

SECOND REGULAR SESSION

# SENATE BILL NO. 1268

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR RIDGEWAY.

Read 1st time February 28, 2008, and ordered printed.

TERRY L. SPIELER, Secretary.

5365S.011

## AN ACT

To repeal section 143.191, RSMo, and to enact in lieu thereof one new section relating to withholding exemptions for state income tax purposes.

*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Section A. Section 143.191, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.191, to read as follows: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 business within this state and making payment of any wages taxable under sections 143.011 to 143.998 to a resident or nonresident individual shall deduct and withhold from such wages for each payroll period the amount provided in subsection 3 of this section.

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

3. The method of determining the amount to be withheld shall be prescribed by regulations of the director of revenue. The prescribed table, percentages, or other method shall result, so far as practicable, in withholding from the employee's wages during each calendar year an amount substantially

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

20 equivalent to the tax reasonably estimated to be due from the employee under  
21 sections 143.011 to 143.998 with respect to the amount of such wages included in  
22 his Missouri adjusted gross income during the calendar year.

23           4. For purposes of this section an employee shall be entitled to [the same  
24 number] **no more than ten of the** personal and dependency withholding  
25 exemptions [as the number of exemptions to] which he **or she** is entitled for  
26 federal income tax withholding purposes. **Except as provided in this section,**  
27 an employer may rely upon the number of federal withholding exemptions  
28 claimed by the employee, except where the employee provides the employer with  
29 a form claiming a different number of withholding exemptions in this state.

30           5. The director of revenue may enter into agreements with the tax  
31 departments of other states (which require income tax to be withheld from the  
32 payment of wages) so as to govern the amounts to be withheld from the wages of  
33 residents of such states under this section. Such agreements may provide for  
34 recognition of anticipated tax credits in determining the amounts to be withheld  
35 and, under regulations prescribed by the director of revenue, may relieve  
36 employers in this state from withholding income tax on wages paid to nonresident  
37 employees. The agreements authorized by this subsection are subject to the  
38 condition that the tax department of such other states grant similar treatment  
39 to residents of this state.

40           6. The director of revenue shall enter into agreements with the Secretary  
41 of the Treasury of the United States or with the appropriate secretaries of the  
42 respective branches of the armed forces of the United States for the withholding,  
43 as required by subsections 1 and 2 of this section, of income taxes due the state  
44 of Missouri on wages or other payments for service in the armed services of the  
45 United States or on payments received as retirement or retainer pay of any  
46 member or former member of the armed forces entitled to such pay.

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