

SENATE BILL NO. 405

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR LUETKEMEYER.

1920S.01H

ADRIANE D. CROUSE, Secretary

AN ACT

To repeal section 143.171, RSMo, and to enact in lieu thereof one new section relating to an income tax deduction for federal taxes paid.

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

Section A. Section 143.171, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 143.171,
3 to read as follows:

143.171. 1. For all tax years beginning on or after
2 January 1, 1994, and ending on or before December 31, 2018,
3 an individual taxpayer shall be allowed a deduction for his
4 or her federal income tax liability under Chapter 1 of the
5 Internal Revenue Code for the same taxable year for which
6 the Missouri return is being filed, not to exceed five
7 thousand dollars on a single taxpayer's return or ten
8 thousand dollars on a combined return, after reduction for
9 all credits thereon, except the credit for payments of
10 federal estimated tax, the credit for the overpayment of any
11 federal tax, and the credits allowed by the Internal Revenue
12 Code by 26 U.S.C. Section 31, 26 U.S.C. Section 27, and 26
13 U.S.C. Section 34.

2. (1) Notwithstanding any other provision of law to
14 the contrary, for all tax years beginning on or after
15 January 1, 2019, an individual taxpayer shall be allowed a
16 deduction equal to a percentage of his or her federal income
17 tax liability under Chapter 1 of the Internal Revenue Code
18

19 for the same taxable year for which the Missouri return is
 20 being filed, not to exceed five thousand dollars on a single
 21 taxpayer's return or ten thousand dollars on a combined
 22 return, after reduction for all credits thereon, except the
 23 credit for payments of federal estimated tax, the credit for
 24 the overpayment of any federal tax, and the credits allowed
 25 by the Internal Revenue Code by 26 U.S.C. Section 31, 26
 26 U.S.C. Section 27, and 26 U.S.C. Section 34. The deduction
 27 percentage is determined according to the following table:

28 If the Missouri gross income on the 29 return is:	The deduction percentage is:
30 \$25,000 or less	35 percent
31 From \$25,001 to \$50,000	25 percent
32 From \$50,001 to \$100,000	15 percent
33 From \$100,001 to \$125,000	5 percent
34 \$125,001 or more	0 percent

35 (2) Notwithstanding any provision of law to the
 36 contrary, the amount of any tax credits reducing a
 37 taxpayer's federal tax liability pursuant to Public Law 116-
 38 136, enacted by the 116th United States Congress, for the
 39 tax year beginning on or after January 1, 2020, and ending
 40 on or before December 31, 2020, shall not be considered in
 41 determining a taxpayer's federal tax liability for the
 42 purposes of subdivision (1) of this subsection.

43 **(3) Notwithstanding any provision of law to the**
 44 **contrary, the amount of any COVID-19-related tax credit**
 45 **shall not be considered in determining a taxpayer's federal**
 46 **tax liability for the purposes of subdivision (1) of this**

47 subsection. For purposes of this section, "COVID-19-related
48 tax credit," shall mean any tax credit reducing a taxpayer's
49 federal income tax liability, where such tax credit was
50 newly created in direct response to the effects of the COVID-
51 19 emergency declared on March 13, 2020, and the legislation
52 creating the tax credit expressly references the
53 coronavirus, the pandemic, or COVID-19.

54 3. For all tax years beginning on or after September
55 1, 1993, a corporate taxpayer shall be allowed a deduction
56 for fifty percent of its federal income tax liability under
57 Chapter 1 of the Internal Revenue Code for the same taxable
58 year for which the Missouri return is being filed after
59 reduction for all credits thereon, except the credit for
60 payments of federal estimated tax, the credit for the
61 overpayment of any federal tax, and the credits allowed by
62 the Internal Revenue Code by 26 U.S.C. Section 31, 26 U.S.C.
63 Section 27, and 26 U.S.C. Section 34.

64 4. If a federal income tax liability for a tax year
65 prior to the applicability of sections 143.011 to 143.996
66 for which he was not previously entitled to a Missouri
67 deduction is later paid or accrued, he may deduct the
68 federal tax in the later year to the extent it would have
69 been deductible if paid or accrued in the prior year.

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