

SECOND REGULAR SESSION

HOUSE BILL NO. 1340

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES MUSCHANY (Sponsor), JONES (89), SCHARNHORST,
YATES AND CUNNINGHAM (86) (Co-sponsors).

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D. ADAM CRUMBLISS, Chief Clerk

3396L.01I

AN ACT

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

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Section A. Section 143.171, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.171, to read as follows: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 before January 1, 1994, for an individual taxpayer and for all tax years beginning before September 1, 1993, for a corporate taxpayer, the taxpayer shall be allowed a deduction for his 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 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 section 31 (tax withheld on wages), section 27 (tax of foreign country and United States possessions), and section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils).
2.] For all tax years beginning on or after January 1, 1994, **but ending on or before December 31, 2008**, an individual taxpayer shall be allowed a deduction for his 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,

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.

15 and the credits allowed by the Internal Revenue Code by section 31 (tax withheld on wages),
16 section 27 (tax of foreign country and United States possessions), and section 34 (tax on certain
17 uses of gasoline, special fuels, and lubricating oils). **For all taxable years beginning on or**
18 **after January 1, 2009, the amount of the deduction allowed under this subsection after**
19 **reduction for all credits thereon shall be as follows:**

20 (1) **For the taxable year beginning on January 1, 2009, the greater of five thousand**
21 **dollars or twenty percent of the individual's federal income tax liability in the taxable year**
22 **for which the deduction is made;**

23 (2) **For the taxable year beginning on January 1, 2010, the greater of five thousand**
24 **dollars or forty percent of the individual's federal income tax liability in the taxable year**
25 **for which the deduction is made;**

26 (3) **For the taxable year beginning on January 1, 2011, the greater of five thousand**
27 **dollars or sixty percent of the individual's federal income tax liability in the taxable year**
28 **for which the deduction is made;**

29 (4) **For the taxable year beginning on January 1, 2012, the greater of five thousand**
30 **dollars or eighty percent of the individual's federal income tax liability in the taxable year**
31 **for which the deduction is made;**

32 (5) **For all taxable years beginning on or after January 1, 2013, the deduction shall**
33 **be equal to the amount of the individual's federal income tax liability in the taxable year**
34 **for which the deduction is made.**

35 [3.] 2. For all tax years beginning on or after September 1, 1993, **but ending on or**
36 **before December 31, 2008,** a corporate taxpayer shall be allowed a deduction for fifty percent
37 of its federal income tax liability under chapter 1 of the Internal Revenue Code for the same
38 taxable year for which the Missouri return is being filed after reduction for all credits thereon,
39 except the credit for payments of federal estimated tax, the credit for the overpayment of any
40 federal tax, and the credits allowed by the Internal Revenue Code by section 31 (tax withheld on
41 wages), section 27 (tax of foreign country and United States possessions), and section 34 (tax
42 on certain uses of gasoline, special fuels and lubricating oils). **For all taxable years beginning**
43 **on or after January 1, 2009, the amount of the deduction allowed under this subsection**
44 **after reduction for all credits thereon shall be as follows:**

45 (1) **For the taxable year beginning on January 1, 2009, the deduction shall be equal**
46 **to sixty percent of the corporate taxpayer's federal income tax liability for such taxable**
47 **year;**

48 (2) **For the taxable year beginning on January 1, 2010, the deduction shall be equal**
49 **to seventy percent of the corporate taxpayer's federal income tax liability for such taxable**
50 **year;**

51 **(3) For the taxable year beginning on January 1, 2011, the deduction shall be equal**
52 **to eighty percent of the corporate taxpayer's federal income tax liability for such taxable**
53 **year;**

54 **(4) For the taxable year beginning on January 1, 2012, the deduction shall be equal**
55 **to ninety percent of the corporate taxpayer's federal income tax liability for such taxable**
56 **year; and**

57 **(5) For all taxable years beginning on or after January 1, 2013, the deduction shall**
58 **be equal to the amount of the corporate taxpayer's federal income tax liability in the**
59 **taxable year for which the deduction is made.**

60 **[4.] 3.** If a federal income tax liability for a tax year prior to the applicability of sections
61 143.011 to 143.996 for which [he] **the taxpayer** was not previously entitled to a Missouri
62 deduction is later paid or accrued, [he] **the taxpayer** may deduct the federal tax in the later year
63 to the extent it would have been deductible if paid or accrued in the prior year.

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