TAXPAYER Guide



August 2015

MISSOURI DEPARTMENT of REVENUE

Thanks! To the Department of Elementary and Secondary Education, Office of College and Career Readiness for reviewing and making suggestions to the content of this guide.

Introduction



This taxpayer's guide will provide you with basic information about taxes in Missouri. Every citizen pays taxes, so it's important for you to understand why taxes are collected, from what sources the taxes are generated, and the ways in which the tax money is spent. It is also important to understand the processes

used in calculating and collecting the money from the various tax revenue sources that are designated by law throughout the state.

Why do citizens have to pay taxes?

Our local, state, and federal governments support many public programs and services. How did you get to school this morning? Did you travel on a public road? When you arrived did you find your school building sufficiently heated or cooled? Were staff preparing the activities for the coming day? Tax revenue pays for the roads, the school building, and the staff. As a citizen of the state of Missouri, you are expected to contribute taxes to pay for the services governments provide. These taxes are collected from a range of sources commonly called "tax types." Common tax types include Income Tax, Sales Tax, and Real Property Tax. The following pages will provide more information on each type and how each type may affect your role as a taxpayer in the state of Missouri.

Where does the money come from?

Source: https://oa.mo.gov/budget-planning/budget-information

Missouri's 2014 Operating Budget

General Revenue The main sources of General Revenue are: Individual Income Tax; Sales & Use Tax; Corporate Income Tax & Franchise Tax; Insurance Premiums Tax; and Liquor and Beer Tax	\$8,286,127,225
Federal Funds	\$9,372,391,597
Other	\$8,042,247,281
Other funds are resources dedicated to specific purposes. Examples include: Highway and Road; Conservation, Parks, Soil and Water	
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Total Available after Refunds

\$25,700,766,103



Distribution Of Taxes Per One Dollar How is the money spent?



The Missouri Budget

Source: https://oa.mo.gov/budget-planning/budget-information

FY 2014 TOTAL OPERATING BUDGET



Governor's Recommended Operating Budget - All Funds Total Appropriations* \$25,700,766,103



The Missouri Budget

Source: https://oa.mo.gov/budget-planning/budget-information

GENERAL REVENUE RECEIPTS AND ESTIMATES

	Actual Receipt _FY 2012	Consensus Estimate FY 2013	Consensus Estimate FY 2014
Collections			
Individual Income Tax	\$ 5,844,676,938	\$ 6,103,000,000	\$ 6,730,000,000
Sales and Use Tax	1,873,305,715	1,915,000,000	1,966,000,000
Corporate Income/Franchise Tax	502,854,351	485,000,000	477,000,000
County Foreign Insurance Tax	191,832,380	200,000,000	210,000,000
Liquor Tax	25,579,812	26,000,000	27,000,000
Beer Tax	8,151,881	8,300,000	8,400,000
Interest on Deposits and Investments	7,091,824	7,000,000	7,000,000
Federal Reimbursements	16,490,091	21,400,000	19,500,000
All Other Sources	149,293,401	206,000,000	155,600,000
Total General Revenue Collections	8,619,276,393	8,971,700,000	9,240,500,000
Refunds	(1,278,687,045)	(1,280,000,000)	(1,312,000,000)
Net General Revenue Collections	\$ 7,340,589,348	\$ 7,691,700,000	\$ 7,928,500,000
Net Growth Rate		4.8%	3.1%

FY 2014 CONSENSUS REVENUE ESTIMATE Net General Revenue \$7,928,500,000



History of the Department

The Missouri Department of Revenue was created in 1945 by the Missouri Constitution as the central collection agency for all state revenue. The Taxation Division administers Missouri's tax laws. It processes and administers forms and reports for the collection of revenue due the state and local taxing jurisdictions.

The Taxation Division has four bureaus: the Business Tax Bureau, the Personal Tax Bureau, the Collections and Tax Assistance Bureau, and the Field Compliance Bureau. The Business Tax Bureau administers sales and use, financial institutions, insurance premiums, franchise, excise, cigarette and other tobacco products, motor fuel, corporate income and franchise, withholding, and county taxes and fees. The Personal Tax Bureau administers individual income, partnership, and fiduciary, as well as the property tax credit. The Collections and Tax Assistance Bureau provides tax assistance over the phone to individuals and businesses and collects unpaid tax liabilities. The Field Compliance Bureau audits businesses both in-state and out-of-state to ensure compliance with Missouri's tax laws.



Source:

http://www.mo.gov/government/guide-to-missouris-government/department-of-revenue/

Most Common Tax Sources

Tax funding is generated from various sources within the state.

Personal Income Tax:

Personal Income Tax - The tax you pay on your personal income. **Withholding Tax** - Taxes withheld from an employee's wages as a prepayment of income taxes.

Business Tax:

Corporate Income Tax - A tax imposed on the income of corporations. **Corporate Franchise Tax** - Franchise tax is not based upon whether or not a corporation is a franchise. It is a tax based upon a corporation's assets.

Sales Tax - A tax imposed on the purchase price of tangible personal property or a taxable service sold at retail.

Use Tax - A tax imposed on items purchased for use in Missouri that are not subject to sales tax. This generally occurs when an item is purchased outside the state or brought into Missouri or when an item is purchased from someone in Missouri that is not a retailer.

