

HCS HB 268 -- LIMITATIONS ON INCOME TAX CREDITS OR REFUNDS

SPONSOR: Miller

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Ways and Means by a vote of 12 to 0. Voted "Do Pass with HCS" by the Select Committee on Financial Institutions and Taxation by a vote of 9 to 0.

This bill allows a taxpayer to claim a credit or refund of an income tax overpayment when the Director of the Department of Revenue examines the taxpayer's return after the period of limitations expires and the examination reveals that the taxpayer would have been eligible for a credit or refund if the examination had been timely. The department director must notify the taxpayer of any overpayment discovered, and the taxpayer must file a claim for the credit or refund within one year of the department director's notice.

PROPOSERS: Supporters say that the bill is about fairness. During or after a federal audit, the Department of Revenue (DOR) can audit after the period of limitations is over and charge taxes but can't give refunds. The bill allows the refunds so taxpayers can receive back any overpaid tax. Right now refunds are being delayed and denied by DOR under a strained interpretation of existing statute. The tax code should favor the taxpayer, and it should not have been written to favor the government. The same statute of limitations should apply for refunds that apply to balance due.

Testifying for the bill were Representative Miller; Taxpayers Research Institute of Missouri; Associated Industries of Missouri; Missouri Society of CPAs; and Nancy Steward.

OPPOSERS: There was no opposition voiced to the committee.