

SECOND REGULAR SESSION

[P E R F E C T E D]

SENATE BILL NO. 1311

92ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR WHEELER.

Read 1st time February 26, 2004, and ordered printed.

Read 2nd time March 1, 2004, and referred to the Committee on Ways and Means.

Reported from the Committee March 15, 2004, with recommendation that the bill do pass and be placed on the Consent Calendar.

Taken up March 31, 2004. Read 3rd time and placed upon its final passage; bill passed.

TERRY L. SPIELER, Secretary.

4558S.01P

AN ACT

To repeal section 143.081, RSMo, and to enact in lieu thereof one new section relating to credit for income taxes paid to another state or the District of Columbia, with an effective date.

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

Section A. Section 143.081, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.081, to read as follows:

143.081. 1. A resident individual, resident estate, and resident trust shall be allowed a credit against the tax otherwise due pursuant to sections 143.005 to 143.998 for the amount of any income tax imposed for the taxable year by another state of the United States (or a political subdivision thereof) or the District of Columbia on income derived from sources therein and which is also subject to tax pursuant to sections 143.005 to 143.998. [Solely] For purposes of this subsection, the phrase "income tax imposed" shall [include] **be that amount of tax before** any income tax credit allowed by such other state or the District of Columbia [the basis for which is a charitable contribution which qualifies as a charitable deduction from income pursuant to the Internal Revenue Code of 1986, as amended] if the other state or the District of Columbia authorizes a reciprocal benefit for residents of this state.

2. The credit provided pursuant to this section shall not exceed an amount which bears the same ratio to the tax otherwise due pursuant to sections 143.005 to 143.998 as the amount of the taxpayer's Missouri adjusted gross income derived from sources in the other

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

taxing jurisdiction bears to the taxpayer's Missouri adjusted gross income derived from all sources. In applying the limitation of the previous sentence to an estate or trust, Missouri taxable income shall be substituted for Missouri adjusted gross income. If the tax of more than one other taxing jurisdiction is imposed on the same item of income, the credit shall not exceed the limitation that would result if the taxes of all the other jurisdictions applicable to the item were deemed to be of a single jurisdiction.

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

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

Section B. Section A of this act shall become effective on January 1, 2005.

Bill

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