Cigarette and Other Tobacco Tax - A tax on cigarettes and other tobacco products sold in the state.

Motor Fuel Tax - Tax on gasoline, diesel fuel, kerosene, and blended fuel.

Tire and Battery Fees - Fees imposed on the sale of new tires and batteries.

Financial Institution Tax - Tax levied on banks and trust companies.

Other Tax Types:

Personal Property Tax - A tax imposed by your local government (county or city) on items like cars and boats. This tax is paid to the county or city and not the Department of Revenue.

Real Property Taxes - A tax imposed by your local government (county or city) on real property (land and buildings). Individuals pay the county or city for these taxes.

Fiduciary Tax - A tax imposed on income earned by an estate or trust.

Personal Income Tax

Income tax is the tax you pay on income you earn from your job and investments. In the United States, this tax began during the Civil War to help pay for the war. It became a permanent feature of the United States economy in 1913, when the Sixteenth Amendment to the United States Constitution was passed. Today, income tax pays for many key government functions at both state and federal levels.

Federal and state income tax laws require citizens to pay a percentage of their income for the services and programs provided by the government. The Internal Revenue Service (IRS) is the agency responsible for collecting the federal income tax, while the Missouri Department of Revenue is charged with collecting the state income tax. The state income tax rate is graduated from taxable income of \$100 to \$9,000 from 1.5 percent to 5.5 percent and is 6 percent for everything over \$9,000.

Money collected from the income tax pays for everything from road and highway maintenance to education and military defense budgets. Without taxes, there would essentially be no government.





Taxable income is based on a "tax year" beginning January 1 and ending December 31. Applicable tax forms reporting the taxpayer's taxable income are filed with the federal and state government no later than April 15 of the following year. Any additional tax payments owed by the taxpayer are also due on April 15. If the forms are not filed or payments made by the April 15 deadline, penalties and interest may be charged

Withholding Tax

Withholding Tax – A prepayment of income tax

Typically, withholding is required to be done by an employer taking the tax out of the employee wages. Because both the IRS and the Department of Revenue have a "pay-as-you-earn" tax system, they expect to get their money regularly throughout the year as you make money. The withheld taxes are

WITHHOLDING/DEDUCTIONS	CURRENT AMOUNT
FEDERAL WITHHOLDING	87.69
STATE WITHHOLDING	0.00
FED OASDI/EE or SOCIAL	281.54
SECURITY	33.46
FED MED/EE or MEDICARE	96.92
401K	
MEDICAL	

then paid by the employer to the government body that requires payment, and applied to the account of the employee. Requiring the employer to withhold taxes from wages ensures the taxes will be paid first, and will be paid on time

as the government needs the funding to meet its obligations. The amount the employer withholds is a percentage determined by salary and the information the employee provides the employer on his or her W-4 form. The amount withheld and paid by the employer to the government is applied as a prepayment of income taxes and is refundable if it exceeds the income tax liability determined on filing the tax return. Employers must remit withholding taxes to the Department of Revenue.



Unemployment Tax

The Missouri Employment Security law requires employers to pay an unemployment security tax to the Division of Employment Security. The tax amount is based on the wages the employer has paid to an employee. This tax goes towards an insurance policy designed to protect the employee if he or she would become unemployed through no fault of their own. The employee may then receive unemployment benefits if they are determined eligible by the Division of Employment Security. This tax is paid only by the employer and is not deducted from the employee's wages.

Completing the W-4



You are able to adjust the number of allowances for your situation to avoid having too much or not enough tax withheld. If you have several deductions on your tax return, you may want to claim more allowances on your W-4 to reduce the withholding taken from your pay and to receive more of your money now.

The more allowances you claim on your W-4, the less income tax will be withheld. You will have the most tax withheld if you claim zero allowances. To help you determine the correct number of allowances, you need to

complete the eight-line federal and Missouri worksheets that are on top of the actual form you file. The worksheet questions take into account the number of dependents you have

You will complete both a Federal W-4 form and a State W-4 form. Both forms can be obtained online: http://dor.mo.gov/forms/ http://irs.gov/pub/irs-pdf/fw4.pdf

and whether you have a second job or working spouse.

If your allowances are figured accurately, when you file your federal and Missouri returns in April you should neither owe a great deal in taxes nor get back a large amount through refunds. Many people like getting a large refund, but that strategy is not necessarily to your advantage. The extra money you send to the federal and state governments is essentially an interest-free loan to them.

Fund Missouri Department of Revenue Mow Wa Employee's Withinblding Allowance Certificate This cartificate is for income tax witholding and child support enforcement purposes only. Type or print Full Name Social Socially Number Full of any outside status is single, marked or household. Full Name Social Socially Number Social Socially Number Full of your splote Full Name Full Name Social Socially Number Full of your splote Full Name Four across the and Street or Fural Roule) Opty or Town Option Interactions Full Name Four splote Oper Vourself. Enter 1 for yourself if your filling status is single, marked or household. Full of your splote Full Name Four splote Dees your splote Dees your splote Social Socially Number Full of any yourself Full Name Four splote Dees your splote Dees your splote Social Social Interactions of the four or	Ū.	Zip Code se	4 5 0 1 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8	mm	Code Missouri Tax Identification Number
	Missouri Department of Revenue Employee's Withholding Allowance Certificate This certificate is for income tax withholding and child support enforcement purposes only.	Hon ci ei	γ. ά ά ά ά ά ά ά ά ά ά ά ά	Employee's Signature (Form is not valid unless you sign it)	Employer's Name Employer's Address City State Date Services for Pay First Performed by Employee (MM/DD/YYYY) Federal Employer I.D. Number

Checking and adjusting your withholding

If you have too little tax withheld or have income from other sources with no tax withheld, you may be charged penalties for not withholding enough.

