

FIRST REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]  
HOUSE COMMITTEE SUBSTITUTE FOR  
SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILL NO. 336

98TH GENERAL ASSEMBLY

2015

1746H.03T

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## AN ACT

To repeal section 143.191, RSMo, and to enact in lieu thereof one new section relating to income tax withholding on tips.

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

Section A. Section 143.191, RSMo, is repealed and one new section enacted  
2 in lieu thereof, to be known as section 143.191, to read as follows:

143.191. 1. Every employer maintaining an office or transacting any  
2 business within this state and making payment of any wages taxable under [sections  
3 143.011 to 143.998] **this chapter** to a resident or nonresident individual shall  
4 deduct and withhold from such wages for each payroll period the amount provided  
5 in subsection 3 of this section.

6 2. The term "wages" referred to in subsection 1 of this section means wages  
7 as defined by section 3401(a) of the Internal Revenue Code of 1986, as  
8 amended. The term "employer" means any person, firm, corporation, association,  
9 fiduciary of any kind, or other type of organization for whom an individual performs  
10 service as an employee, except that if the person or organization for whom the  
11 individual performs service does not have control of the payment of compensation for  
12 such service, the term "employer" means the person having control of the payment  
13 of the compensation. The term includes the United States, this state, other states,  
14 and all agencies, instrumentalities, and subdivisions of any of them.

15 3. **(1)** The method of determining the amount to be withheld shall be  
16 prescribed by regulations of the director of revenue. The prescribed table,

**EXPLANATION--Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

17 percentages, or other method shall result, so far as practicable, in withholding from  
18 the employee's wages during each calendar year an amount substantially equivalent  
19 to the tax reasonably estimated to be due from the employee under [sections 143.011  
20 to 143.998] **this chapter** with respect to the amount of such wages included in his  
21 Missouri adjusted gross income during the calendar year.

22 **(2) The amount to be withheld by an employer with respect to tips**  
23 **received by an employee in the course of the employee's employment shall**  
24 **be calculated based solely upon the amount of tips reported by the**  
25 **employee in a written statement furnished to the employer as required by**  
26 **subsection (a) of section 6053 of the Internal Revenue Code of 1986, as**  
27 **amended, or, if greater, the amount of tips received by the employer and**  
28 **remitted to the employee. If an employee shares tips, the employer shall**  
29 **withhold only from the employee who actually received the shared**  
30 **tips. The employer's Missouri income tax withholding obligation with**  
31 **respect to an employee's tip income shall be limited to the portion of the**  
32 **employee's wages under the control of the employer against which the**  
33 **employer is required, pursuant to federal law, to withhold federal income**  
34 **taxes on the employee's tips. Such withholding obligation shall be**  
35 **calculated after making reductions for all required federal tax withholding,**  
36 **Missouri income tax withholding on non-tip income, and other amounts**  
37 **which have higher legal priority.**

38 4. For purposes of this section an employee shall be entitled to the same  
39 number of personal and dependency withholding exemptions as the number of  
40 exemptions to which he is entitled for federal income tax withholding purposes. An  
41 employer may rely upon the number of federal withholding exemptions claimed by  
42 the employee, except where the employee provides the employer with a form claiming  
43 a different number of withholding exemptions in this state.

44 5. The director of revenue may enter into agreements with the tax  
45 departments of other states (which require income tax to be withheld from the  
46 payment of wages) so as to govern the amounts to be withheld from the wages of  
47 residents of such states under this section. Such agreements may provide for  
48 recognition of anticipated tax credits in determining the amounts to be withheld and,  
49 under regulations prescribed by the director of revenue, may relieve employers in this  
50 state from withholding income tax on wages paid to nonresident employees. The  
51 agreements authorized by this subsection are subject to the condition that the tax  
52 department of such other states grant similar treatment to residents of this state.

53           6. The director of revenue shall enter into agreements with the Secretary of  
54 the Treasury of the United States or with the appropriate secretaries of the respective  
55 branches of the Armed Forces of the United States for the withholding, as required  
56 by subsections 1 and 2 of this section, of income taxes due the state of Missouri on  
57 wages or other payments for service in the armed services of the United States or on  
58 payments received as retirement or retainer pay of any member or former member  
59 of the Armed Forces entitled to such pay.

60           7. Subject to appropriations for the purpose of implementing this section, the  
61 director of revenue shall comply with provisions of the laws of the United States as  
62 amended and the regulations promulgated thereto in order that all residents of this  
63 state receiving monthly retirement income as a civil service annuitant from the  
64 federal government taxable by this state may have withheld monthly from any such  
65 moneys, whether pension, annuities or otherwise, an amount for payment of state  
66 income taxes as required by state law, but such withholding shall not be less than  
67 twenty-five dollars per quarter.

68           8. The provisions of this section shall not apply to out-of-state businesses  
69 operating under sections 190.270 to 190.285.

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