

FIRST REGULAR SESSION

# HOUSE BILL NO. 1039

## 101ST GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE CHRISTOFANELLI.

2196H.011

DANA RADEMAN MILLER, Chief Clerk

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### AN ACT

To repeal section 143.171, RSMo, and to enact in lieu thereof one new section relating to income tax.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Section 143.171, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.171, to read as follows:

143.171. 1. For all tax years beginning on or after January 1, 1994, and ending on or before December 31, 2018, an individual taxpayer shall be allowed a deduction for his or her federal income tax liability under Chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri return is being filed, not to exceed five thousand dollars on a single taxpayer's return or ten thousand dollars on a combined return, after reduction for all credits thereon, except the credit for payments of federal estimated tax, the credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by 26 U.S.C. Section 31, 26 U.S.C. Section 27, and 26 U.S.C. Section 34.

2. (1) Notwithstanding any other provision of law to the contrary, for all tax years beginning on or after January 1, 2019, an individual taxpayer shall be allowed a deduction equal to a percentage of his or her federal income tax liability under Chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri return is being filed, not to exceed five thousand dollars on a single taxpayer's return or ten thousand dollars on a combined return, after reduction for all credits thereon, except the credit for payments of federal estimated tax, the credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by 26 U.S.C. Section 31, 26 U.S.C. Section 27, and 26 U.S.C. Section 34. The deduction percentage is determined according to the following table:

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18	If the Missouri gross income on the return	The deduction percentage is:
19	is:	
20	\$25,000 or less	35 percent
21	From \$25,001 to \$50,000	25 percent
22	From \$50,001 to \$100,000	15 percent
23	From \$100,001 to \$125,000	5 percent
24	\$125,001 or more	0 percent

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26 (2) Notwithstanding any provision of law to the contrary, the amount of any tax credits  
 27 reducing a taxpayer's federal tax liability pursuant to Public Law 116-136, enacted by the 116th  
 28 United States Congress, for the tax year beginning on or after January 1, 2020, and ending on or  
 29 before December 31, 2020, shall not be considered in determining a taxpayer's federal tax  
 30 liability for the purposes of subdivision (1) of this subsection.

31 (3) **Notwithstanding any provision law to the contrary, the amount of any**  
 32 **COVID-19-related tax credit shall not be considered in determining a taxpayer's federal**  
 33 **tax liability for the purposes of subdivision (1) of this subsection. For purposes of this**  
 34 **subdivision, "COVID-19-related tax credit" shall mean any tax credit reducing a**  
 35 **taxpayer's federal income tax liability, where such tax credit was newly created in direct**  
 36 **response to the effects of the COVID-19 emergency declared by the federal government on**  
 37 **March 13, 2020, and the legislation creating the tax credit expressly references the**  
 38 **"coronavirus", the "pandemic", or "COVID-19".**

39 3. For all tax years beginning on or after September 1, 1993, a corporate taxpayer shall  
 40 be allowed a deduction for fifty percent of its federal income tax liability under Chapter 1 of the  
 41 Internal Revenue Code for the same taxable year for which the Missouri return is being filed  
 42 after reduction for all credits thereon, except the credit for payments of federal estimated tax, the  
 43 credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue  
 44 Code by 26 U.S.C. Section 31, 26 U.S.C. Section 27, and 26 U.S.C. Section 34.

45 4. If a federal income tax liability for a tax year prior to the applicability of sections  
 46 143.011 to 143.996 for which he was not previously entitled to a Missouri deduction is later paid  
 47 or accrued, he may deduct the federal tax in the later year to the extent it would have been  
 48 deductible if paid or accrued in the prior year.

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