The easiest way to avoid penalties is to keep track of your federal and state withholding and file new W-4 forms to increase your withholding throughout the year. If you have income from other sources that do not withhold, you may need to pay estimated taxes to avoid the penalties.

Your withholding amount can be changed at any time, so check early and often to make sure that you are withholding the correct amount. You can calculate your yearly withholding by looking at the first paycheck of the year and multiplying your withholding amounts by the total number of pay periods.

If you calculated your withholding amount correctly and neither owed a lot or got a large refund when you filed your return, then you are on the mark. If you owed a lot or got a large refund, you will probably want to adjust your withholding by completing new W-4's.

Another reason you may need to adjust withholding is if you anticipate your circumstances changing. Some common reasons to adjust withholding are if you get married or divorced, have a baby, your spouse's work situation changes, or you add additional income through a second job or nonwage income (interest, dividends, etc.)

Withholding Calculator	
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Number of Allowances Claimed on your MO-W4 : Help	0
Federal Taxes Withheld : Help	\$ 0
Reset Continue	

Reading a Paycheck Stub

A typical paycheck has two parts: the actual check and a paycheck stub. Many employers no longer issue an actual check. Instead, they direct deposit the wages into a bank account that you designate. Many employers also issue the paycheck stub electronically. A paycheck stub lists the paycheck deductions as well as other important information including:

- 1. **Personal Information** The employee's full name and social security number.
- 2. **Pay Period** The length of time for which an employee's wages are calculated. Most are weekly, bi-weekly, twice a month, or monthly.
- 3. **Gross Pay** The total amount of money earned during the pay period before deductions.
 - If a person earns an hourly wage, gross pay is calculated by multiplying the number of hours worked by the wage. For example, if a person works 40 hours in a pay period earning \$6.25 per hour, his or her gross pay would be \$250 (\$6.25 x 40 hours).
 - If a person is on salary, earning a set amount for a specified time period, the gross pay is the salary amount divided by the specified time period. *For example*, if a person earns \$24,000 per year and gets paid once a month, his or her gross pay would be \$2,000 per month (\$24,000 ÷ 12 months).
- 4. **Net Pay** The amount of money remaining after all deductions have been taken from the gross pay earned during a pay period.
- Deductions The amount of money subtracted or deducted from the gross pay for mandatory systematic taxes, employee sponsored medical benefits, and retirement benefits.
- 6. **Federal Withholding Tax** The amount required by law for employers to withhold from earned wages for income taxes.
 - The amount withheld depends on two things: the amount of money earned and the information provided by the employee on the Form MO W-4.
- 7. **State Withholding Tax** The percentage deducted from an individual's paycheck to assist in funding government agencies within the state.
 - The amount withheld depends on two things: the amount of money earned and the information provided on the Form MO W-4.
- FICA (Federal Insurance Contribution Act) This tax includes two separate taxes: Fed OASDI/EE or Social Security and Fed MED/EE or Medicare. These two taxes may be combined as one line item or itemized separately on the paycheck stub.

- Fed OASDI/EE (Federal Old Age Survivors Disability Insurance Employee Employment Tax) or Social Security Tax – the nation's retirement program. This tax helps provide retirement income for the elderly and pays disability benefits. Social Security taxes are based on a percentage (6.2 percent) of the employee's gross income. The employer matches the contribution made by the employee.
- Fed MED/EE (Federal Medicare Employee Employment Tax) or Medicare – the nation's health care program for the elderly and the disabled. This tax provides hospital and medical insurance to those who qualify. Medicare taxes are based on a percentage (1.45 percent) of the employee's gross income.
- Retirement Plan The amount an employee contributes each pay period to a retirement plan. A specified percentage of the contribution is often matched by the employer. This may be a 401K or a state or local retirement plan.
- Medical The amount taken from the employee's paycheck for medical benefits. This occurs when the employer has a medical plan for employees, but does not pay full coverage for his or her benefits.
- Year-to-Date Totals for all of the gross pay, net pay, and deductions that have been part of an individual's paycheck from January 1 through the last day of the pay period indicated on the paycheck stub.

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I received a W-2 Form from my employer, do I need to file a tax return?

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b Employer identifi	cation number (EIN)			1 Wa	ges, tips, other compensation	2 Feder	ral income t	ax withheld
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15 State Employe	r's state ID num	ber	16 State wages, tips, etc.	17 State incom	e tax	18 Local wages, tips, etc.	19 Local inc	ome tax	20 Locality name
Form W-2						For	Privacy Act	and Paper	Revenue Service work Reduction
			 a — Send this entire pag ion; photocopies are no 			Ac	t Notice, see		ate instructions. Cat. No. 10134D

Section 143.481, of the Missouri statutes, states the filing requirements of a Missouri resident and nonresident.

