

HB 1306 -- Taxation

Sponsor: Campbell

This bill makes changes to the laws regarding taxation. The bill:

(1) Decouples automatically Missouri income tax provisions when the federal government amends the Internal Revenue Code in a manner that affects the determination of Missouri taxable income;

(2) Decouples provisions of the federal Job Creation and Worker Assistance Act of 2002 and the Jobs and Growth Tax Relief Reconciliation Act of 2003 that relate to property purchased from the determination of Missouri taxable income;

(3) Imposes an individual income tax surcharge of 5% of income taxes owed on taxpayers with a federal adjusted gross income of \$200,000 or more;

(4) Modifies the way losses and operating expenses are deducted among parties for various types of property, including intellectual property. Minimum standards are established regarding what connections among various corporate entities constitute related parties and affiliated groups for multistate corporate income tax purposes;

(5) Modifies the apportionment fraction allowed under Missouri corporation income tax for determining the amount of income apportioned to Missouri from business activities of the corporation;

(6) Restricts the current definition of "common carrier" for purposes of qualifying for a state and local sales and use tax exemption;

(7) Prohibits retailers from obtaining refunds of sales and use taxes without crediting the original purchasers, except for over-collections of less than \$1,000 to be refunded without the higher burden of returning the funds to the purchaser. The \$1,000 threshold is an aggregate sum over a five-year period. A retailer, upon submission of an approved plan by the Director of the Department of Revenue, may offer fixed value coupons to customers to satisfy the distribution of the over-collections; and

(8) Eliminates the timely filing allowance for employers collecting and remitting state income tax withholdings.

The bill will become effective September 1, 2004.