

HCS SCS SB 336 -- INCOME TAX WITHHOLDING ON TIPS

Currently, Missouri follows the federal Internal Revenue Code on how to determine the amount of cash tips that is taxable. This bill limits the calculation of state income tax withholding on tips received by an employee in the course of his or her employment to the amount of total tips reported to the employer in a written statement or, if greater, the amount of tips received by the employer and remitted to the employee. If an employee shares tips, the employer must withhold only from the employee who actually received the shared tips. The employer's Missouri income tax withholding obligation with respect to an employee's tip income must be limited to the portion of the employee's wages under the control of the employer against which the employer is required by federal law to withhold federal income taxes on the employee's tips.