If you are a student and also working part-time, please check with your parents and discuss if they are claiming you as a dependent. This will impact the information you report on your tax return.

Filing Requirements

You do not have to file a Missouri income tax form or return if you are not required to file a federal return.

If you are required to file a federal return, you may not have to file a Missouri return if you:

- Are a resident and have less than \$1,200 of Missouri adjusted gross income (AGI);
- Are a nonresident with less than \$600 of Missouri income; or
- Your Missouri adjusted gross income is less than the amount of your standard deduction plus the exemption amount for your filing status. If a taxpayer is claimed as a dependent on another person's return, the standard deduction is the greater of \$1,000 or the earned income for the year plus \$350 up to the standard deduction amount.

Note: If you are not required to file a Missouri return, but you received a Form W-2 stating you had Missouri tax withheld, you may file your Missouri return to get a refund of your Missouri withholding. If you are not required to file a Missouri return and you do not anticipate an increase in income, you may change your Form MO W-4 to "exempt" so your employer will not withhold Missouri tax.

The following information is to be used as a quick reference for determining the minimum income level that would require a taxpayer to file both federal and Missouri income tax returns. The difference between federal and state requirements is the personal exemption amount.

*Marital Status	Federal AGI	Missouri AGI
Single	\$10,000	\$8,200
Single (Over 65)	\$11,500	\$9,700
Married Filing Jointly	\$20,000	\$16,400
Married Filing Jointly (1 over 65)	\$2,1,200	\$17,600
Married Filing Jointly (Both over 65)	100	\$18,800
Head of Household	\$12,850	\$12,450
Head of Household (over 65)	\$14,350	\$13,950
Married Filing Separate	\$ 3,900	\$2,100

AGI or Adjusted Gross Income is all income a taxpayer has received reduced by tax deductions or exemptions that are allowed by the state or federal government. Examples of tax deductions include health and retirement or certain business expenses. Tax exemptions are based on allowances for yourself and others who rely on your income.

*Please visit http://dor.mo.gov for the current information.

Most common income tax form for first time filers or single taxpayers

MISSOURI INDIVIDUAL INCOME TAX RETURN SINGLE/MARRIED (INCOME FROM ONE SPOUSE)_SHORT FOR QUIS FORM TOOL LAST NAME FIRST NAME MIDOLE INITIAL DECEASED SOURS SOCIAL SECURITY NUMBER OOD Spouse S LAST NAME FIRST NAME MIDOLE INITIAL DECEASED Sol Social Security NUMBER OO IN CARE OF NAME (ATTORNEY, EXECUTOR, PERSONAL REPRESENTATIVE, ETC.) OUNTY OF RESIDENCE OO PRESENT ADDRESS INCLUDE APARTIMENT NO. OR RURAL ROUTE) CITY, TOWN, OR POST OFFICE, STATE, AND ZIP CODE MONOBILISATION OF ROUT OF RESIDENCE
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Missouri's Individual Income Tax Return Short Form

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General Information About Personal Tax Electronic Filing

Filing electronically is a fast growing alternative to mailing paper returns. The Missouri Department of Revenue received more than 2.3 million electronically filed returns in 2014. Convenience, accuracy, and the ability to direct deposit your refund are just a few of the reasons why electronic filing is

Missouri

Department

of Revenue



E-file works in conjunction with

becoming one of the Department's most popular filing methods.

the Internal Revenue Service's (IRS) Electronic Filing System. Taxpayers can e-file from a computer, or by using a tax preparer who is an approved Electronic Return Originator. The state return is transmitted to the IRS

along with the federal return. When the federal return is accepted, an acknowledgment (electronic confirmation) is sent from the IRS. The IRS then transmits the state return information to the Department. When the state return is accepted, an acknowledgment is sent from the Department.

The Department has entered into an agreement with certain software providers to offer free online filing services to gualified Missouri taxpayers. This agreement is called Free File Alliance. Through this agreement, taxpayers can file their Federal and Missouri state income tax returns using approved software. Visit our website before doing your taxes to see who is participating in the Free File Alliance and to see if you can file your taxes for free.

Benefits of E-Filing:

- Convenience. You can electronically file 24 hours a day, 7 days a week.
- Security. Your tax return information is encrypted and transmitted over secure lines to ensure confidentiality.
- Accuracy. Electronically filed returns have 13 percent fewer errors than paper returns.
- · Direct Deposit. You can have your refund direct deposited into your bank account.
- Proof of Filing. An acknowledgment is issued when your return is received and accepted.

http://dor.mo.gov/personal/individual/vendors.php#freeonline

Interest and Penalty

Interest is due on tax not paid on time. For calendar year 2014, interest is computed at 3 percent per year from the date due

until the date paid. Additions to tax for failure to pay on time are assessed at 5 percent of the tax due. For failure to file on time, additions to tax of 5 percent per month, not to exceed 25

percent, are assessed.

Keep Your Records

Taxpayers should keep copies of tax returns and Form W-2 statements for four years.

