

HCS SB 676 -- TAXATION

This bill modifies several provision relating to taxation

PROPERTY TAX ASSESSMENTS (Sections 137.115, 137.385, 138.060, 138.090, RSMo)

Currently, the St. Louis County Assessor is required to conduct a physical inspection of residential real property prior to increasing the assessed valuation of a property by more than 15% since the last assessment, and requires written notification of such inspection. This bill applies these requirements to all counties (Section 137.115, RSMo).

For property tax assessments and appeals of such assessments, currently, in first class counties, taxpayers must appeal to the County Board of Equalization by the third Monday in June and the County Board of Equalization will meet on the first Monday in July. This bill modifies these deadlines to provide that taxpayers must appeal to the board by the second Monday in July, and the board will meet on the third Monday in July (Sections 137.385 and 138.090).

For property assessment appeals to the boards of equalization in the City of St. Louis, St. Charles County, and St. Louis County, currently the assessor has the burden to prove that the valuation does not exceed the true market value of the property. Additionally, if a physical inspection of a property is required for assessment, the assessor has the burden to prove that such inspection was performed. If the assessor fails to provide sufficient evidence that the inspection was performed, the property owner will prevail on the appeal as a matter of law. This bill applies such provisions to appeals in all counties for which the increase in assessed valuation for the subject property exceeds 15% (Section 138.060).

INCOME TAXES (Sections 143.121 and 143.171)

Currently, taxpayers are required to itemize deductions to include any federal income tax refund amounts in his or her Missouri adjusted gross income if such taxpayer previously claimed a deduction for federal income tax liability on his or her Missouri income tax return. This bill provides that any amount of a federal income tax refund attributable to a tax credit received under the CARES Act will not be included in the taxpayer's Missouri adjusted gross income (Section 143.121).

Currently, a taxpayer is allowed to deduct from his or her Missouri adjusted gross income a portion of his or her federal income taxes

paid. This bill provides that federal income tax credits received under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act will not be considered when determining the amount of federal income tax liability allowable as a deduction under current law (Section 143.171).

TAXATION OF PARTNERSHIPS (Section 143.425)

This bill requires taxpayers in a partnership to report and pay any tax due as a result of federal adjustments from an audit or other action taken by the IRS or reported by the taxpayer on an amended federal income tax return. Such report will be made to the Department of Revenue on forms prescribed by the department, and payments of additional tax due will be made no later than 180 days after the final determination date of the IRS action, as defined in the bill.

Partners and partnerships will also report final federal adjustments as a result of partnership level audits or administrative adjustment requests, as defined in the bill. Such payments will be calculated and made as described in the bill. Partnerships will be represented in such actions by the partnership's state partnership representative, which will be the partnership's federal partnership representative unless otherwise designated in writing.

Partners will be prohibited from applying any deduction or credit on any amount determined to be owed under this bill.

The department will assess additional tax, interest, and penalties due as a result of federal adjustments under this bill no later than three years after the return was filed, as provided in current law, or one year following the filing of the federal adjustments report under this bill. For taxpayers who fail to timely file the federal adjustments report as provided under this bill, the department will assess additional tax, interest, and penalties either by three years after the return was filed, one year following the filing of the federal adjustments report, or six years after the final determination date, whichever is later.

Taxpayers may make estimated payments of the tax expected to result from a pending IRS audit. Such payments will be credited against any tax liability ultimately found to be due. If the estimated payments made exceed the final tax liability, the taxpayer will be entitled to a refund or credit for the excess amount, as described in the bill.

The provisions of this bill will apply to any adjustments to a taxpayer's federal taxable income or federal adjusted gross income

with a final determination date occurring on or after January 1, 2021 (Section 143.425).

TERRORIST ATTACK VICTIMS TAX RELIEF (Section 143.991)

This bill provides an income tax exemption for victims who die as a result of wounds or injury incurred as a result of the terrorist attacks against the United States on September 11, 2001, or as a result of illness incurred as a result of an attack involving anthrax occurring on or after September 11, 2001, and before January 1, 2002. Such income tax exemption will apply for the period beginning in the tax year such injuries occurred and ending in the tax year of such victim's death.

The tax exemption provided by this bill will not apply to the amount of any tax imposed which would be computed by only taking into account the items of income, gain, or other amounts determined to be taxable under federal law, as described in the bill.

This bill will not apply to any individual as a participant or conspirator in any such attack or a representative of such an individual.

Provisions in current law requiring a claim for refund to be filed within three years from the time the return is filed will not apply to refunds claimed pursuant to this bill (Section 143.991).