

FIRST REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 1259**  
**103RD GENERAL ASSEMBLY**

2709H.02C

JOSEPH ENGLER, Chief Clerk

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**AN ACT**

To repeal sections 143.081 and 143.341, RSMo, and to enact in lieu thereof two new sections relating to the taxation of estates and trusts.

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

Section A. Sections 143.081 and 143.341, RSMo, are repealed and two new sections  
2 enacted in lieu thereof, to be known as sections 143.081 and 143.341, to read as follows:

2 143.081. 1. A resident individual, resident estate, and resident trust shall be allowed a  
2 credit against the tax otherwise due pursuant to sections 143.005 to 143.998 for the amount of  
3 any income tax imposed for the taxable year by another state of the United States (or a  
4 political subdivision thereof) or the District of Columbia on income derived from sources  
5 therein and which is also subject to tax pursuant to sections 143.005 to 143.998. For purposes  
6 of this subsection, the phrase "income tax imposed" shall be that amount of tax before any  
7 income tax credit allowed by such other state or the District of Columbia if the other state or  
8 the District of Columbia authorizes a reciprocal benefit for residents of this state.

9 2. The credit provided pursuant to this section shall not exceed an amount which  
10 bears the same ratio to the tax otherwise due pursuant to sections 143.005 to 143.998 as the  
11 amount of the taxpayer's Missouri adjusted gross income derived from sources in the other  
12 jurisdiction bears to the taxpayer's Missouri adjusted gross income derived from all sources.  
13 In applying the limitation of the previous sentence to an estate or trust, Missouri taxable  
14 income shall be substituted for Missouri adjusted gross income. If the tax of more than one  
15 other jurisdiction is imposed on the same item of income, the credit shall not exceed the  
16 limitation that would result if the taxes of all the other jurisdictions applicable to the item  
17 were deemed to be of a single jurisdiction. The provisions of this subsection shall apply to  
18 any credit allowed under this section, **provided that such credit shall be allowed under this**

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.

19 **section with respect to any estate or trust to the extent its Missouri adjusted gross**  
20 **income is excluded from Missouri taxable income pursuant to the subtraction set forth**  
21 **in subsection 3 of section 143.341.**

22 3. (1) For the purposes of this section, in the case of an S corporation, each resident S  
23 shareholder shall be considered to have paid a tax imposed on the shareholder in an amount  
24 equal to the shareholder's pro rata share of any net income tax paid by the S corporation to a  
25 state which does not measure the income of shareholders on an S corporation by reference to  
26 the income of the S corporation or where a composite return and composite payments are  
27 made in such state on behalf of the S shareholders by the S corporation.

28 (2) A resident S shareholder shall be eligible for a credit issued pursuant to this  
29 section in an amount equal to the individual income tax imposed pursuant to this chapter on  
30 such shareholder's share of the S corporation's income derived from sources in another state  
31 of the United States or the District of Columbia, and which is subject to income tax pursuant  
32 to this chapter but is not subject to income tax in such other jurisdiction or a political  
33 subdivision thereof.

34 4. For purposes of subsection 3 of this section, in the case of an S corporation that is a  
35 bank chartered by a state, the Office of Thrift Supervision, or the comptroller of currency,  
36 each Missouri resident S shareholder of such out-of-state bank shall qualify for the  
37 shareholder's pro rata share of any net tax paid, including a bank franchise tax based on the  
38 income of the bank, by such S corporation where bank payment of taxes are made in such  
39 state on behalf of the S shareholders by the S bank to the extent of the tax paid.

143.341. 1. The Missouri taxable income of a resident estate or trust means its  
2 federal taxable income subject to the modifications in this section.

3 2. There shall be subtracted the amount if any that the federal personal exemption  
4 deduction allowable to the estate or trust exceeds its federal taxable income without its  
5 personal exemption deduction.

6 **3. For all tax years beginning on or after January 1, 2026, there shall be**  
7 **subtracted that amount included in Missouri taxable income of the estate or trust that**  
8 **would not be included as Missouri taxable income if said estate or trust were considered**  
9 **a nonresident estate or trust as defined in section 143.371. This subtraction shall only**  
10 **apply to the extent it is not a determinant of the federal distributable net income of the**  
11 **estate or trust.**

12 [~~3-~~] 4. There shall be added or subtracted, as the case may be, the modifications  
13 described in sections 143.121 and 143.141, and there shall be subtracted the federal income  
14 tax deduction provided in section 143.171. These additions and subtractions shall only apply  
15 to the extent that they are not determinants of the federal distributable net income of the estate  
16 or trust.

17           ~~[4.]~~ **5.** There shall be added or subtracted, as the case may be, the share of the estate  
18 or trust in the fiduciary adjustment determined under section 143.351.

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