Common Mistakes on Missouri Individual Income Tax Returns



- 1. The tax return is not signed.
- Necessary documentation is not attached. Examples: Forms W-2, 1099-R, Federal Return (Pages 1 and 2), Federal Schedule A, Form MO-A, Form MO-CR, and other states' returns.
- 3. The amount of Missouri tax withheld is not correct. City earnings tax and withholding to other states are erroneously claimed.
- 4. Calculation errors are made on the returns.
- 5. The amount of Federal tax withheld instead of the actual Federal tax liability is claimed as a deduction.
- 6. Federal Earned Income Credit is incorrectly claimed as a Federal tax deduction on Missouri returns.
- 7. The wrong filing status box is checked.
- 8. Total number of dependents claimed is incorrect. The filer incorrectly claimed self or spouse as dependent. The number of dependents is not indicated in the box provided on the tax return.
- 9. Missouri tax on taxable incomes over \$9,000 is incorrectly calculated.
- 10. Estimated tax payments are not claimed on the return.
- 11. The primary taxpayer and spouse incomes do not equal total Missouri adjusted gross income. Income percentages are incorrectly calculated.
- 12. The amount of standard deduction claimed does not correspond to filing status. Many Federal Form 1040EZ filers incorrectly include their Federal personal exemption in the Missouri Standard Deduction on Form MO-1040A.

Federal Individual Income Tax Return

For the year Ian 1_De		Individual Inco			, 2013, end		No. 1545-00			o not write or staple in this e separate instruction	
Your first name and		, of other tax year beginning	Last name		, 2013, 610	ung	, 20			ur social security nun	
lf a joint return, spou	use's first	name and initial	Last name						Spo	ouse's social security n	umber
Home address (num	ber and s	treet). If you have a P.O. t	oox, see instruc	tions.				Apt. no.		Make sure the SSN(s)) abov
City town or post offic	o ototo o	nd ZIP code. If you have a fo	roign addrosa, al	co complete cos	con bolow (co	o instruction	2)			and on line 6c are co	
oity, town or post offic	oc, siaic, a	nu zir coue. Ii you nave a lu	reigit audiess, ai	so complete spa	ICES DEIOW (SE		5).			residential Election Car k here if you, or your spouse	
oreign country nam	ne			Foreign provi	nce/state/cou	unty	Fore	eign postal code	jointly	y, want \$3 to go to this fund. below will not change your	. Checki
									refun	d. You	
iling Status	1	Single				4 🗌 н	ead of house	hold (with qua	ifying p	person). (See instructio	ns.) If
Ū.	-	Married filing jointly	. ,		'				d but r	not your dependent, en	ter thi
heck only one	3	 Married filing separ and full name here. 		pouse's SSN	above		nild's name h	ere. ► dow(er) with c	lonon	dont obild	
	6a	Vourself. If some			anondont d) lebell	Boxes checked	
xemptions	b	Spouse	Une can cian	ii you as a ue	ependent, u	U HUL CHE	UK DUX 0a		; }	on 6a and 6b No. of children	_
		Dependents:		(2) Dependent's		ependent's	(4) √ if (child under age 1	7	on 6c who:	
	(1) First		000	ial security numbe		nship to you	qualitying (see	for child tax cred instructions)	n.	 lived with you did not live with 	_
more than four	_								_	you due to divorce or separation	
ependents, see									_	(see instructions) Dependents on 6c	-
structions and									-	not entered above	
neck here 🕨 🗌	d	Total number of exen	nptions claim	ed					_	Add numbers on lines above	L
	7	Wages, salaries, tips,							7		T
icome	8a		ch Schedule						8a		\top
	b	Tax-exempt interest	Do not inclu	de on line 8a		8b					Τ
tach Form(s) -2 here. Also	9a		ttach Schedu	le B if requir	ed				9a		_
tach Forms	b	Qualified dividends	20			9b					
-2G and 099-R if tax	10 11	Taxable refunds, cred Alimony received .	lits, or fiset	of siliter no	local incon	ne taxes	· · ·		10 11		+
as withheld.	12	Business income or (oss) Attach S	Sched to C			• • •	· · ·	12		+
	13	Capital gain or (loss).	,		ir d. mo.	quired, o	check here		13		+
you did not et a W-2,	14	Other gains or (losses						[14		
e instructions.	15a	IRA distributions .	15a			b Taxable	amount		15b		
	16a	Pensions and annuitie	· · · · ·			b Taxable			16b		_
	17	Rental real estate, ro			porations, t	rusts, etc	. Attach Sc	hedule E	17		+-
	18 19	Farm income or (loss Unemployment comp		equie F	· · ·		• • •		18 19		+
	20a	Social security benefit			i i i	b Taxable	amount		20b		+
	21	Other income. List ty	• • • •	nt					21		t
	22	Combine the amounts i			s 7 through 2	1. This is y	our total in	come 🕨	22		
djusted	23	Educator expenses				23					
iross	24	Certain business expension									
ncome	25	fee-basis government of				24					
	25 26	Health savings accou Moving expenses. At			10009 .	25 26					
	20	Deductible part of self-e			dule SE .	20					
	28	Self-employed SEP,				28					
	29	Self-employed health				29	-				
	30	Penalty on early with				30					
	31a	Alimony paid b Reci		► <u> </u>		31a					
	32 33	IRA deduction Student loan interest			• • •	32 33					
	33 34	Tuition and fees. Atta		7		34					
	35	Domestic production a			orm 8903	35					
										1	
	36	Add lines 23 through	35						36		1

