

HB 2270 with HCA 2 -- TAX CREDIT FOR TAX ASSESSMENTS

SPONSOR: Moon

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Ways and Means by a vote of 10 to 1.

This bill authorizes an income tax credit equal to the eligible tax payments plus interest remitted by a business following a sales and use tax audit, prior to August 28, 2015, in which the Department of Revenue expanded its interpretation of taxable items and assessed the business sales and use tax that the business did not collect from its customers. A taxpayer cannot claim a tax credit in excess of \$1 million. The credit is nonrefundable, but may be carried forward to the next ten years. The credits cannot be transferred, sold, or assigned. The department must determine who may qualify for this credit and notify any qualified claimant of the claimant's potential eligibility.

The provisions of the bill will expire on December 31 six years after the effective date.

HCA #2: This amendment changes the bill from authorizing an income tax credit for sales tax paid to requiring the Department of Revenue to refund the sales tax paid in a ten-year period between 2005 and 2015 as a result of an audit when the department expanded its interpretation of sales tax law and the taxpayer did not collect the tax from its customers. The total amount that can be refunded under this bill is \$5 million.

PROPOSERS: Supporters say that this bill authorizes the repayment of taxes paid because of Department of Revenue (DOR) interpretations and notification by audit. Senate Bill 18 passed last year to address this concern for the future. This bill addresses amounts already paid. Many businesses across Missouri were treated this way and had to pay taxes they had not collected. The businesses deserve restitution. DOR provides conflicting information regarding this issue. The fiscal note is unknown even though DOR knows the amount. DOR is required to notify businesses that have paid that they are eligible for this credit. One gym had to pay four years of sales tax not collected on services provided while three other gyms in the city are not collecting sales tax. The gym was assessed \$236,000 tax due and finally settled when he came to the legislature and DOR agreed to accept \$36,000.

Testifying for the bill were Representative Moon; T.J. Relak, Xtreme Gymnastics; and Missouri Citizens For The Arts.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say a refund of the sales tax would be better than a tax credit and DOR will respond to individual questions asked by the committee.

Testifying on the bill was the Missouri Society Of CPAs; and the Department of Revenue.