

TITLE 12—DEPARTMENT OF REVENUE
Division 10—Director of Revenue
Chapter 2—Income Tax

12 CSR 10-2.015 Withholding of Tax

PURPOSE: This rule provides guidance for the withholding of Missouri income taxes from wages or retirement income.

(1) Registration of Employers. Every employer required to deduct and withhold any amount of tax under section 143.191, RSMo, must register with the Missouri Department of Revenue by completing the Missouri Tax Registration Application Form 2643 or through the online business registration feature on the Missouri Department of Revenue's website. A Missouri tax identification number will be assigned. A new registration is required, and a new Missouri tax identification number will be assigned, when any change in ownership or ownership type occurs. An employer who receives a new Missouri tax identification number as a result of a change in ownership type must file a Final Report Form 5633, to close the old account. These Missouri tax identification numbers are not transferable. It is recommended that the Missouri tax identification number be included in all reports and correspondence from the employer to the Missouri Department of Revenue concerning withholding. If a business is discontinued, transferred, or sold, or if an employer closes or indefinitely ceases to pay wages, the employer must close the employer's withholding account by filing a Final Report (Form 5633). If the business of another employer is acquired, do not use the Missouri tax identification number assigned to that business; a new Missouri tax identification number must be obtained.

(A) Employer With More Than One (1) Payroll Unit—Complex Employer. If a consolidated report and remittance of the tax withheld cannot be made by the employer because of the complexity of the organization, branch offices or divisions of the employer may be designated as withholding agents. These agents can perform the actual withholding and remitting. However, regardless of any internal arrangements which may be established by the complex employer, the legal responsibility and liability under the law still rests with the employer and any other entity or person made liable under state law. If the complex employer has designated withholding agents, and the agents wish to claim the compensation deduction on behalf of the employer, only one (1) agent will be entitled to the full deduction and the remaining agents will be entitled to one-half of one percent (0.5%) deduction of income taxes withheld if the returns and remittances are filed and made timely, but in no event shall the complex employer receive an aggregate compensation deduction greater than what would be allowed by law had the employer not elected to use designated withholding agents under this provision.

(2) Seasonal. If an employer is only open for several months out of the year, the employer may register as a seasonal employer on Form 2643. Notwithstanding any section of this rule to the contrary, a seasonal employer is not required to file the Employer's Return of Income Taxes Withheld (Form MO-941) for the withholding tax periods that the employer indicates to the

Missouri Department of Revenue it will not have employees, if the seasonal employer does not pay wages during such periods.

(3) Wages and Employees. The term wages for Missouri withholding purposes means wages as defined by section 3401(a) of the Internal Revenue Code of 1986, as amended. The term employee for Missouri withholding purposes has the same meaning as used in section 3401(a) of the Internal Revenue Code of 1986, as amended.

(4) Interstate Transportation Employees. An employer is not required to withhold Missouri income tax from the wages of an interstate transportation employee if such withholding requirement is prohibited by an applicable federal statute, or if a federal statute exempts all the wages paid by an employer to the interstate transportation employee from Missouri income tax. For example, under 49 U.S.C. Section 11502, the compensation paid by certain rail carriers to employees who perform regularly assigned duties on a railroad in more than one (1) state is subject to income tax only in the employee's state of residence.

(5) Nonresident Employees. If a nonresident employee performs all services within Missouri, tax shall be withheld from all wages paid as in the case of a resident. If a nonresident employee performs all services outside Missouri, his or her wages are not subject to Missouri withholding. If services are performed partly within and partly outside the state, the nonresident employee shall provide a completed Certificate of Nonresidence or Allocation of Withholding Tax (Form MO W-4A) to the employer, and only wages paid for services performed within Missouri are subject to Missouri withholding tax. If only a portion of an employee's wages is subject to Missouri withholding tax, then the amount of Missouri tax required to be withheld is calculated using a percent of the amount listed in the withholding tables. The calculation begins by determining the amount that would be withheld if all the wages were subject to Missouri withholding. This amount is then multiplied by a percent, which is determined by dividing the wages subject to Missouri withholding tax by the total federal wages.

(A) Example: Nonresident earns \$20,000 in wages, \$12,000 from Missouri sources. Missouri withholding would be 60% ($\$12,000 \div \$20,000$ equals 60%) of the withholding required on \$20,000. Therefore, if \$100 per month should be withheld for an individual earning \$20,000, then for this nonresident, \$60 should be withheld each month ($100 \times 60\% = \$60$).

(6) Resident of Missouri Employed in Another State. All wages received for a Missouri resident's services performed in another state not having a state individual income tax are subject to Missouri withholding. All wages received for a Missouri resident's services performed in another state having a state individual income tax that is a lower rate than Missouri's individual income tax rate are subject to Missouri withholding for the amount of the difference between that state's and Missouri's withholding requirements.

(7) Supplemental Wage Payments. If supplemental wages are paid, such as bonuses, commissions, a lump-sum distribution from the employer, overtime pay, back pay, including retroactive wage increases or reimbursements for nondeductible moving expenses in the same payment with regular wages, Missouri income tax shall be withheld as if the total of the

supplemental and regular wages were a single wage payment for the regular payroll period. If supplemental wages are paid in a different payment from regular wages, the method of withholding income tax depends in part on whether income tax is withheld from the employee's regular wages.

