly created jobs for one year. If the employer pays more than 50% of the cost of the premiums for health insurance for all employees, the withholding tax can be retained for two years. In either case, wages for the new jobs must equal or be greater than the county average wage. No employer retaining these withholding taxes will be eligible for benefits under the Quality Jobs Act.

The provisions regarding the exemption from corporate income tax will expire December 31 six years from the effective date.