

HB 1340 -- Federal Income Tax Deductions

Sponsor: Muschany

Currently, the federal income tax deduction for an individual on his or her Missouri income tax is limited to \$5,000 for an individual taxpayer and \$10,000 for combined taxpayers and to 50% of the federal income tax for corporations. This bill allows the greater of \$5,000 or 20% for 2009; the greater of \$5,000 or 40% for 2010; the greater of \$5,000 or 60% for 2011; the greater of \$5,000 or 80% for 2012; and 100% of all federal income tax liability for all tax years beginning January 1, 2013, to be deducted from an individual's state income tax. For corporate income tax, the bill increases the federal income tax deduction to 60% for 2009, 70% for 2010, 80% for 2011, 90% for 2012, and allows full deductibility from state income tax of all federal income tax liability for all tax years beginning January 1, 2013.