

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 1644**  
**94TH GENERAL ASSEMBLY**

---

Reported from the Special Committee on Tax Reform March 6, 2008 with recommendation that House Committee Substitute for House Bill No. 1644 Do Pass. Referred to the Committee on Rules pursuant to Rule 25(21)(f).

D. ADAM CRUMBLISS, Chief Clerk

3636L.02C

---

**AN ACT**

To repeal sections 143.071 and 143.171, RSMo, and to enact in lieu thereof two new sections relating to income taxes.

---

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

Section A. Sections 143.071 and 143.171, RSMo, are repealed and two new sections  
2 enacted in lieu thereof, to be known as sections 143.071 and 143.171, to read as follows:

143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby  
2 imposed upon the Missouri taxable income of corporations in an amount equal to five percent  
3 of Missouri taxable income.

4 2. For all tax years beginning on or after September 1, 1993, **and ending on or before**  
5 **December 31, 2008**, a tax is hereby imposed upon the Missouri taxable income of corporations  
6 in an amount equal to six and one-fourth percent of Missouri taxable income. **For the tax year**  
7 **beginning on January 1, 2009, the tax imposed upon the Missouri taxable income of**  
8 **corporations shall be equal to five percent of Missouri taxable income. For the tax year**  
9 **beginning on January 1, 2010, the tax imposed upon the Missouri taxable income of**  
10 **corporations shall be equal to three and three-fourths percent of Missouri taxable income.**  
11 **For the tax year beginning on January 1, 2011, the tax imposed upon the Missouri taxable**  
12 **income of corporations shall be equal to two and one-half percent of Missouri taxable**  
13 **income. For the tax year beginning on January 1, 2012, the tax imposed upon the Missouri**  
14 **taxable income of corporations shall be equal to one and one-fourth percent of Missouri**

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 **taxable income. For all tax years beginning on or after January 1, 2013, no tax shall be**  
16 **imposed upon the Missouri taxable income of corporations.**

143.171. 1. [For all tax years beginning before January 1, 1994, for an individual  
2 taxpayer and for all tax years beginning before September 1, 1993, for a corporate taxpayer, the  
3 taxpayer shall be allowed a deduction for his federal income tax liability under chapter 1 of the  
4 Internal Revenue Code for the same taxable year for which the Missouri return is being filed  
5 after reduction for all credits thereon, except the credit for payments of federal estimated tax, the  
6 credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue  
7 Code by section 31 (tax withheld on wages), section 27 (tax of foreign country and United States  
8 possessions), and section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils).

9 2.] For all tax years beginning on or after January 1, 1994, **but ending on December 31,**  
10 **2008,** an individual taxpayer shall be allowed a deduction for [his] **the taxpayer's** federal  
11 income tax liability under chapter 1 of the Internal Revenue Code for the same taxable year for  
12 which the Missouri return is being filed, not to exceed five thousand dollars on a single  
13 taxpayer's return or ten thousand dollars on a combined return, after reduction for all credits  
14 thereon, except the credit for payments of federal estimated tax, the credit for the overpayment  
15 of any federal tax, and the credits allowed by the Internal Revenue Code by section 31 (tax  
16 withheld on wages), section 27 (tax of foreign country and United States possessions), and  
17 section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils).

18 **2. (1) As used in this subsection, the term "deduction limit" means:**

19 **(a) Five thousand dollars for taxpayers with a filing status of single, head of**  
20 **household, qualifying widow(er), or married filing separately;**

21 **(b) Ten thousand dollars for taxpayers with a filing status of married filing**  
22 **combined.**

23 **(2) For all taxable years beginning on or after January 1, 2009, but ending on**  
24 **December 31, 2012,** an individual taxpayer shall be allowed a deduction for the taxpayer's  
25 federal income tax liability under chapter 1 of the Internal Revenue Code of 1986, as  
26 amended, for the same taxable year for which the Missouri return is being filed, after  
27 reduction for all credits thereon, except the credit for payments of federal estimated tax,  
28 the credit for the overpayment of any federal tax, and the credits allowed by the Internal  
29 Revenue Code by section 31 (tax withheld on wages) as amended, section 27 (tax of foreign  
30 country and United States possessions) as amended, and section 34 (tax on certain uses of  
31 gasoline, special fuels, and lubricating oils) as amended.

32 **(3) The deduction amount shall be equal to the amount of the taxpayer's federal**  
33 **income tax liability that does not exceed the deduction limit. If the taxpayer's federal**  
34 **income tax liability exceeds the deduction limit, the deduction amount for the taxpayer's**

35 federal tax liability in excess of the deduction limit shall be the following percentages of the  
36 taxpayer's federal income tax liability in the taxable year for which the deduction is made:

- 37 (a) For the taxable year beginning on January 1, 2009, twenty percent;  
38 (b) For the taxable year beginning on January 1, 2010, forty percent;  
39 (c) For the taxable year beginning on January 1, 2011, sixty percent;  
40 (d) For the taxable year beginning on January 1, 2012, eighty percent.

41

42 For all taxable years beginning on or after January 1, 2013, the deduction amount shall be  
43 equal to the amount of the individual's federal income tax liability after reduction for all  
44 credits thereon, except the credit for payments of federal estimated tax, the credit for the  
45 overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by  
46 section 31 (tax withheld on wages) as amended, section 27 (tax of foreign country and  
47 United States possessions) as amended, and section 34 (tax on certain uses of gasoline,  
48 special fuels, and lubricating oils) as amended, in the taxable year for which the deduction  
49 is made.

50 3. For all tax years beginning on or after September 1, 1993, **but ending on or before**  
51 **December 31, 2008**, a corporate taxpayer shall be allowed a deduction for fifty percent of its  
52 federal income tax liability under chapter 1 of the Internal Revenue Code for the same taxable  
53 year for which the Missouri return is being filed after reduction for all credits thereon, except the  
54 credit for payments of federal estimated tax, the credit for the overpayment of any federal tax,  
55 and the credits allowed by the Internal Revenue Code by section 31 (tax withheld on wages),  
56 section 27 (tax of foreign country and United States possessions), and section 34 (tax on certain  
57 uses of gasoline, special fuels and lubricating oils). **For all taxable years beginning on or after**  
58 **January 1, 2009**, the amount of the deduction allowed under this subsection shall be the  
59 following percentages of the corporate taxpayer's federal income tax liability under  
60 chapter 1 of the Internal Revenue Code of 1986, as amended, for the same taxable year for  
61 which the Missouri return is filed after reduction for all credits thereon, except the credit  
62 for payments of federal estimated tax, the credit for the overpayment of any federal tax,  
63 and the credits allowed by the Internal Revenue Code of 1986 by section 31 (tax withheld  
64 on wages) as amended, section 27 (tax of foreign country and United States possessions) as  
65 amended, and section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils)  
66 as amended:

- 67 (1) For the taxable year beginning in 2009, sixty percent;  
68 (2) For the taxable year beginning in 2010, seventy percent;  
69 (3) For the taxable year beginning in 2011, eighty percent;  
70 (4) For the taxable year beginning in 2012, ninety percent; and

71           **(5) For all taxable years beginning on or after January 1, 2013, one hundred**  
72 **percent.**

73           4. If a federal income tax liability for a tax year prior to the applicability of sections  
74 143.011 to 143.996 for which [he] **the taxpayer** was not previously entitled to a Missouri  
75 deduction is later paid or accrued, [he] **the taxpayer** may deduct the federal tax in the later year  
76 to the extent it would have been deductible if paid or accrued in the prior year.

✓