

SS SCS HCS HBs 517 & 754 -- TAXATION

This bill changes the laws regarding taxation. In its main provisions, the bill:

(1) Requires interest to be paid at the current annual interest rate determined under Section 32.068, RSMo, on any individual or corporation income tax refund or overpayment if it is not refunded within 45 days of the date the return or claim was filed. Currently, interest is not allowed on any refund or overpayment refunded within 90 days after the last date to file plus extensions, if permitted. The bill requires the Director of the Department of Revenue to record and deposit all sums of money collected or received from the collection of state taxes within two business days (Sections 32.069, 136.110, and 143.811);

(2) Allows the county collector in a county in which townships have been abolished to continue to collect a property tax on a county-wide basis for road and bridge purposes for one year following the abolishment of the townships or until the county voters have approved a property tax for those purposes, whichever occurs first. The property tax must be the same amount as the property tax being levied in the township with the lowest total tax rate in the county immediately before the townships were abolished. The collection of the property tax must be considered a continuation of an existing tax and not a new tax (Section 65.620);

(3) Modifies the ballot language regarding the repeal of the public safety sales tax in the City of Springfield that must be resubmitted to voters every five years (Section 94.579);

(4) Authorizes an income tax dependency exemption deduction beginning January 1, 2015, for the taxable year in which a stillborn child was born if the child would otherwise have been a member of the taxpayer's household and a certificate of birth resulting in stillbirth has been issued (Section 143.161);

(5) Limits the calculation of state income tax withholding on tips received by an employee in the course of his or her employment to the amount of total tips reported to the employer in a written statement or, if greater, the amount of tips received by the employer and remitted to the employee. If an employee shares tips, the employer must withhold only from the employee who actually receives the shared tips. The employer's Missouri income tax withholding obligation with respect to an employee's tip income must be limited to the portion of the employee's wages under the control of the employer against which the employer is required by federal law to withhold federal income taxes on the employee's tips. Currently, Missouri follows the federal Internal Revenue

Code on how to determine the amount of cash tips that is taxable (Section 143.191);

(6) Allows a taxpayer to claim a credit or refund of an income tax overpayment after the period of limitations expires if the taxpayer amends or the Internal Revenue Service changes the taxpayer's return after the period of time has expired. The taxpayer must file a claim for the credit or refund within one year of the amendment or change (Section 143.801);

(7) Specifies that any automatic mandatory gratuity for a large group imposed by a restaurant must not be subject to state sales tax when the gratuity is reported as employee tip income and the restaurant withholds income tax (Section 144.020);

(8) Authorizes a state and local sales and use tax exemption for an aircraft sold to a nonresident of Missouri or a corporation that is not incorporated in this state. To be eligible for the exemption, the aircraft cannot be based in the state and must be removed from the state within 10 business days of the later of the transfer of title or the return to service for any maintenance, repairs, or installations associated with the transfer of title (Section 144.030);

(9) Adds a graphing calculator with a taxable value of \$150 or less to the list of items that are exempt from state sales tax during the annual sales tax holiday for school supplies and lowers the amount allowed for a personal computer or computer peripheral device from \$3,500 to \$1,500 to qualify for the sales tax exemption during the sales tax holiday (Section 144.049); and

(10) Allows a seller to advertise that the required sales tax will be assumed or absorbed into the price of the property sold or the service rendered if the amount of the tax is stated on the invoice or receipt. Any person who fails to state the assumed or absorbed sales tax on the invoice or receipt will be guilty of a misdemeanor (Section 144.080).