

HB 940 -- Missouri Individual Income Flat Tax Act

Sponsor: Robb

This bill establishes the Missouri Individual Income Flat Tax Act for tax years beginning on or after January 1, 2006. A flat tax is created on an individual's income at a rate of 4% and replaces most additions and subtractions from the Missouri adjusted gross income with an adjustment for tax-free bond interest over \$500 and a larger personal deduction of \$10,000 per taxpayer; \$20,000 for a combined return; \$15,000 for a head of household; and \$20,000 for a surviving spouse. A resident can also deduct \$5,000 for each dependent.

The bill eliminates tax credits for individuals and provides both nonresident and partnership allocation and computation of Missouri individual income tax liability.