Federal Individual Income Tax Return Continued

Form 1040 (2013	5)		Page 2					
Tax and	38	Amount from line 37 (adjusted gross income)	38					
Credits	39a	Check [You were born before January 2, 1949, Blind.] Total boxes						
Credits		if: Spouse was born before January 2, 1949, Blind. checked > 39a						
Standard	b	If your spouse itemizes on a separate return or you were a dual-status alien, check here 39b						
Deduction for—	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40					
 People who check any 	41	Subtract line 40 from line 38	41					
box on line	42	Exemptions. If line 38 is \$150,000 or less, multiply \$3,900 by the number on line 6d. Otherwise, see instructions	42					
39a or 39b or who can be	43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0	43					
claimed as a dependent,	44	Tax (see instructions). Check if any from: a D Form(s) 8814 b Form 4972 c D	44					
see instructions.	45	Alternative minimum tax (see instructions). Attach Form 6251	45					
All others:	46 47	Add lines 44 and 45	46					
Single or Married filing	47	Foreign tax credit. Attach Form 1116 if required 47 Credit for child and dependent care expenses. Attach Form 2441 48						
separately,	49	Education credits from Form 8863, line 19						
\$6,100 Married filing	50	Retirement savings contributions credit. Attach Form 8880 50						
jointly or Qualifying	51	Child tax credit. Attach Schedule 8812, if required 51						
widow(er),	52	Residential energy credits. Attach Form 5695						
\$12,200 Head of	53	Other credits from Form: a 3800 b 8801 c 53						
household, \$8,950	54	Add lines 47 through 53. These are your total credits	54					
\$0,550	55	Subtract line 54 from line 46. If line 54 is more than line 46, enter -0	55					
Other	56	Self-employment to . At ch Schedule SE	56					
Taxes	57	Unreported social security and Medicare tax from Form: a 4137 b 8919	57					
Taxes	58	Additional tax on 2As, c her qualitied retirement plans, etc. Attach Form 5329 if required	58					
	59a	Household employment tales from Sineo le H	59a					
	b	First-time homebuyer credit repayment. A tach form 5405 if required	59b					
	60	Taxes from: a Form 8959 b Fown 8967 c In true ons; enter code(s)	60					
	61	Add lines 55 through 60. This is your total tax	61					
Payments	62	Federal income tax withheld from Forms W-2 and 1099						
If you have a	63	2013 estimated tax payments and amount applied from 2012 return 63						
qualifying	64a b	Earned income credit (EIC)	•					
child, attach Schedule EIC.	65	Additional child tax credit. Attach Schedule 8812 65						
	66	Additional child tax credit. Attach Schedule 8012						
	67	Reserved						
	68	Amount paid with request for extension to file 68						
	69	Excess social security and tier 1 RRTA tax withheld 69						
	70	Credit for federal tax on fuels. Attach Form 4136 70						
	71	Credits from Form: a 2439 b Reserved c 8885 d 71						
	72	Add lines 62, 63, 64a, and 65 through 71. These are your total payments	72					
Refund	73	If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid	73					
	74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here	74a					
Direct deposit? See	▶ b	Routing number ► c Type: Checking Savings						
instructions.	► d	Account number 2014 estimated tax > 75						
Amount	76	Amount of line 73 you want applied to your 2014 estimated tax 75 Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions	76					
You Owe	77	Estimated tax penalty (see instructions)	70					
Third Darks			Complete below. No					
Third Party Designee		signee's Phone Personal identifi						
Designee		ne ► no. ► number (PIN)						
Sign	Und	der penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the	he best of my knowledge and belief,					
Here		y are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which prepa						
Joint return? See	You	ur signature Date Your occupation	Daytime phone number					
instructions.								
Keep a copy for your records.	Spi	ouse's signature. If a joint return, both must sign. Date Spouse's occupation	If the IRS sent you an Identity Protection PIN, enter it					
	D.1		here (see inst.)					
Paid	Prir	nt/Type preparer's name Preparer's signature Date	Check if					
Preparer			self-employed					
Use Only		Firm's name ► Firm's EIN ►						
	Firr	n's address > Phone no.	Form 1040 (2013)					
			101111010 (2013)					

Business Taxes

The Missouri Department of Revenue administers Missouri's business tax laws, and collects sales and use tax, withholding tax, motor fuel tax, cigarette tax, tire and battery fees, financial institutions tax, corporation income tax, and corporation franchise tax. Different types of businesses must register for different types of taxes.

Business Tax Registration

Business Registration Checklist located at dor.mo.gov/taxation/business/registration/requirements.html provides helpful guidance when registering a Missouri business with the Department of Revenue.

As you prepare to register your business, please use this checklist to ensure that you have the information needed to successfully complete your registration. The links provided at the end of each section will take you to websites that can provide a more detailed explanation of the information required.

