

# IMPORTANT TAXATION CHANGES FROM 2020 LEGISLATIVE SESSION

The following legislative changes affect the Missouri Department of Revenue's taxation processes and are effective August 28, 2020.

## **CARES Act Economic Payments Exempt from State Income Taxes (SB 676)**

This provision exempts economic stimulus payments issued under the Coronavirus Aid, Relief, and Economic Security (CARES) Act from state income taxes. This provision allows taxpayers to include their COVID-19 economic stimulus credit amount as part of their federal tax liability amount for the purpose of taking the Missouri federal income tax deduction.

## **Amended Returns for Partnerships (SB 676)**

This provision allows a partnership that has calculated an underpayment based on an audit by the Internal Revenue Service (IRS) to file a single partnership return with the Department. This will allow the Department to account for any adjustments made by the IRS as a result of their new partnership audit rules.

## **Terrorist Attack Victims State Tax Liability Relief (SB 676)**

This provision provides an income tax exemption for victims who die as a result of wounds or injury incurred as a result of the terrorist attacks against the United States on September 11, 2001, or as a result of illness incurred as a result of an attack involving anthrax occurring on or after September 11, 2001, and before January 1, 2002. Such income tax exemption shall apply for the period beginning in the tax year such injuries occurred and ending in the tax year of such victim's death.

## **Air Freight Forwarders (HB 1963)**

This provision adds the definition of "qualified air freight forwarders" to the definition of corporations. Entities that are considered qualified air freight forwarders will now be taxed as a corporation.

## **Long-term Dignity Act (HB 1682)**

This provision allows individual taxpayers to contribute to a long-term dignity savings account to help fund expenses they may incur in the future as a result of being in a long-term care facility. Contributions to this savings account may be deducted from the account holder's state income taxes. The deduction may not exceed the Missouri adjusted gross income (AGI) for the year, and it is limited to \$4,000 per taxpayer (\$8,000 if married filing combined).

Contributions to this long-term dignity savings account can be used for eligible expenses, such as necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services, and maintenance or personal care services.