Name Check

 Check the availability of your desired business name with the Secretary of State's office, http://www.sos.mo.gov/BusinessEntity

Ownership

• **Ownership type** - Review legal formation guidelines to select the proper business structure for you.

http://www.missouribusiness.net/doingbusiness/legalform.pdf

Ownership types: Sole owner Limited Partnership Trust Limited Liability Company Indian Tribe Fraternal Organization Association Limited Liability Partnership

Partnership Government Corporation Estate Religious Organization Labor Organization/Union Other Not-for-Profit Limited Liability Limited Partnership

Types of Business Ownerships

Sole Proprietorship is a business owned by a single individual.

Partnership is one or more individuals, corporations or other entities under a partnership agreement joining together to own and operate a business. A general business partnership offers the benefit "pass through taxation." This means that the business entity does not get taxed on the income, but the individual partner does. If you become a member of a business partnership, any profits from the partnership are taxed as your income.

Corporation is an association of individuals, created by law or under authority of law, having a continuous existence independent of the existences of its members, and powers and liabilities distinct from those of its members. General; Subchapter S; Foreign (non Missouri); or Close. Limited Liability Companies (LLC) can be

The advice of an attorney or accountant should be sought before entering into any business activity or contract.

structured different ways, for example, disregarded entity, partnership, or corporation. Consult your lawyer or tax accountant to determine which one best fits your needs.

Non profit any social, civic, religious, political subdivision or educational organization may apply for a sales tax exemption by completing the proper forms with the Department.

Visit **http://dor.mo.gov** to obtain Form 1746, Missouri Sales Tax Exemption Application.

Business Tax Types

Corporate Income Tax

Corporate tax refers to the tax on income of corporations. Rates of tax and the taxable base for corporations differ from those for individuals or other taxable entities.

Sales and Use Tax

In general, retail sales of items sold in Missouri are subject to state and local sales taxes. The person making retail sales is required to impose and collect the appropriate sales tax from the consumer on each purchase. The person making retail sales is then required to file Missouri sales tax returns and to pay the tax collected to the Missouri Department of Revenue.

The sales tax rate charged on each purchase is generally based on the location of the sale and can include both state and local sales taxes. The 4.225 percent state sales and use tax is distributed into four funds to finance portions of state government – General Revenue (3.0 percent), Conservation (0.125 percent),

Education (1.0 percent), and Parks and Soils (0.10 percent)

Parks and Soils (0.10 percent).

Most non-food sales are subject to a state sales tax equal to 4.225 percent of the sales price. Local sales taxes are imposed in addition to the state sales tax and can include taxes imposed by counties, cities, and special taxing districts. For example, if a sale was made within a city that imposed a 1 percent sales tax, and a county that imposed a .5 percent sales tax, the total sales tax on the sale would equal 5.725 percent of the sales price.

BAKERS DOZEN 007874298255 F 3.98 007394801413 F 3.17 CHOC MLK 2.52 MILK 007394801103 F WAS 2.72 YOU SAVED 0.20 BAKERY REDUC 020895600209 F 2.09 2.19 lb AT 0.54 lb WEST PRICE 0.29 lb 1.18 LOWEST PRICE 0.64BANANAS 000000004011KT 2.19 lb @ 1 lb /0.29 0.64GATORADE 0.98005200032673 F 0.98 GATORADE 005200032673 F GATORADE 005200033876 F 0.98GATORADE 005200032016 F 0.98 GATORADE 005200032555 F 0.98CATORADE 005200032016 F 0.98005200033875 F 0.98 ADE 005200032555 F 0.98DE 0.98 DE 005200033877 F 0.98 **ADE** 005200033875 F 24 PK 00120000088 F 6.98 001820096624 18.47 SUBTOTAL 47.65 TAX 8.725 % 1.61AX 5.725 % 1.67 FOTAL 50.93ECA CHECK TEND 50.93 CHANGE DUE 0.00The full sales tax rate in this jurisdiction consist of the state 4.225 percent and local 4.5 percent. That is tax 1. Tax 2 is the reduced food state rate of 1.225 percent and local 4.5 percent.

Counties, cities, and districts often increase, decrease, or create new sales taxes, and taxes sometimes expire. Based on a change made in one of these taxing districts, you may pay a different rate on purchases made at the same retail store over a period of time. Generally, a rate change cannot take effect until the start of a new quarter.

You can find the rates for each taxing district on our website at: http://dor.mo.gov/business/sales/rates/.

There are many exceptions to the imposition of sales tax in Missouri. For example, a charitable organization, school, or political subdivision may not be subject to sales taxes on purchases.

Additional information regarding sales taxes may be found on our website at http://dor.mo.gov/business/sales/.

Missouri also imposes a use tax on items purchased for use in Missouri that are not subject to sales tax. This generally occurs when an item is purchased outside the state and brought into Missouri or when an item is purchased from someone in Missouri that is not a retailer.





Many internet or mail order purchases originate outside the state and are made by businesses that have no direct connection with the state of Missouri. If the company has no direct connection

> with the state, the Missouri Department of Revenue cannot require the company to collect and remit use tax. In those instances, the customer may be required to remit tax on the purchase.

If the total non-taxed purchases made in a calendar year exceed \$2,000, the customer is required to file a return and remit tax on all purchases. You can find more information regarding filing and paying use tax on our website at: http://dor.mo.gov/faq/business/use.php.

Cigarette and Other Tobacco Tax

In addition to sales tax, a separate tax is collected on cigarettes and other tobacco products sold in the state. Money received from the tax is deposited in the State School Money Fund, the Health Initiatives Fund, and the Fair Share Fund. State law sets the tax per pack and calculates to 17 cents.

Typically a licensed wholesaler files the



reports and pays the tax to the Department of Revenue each month. If a retailer or individual purchases cigarettes or other tobacco products directly from a manufacturer or non-licensed wholesaler, the retailer or individual must pay the tax to the Department.

Motor Fuel Tax

Missouri receives fuel tax of 17 cents per gallon on motor fuel (gasoline, diesel fuel, kerosene, and blended fuel) from licensed suppliers on a monthly basis. The tax is passed on to the ultimate consumer purchasing fuel at retail. The tax is distributed to the Missouri Department of Transportation, Missouri cities, and Missouri counties for road construction and maintenance. There are about 700 licensees, including suppliers, distributors, transporters, and terminal operators. Consumers may apply for a refund of the fuel tax when fuel is used in an exempt manner, such as off-road use like farming or construction.



Tire and Battery

Missouri statute imposes a fee of fifty cents (\$.50) on the retail sale of new tires and a fee of fifty cents (\$.50) on the sale of lead-acid batteries. The tire fee applies to the retail sale of all new tires designed for use on trailers and self-propelled vehicles not operated exclusively on tracks. The battery fee applies to the retail sale of batteries that contain lead and sulfuric acid with a nominal voltage of at least six volts and are of the type intended for use in motor vehicles and boats and vessels. The retailer collects the tax from the consumer and pays it to the Department of Revenue.

Financial Institution Tax

Financial Institution Tax is levied on banks and trust companies, credit institutions, savings and loan associations, and credit unions. Chapter 148 RSMo authorizes each tax, and each tax rate is 7 percent of net income. Banks and trust companies are also subject to a tax on assets computed the same, but instead of, the corporate franchise tax.

Other Tax Types

Personal Property Tax – a Local Tax

Personal property taxes on items like cars and boats are local taxes and usually levied by local government, at the municipal or county level. The



property tax supports local education, police and fire protection, schools, and other local government services. Individuals pay the county or city directly for personal property taxes.

Real Property Tax – a Local Tax

Tax on real property is also levied by local government at the city, town, or county level. Rates vary across the state, between about 0.2 percent and 4 percent of the assessed home value. The assessment is made up of two components: the improvement or building value and the land or site value. The property tax is the main tax supporting local education, police and fire protection, local governments,



some free medical services, and most other local infrastructure. Individuals pay the county or city directly for real property taxes.

Fiduciary Tax

Missouri imposes a fiduciary tax on income earned by an estate or trust. A fiduciary is an authorized agent, guardian, or some other assigned person that is charged with the care of an estate or trust. Fiduciary tax is imposed at the same rate as individual income tax pursuant to Missouri Revised Statute 143.061.

Additional Resources

The IRS has an Understanding Taxes portal on their website that has a teacher site and a student site. The teacher site has lesson plans and supporting information to help with understanding the "hows and whys" of taxes.

The student site has interactive activities, tax tutorials, simulations, and assessments for a student to help understand taxes on the federal level. It breaks the topics down into modules and lessons for the student to work through at their own speed.

http://apps.irs.gov/app/understandingTaxes/index.jsp

http://taxes.about.com/

Missouri Statutes regarding:

- Income Tax revisor.mo.gov/143
- Sales Tax
 revisor.mo.gov/144

Missouri Taxpayer Bill of Rights http://dor.mo.gov/forms/3097.pdf

Missouri Business Portal http://business.mo.gov/

Doing Business in Missouri: Basics http://missouribusiness.net/article/doing-business-in-missouri-basics/

Business Registration Checklist http://business.mo.gov/BusinessRegistrationChecklist.pdf

Online Business Registration https://dor.mo.gov/register-business/

Register Your Business with Secretary of State http://sos.mo.gov/business/corporations/startBusiness.asp

Employer Identification Number http://irs.gov/Businesses/Small-Businesses-&-Self-Employed/ Apply-for-an-Employer-Identification-Number-(EIN)-Online

Student Consumer Guide http://ago.mo.gov/publications/studentguide.pdf

Contact Information

Personal Tax
Individual Income Taxincome@dor.mo.gov
Property Tax Credit Claim Property TaxCredit@dor.mo.gov
Fiduciary Taxincome@dor.mo.gov
Business Tax
${\tt Business} \ {\tt Tax} \ {\tt Registration}. \ldots . \ {\tt business} \ {\tt business} \ {\tt tax} \ {\tt register} @ {\tt dor.mo.gov}$
Cigarette Taxexcise@dor.mo.gov
$Corporate \ Franchise \ Tax. \ldots franchise @dor.mo.gov$
Motor Fuelexcise@dor.mo.gov
Corporate Income Tax corporate@dor.mo.gov
Sales and Use Taxsalesuse@dor.mo.gov
${\sf Employer Withholding Tax. \dotswithholding @dor.mo.gov}$



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