(A) If income tax is withheld from the employee's regular wages, choose either one (1) of the following methods for withholding income tax on the supplemental wages:

1. Method One. Withhold at a flat percentage rate that is equal to the highest individual income tax rate determined under section 143.011, RSMo, for the current tax year of the supplemental wages; or

2. Method Two. Add the supplemental wages to the employee's regular wages paid to the employee within the same calendar year for the payroll period and determine the income tax to be withheld as if the aggregate amount were one (1) payment. Subtract the tax already withheld from the regular wage payment and withhold the remaining tax from the supplemental wage payment.

(B) If income tax has not been withheld from the regular wages (for example, where an employee's standard deduction exceeds his or her wages), use Method Two described in paragraph (7)(A)2. of this rule. Add the supplemental wages to the regular wages paid within the same calendar year for the payroll period and withhold income tax on the total amount as though the supplemental wages and regular wages were one (1) payment for a regular payroll period.

(8) Tips Treated as Supplemental Wages. Employers must withhold Missouri income tax based upon total tips reported by the employee, unless the amount of tips received by the employer and remitted to the employee is greater in which case the greater amount shall be withheld. If an employee shares tips, the employer shall withhold only from the employee who actually receives the shared tips. Employers shall withhold income tax on tips using the same options indicated for withholding on supplemental wage payments.

(9) Vacation Pay. Vacation pay received by an employee is subject to withholding as though it were a regular wage payment made for the payroll periods during the vacation. If vacation pay is paid in addition to regular wages for the vacation period, the vacation pay is treated as a supplemental wage payment. An employee who is not a resident of Missouri but works in Missouri is subject to withholding on his or her vacation pay.

(10) Retirement Income. Every Missouri resident receiving retirement income or a pension from an entity in this state may elect to have an amount withheld as a payment of state income tax provided such income is taxable in this state. The recipient should determine the amount to be withheld and file Withholding Certificate for Pension or Annuity Statements (Form MO W-4P) with the administrator of his or her retirement or pension plan. The administrator of the retirement or pension plan must retain the Form MO W-4P for a minimum of three (3) years after the date the taxes to which they relate become due, or the date the taxes are paid, whichever is later.

(11) Exemption for Certain Individuals. This section applies to a Missouri nonresident performing services in Missouri or a Missouri resident. Exemption from withholding for an individual is valid only if the employee submits to the employer a completed Employee's Withholding Certificate Form MO W-4, certifying that the employee has no income tax liability from the previous year and expects none for the current year. The employee must file a Form MO W-4 annually if the employee wishes to continue to be exempt.

(12) Employee Withholding Certificate. Each employee subject to Missouri income tax is required to complete and provide to the employee's employer a Form MO W-4 that reflects the filing status on his or her income tax return. The Form MO W-4 must be used by the employer to determine the amount of Missouri income tax which must be withheld from each paycheck. If an employee has more than one (1) employer, he or she may want to withhold an additional amount on Line 2 of Form MO W-4 for his or her principal employer to ensure that the total amount withheld approximates the actual income tax liability. Failure to withhold enough from each payroll period could cause an employee to be subject to underpayment penalties. If an employee expects to have income other than his or her wages, or income from multiple jobs, he or she may request additional amounts be withheld in addition to the standard withholding calculations that are based on the standard deduction for the filing status indicated on the Form MO W-4. The additional amount should be included on Form MO W-4, Line 2. Employees who expect to receive a refund (as a result of itemized deductions, modifications, or tax credits) on their tax returns may direct the employer to only withhold the amount indicated on Form MO W-4, Line 3, in which case the employer will not use the standard calculations for withholding. If the employee does not indicate an amount to be withheld or if the amount indicated is more than is available for the payroll period, the employer will use the standard calculations. Employers are required to submit a copy of each completed Form MO W-4 or an equivalent form for each new employee to the Missouri Department of Revenue within twenty (20) calendar days of hire. "Date of hire" is defined as the date the employee reports to work or the date the employee signs the federal W-4 form, whichever is earlier. The department will in turn forward the Form MO W-4 to the Division of Child Support Enforcement.

(13) Determining Amount to be Withheld. Except as otherwise provided in this rule, an employer required to deduct and withhold tax under sections 143.191, RSMo, must withhold the amount of tax set forth for that withholding tax period in the withholding tables published by the Missouri Department of Revenue, or by using a percentage withholding formula published by the Missouri Department of Revenue. To determine income tax withholding, an employer must take into account wages paid during the withholding tax period, as well as filing status, as there are different withholding calculations or amounts for single, married, and head of household employees.

(A) Withholding Tables. Withholding using the withholding tables prepared by the Missouri Department of Revenue is based on wages. In determining the amount of tax to be withheld, the employer should use the table for the correct payroll period—daily, weekly, bi-weekly, semimonthly, and monthly periods. Any other period would be a

miscellaneous pay period. Tables show wage brackets in the two (2) left-hand columns. The filing status is shown at the top of each of the remaining columns.

(B) Percentage Withholding Formula. A percentage withholding formula has been published by the director of revenue and it may be used on electronic data processing equipment for withholding Missouri income tax. Missouri withholding is calculated by subtracting the annual standard deduction from the employee's annual wages and multiplying the result by the applicable tax rate. The formula is illustrated in the "Employer's Tax Guide (Form 4282)."

(14) Form MO-941 Reporting Requirement. Every employer withholding Missouri income tax from employee's wages is required by statute to report and remit the tax to the state of Missouri with the Employer's Return of Income Taxes Withheld (Form MO-941) or, for a quarter-monthly filer, as specified in section (16) of this rule. (A) The employer's name, address, and Missouri tax identification number must appear as filed on previous returns and the period for which the remittance is made must be indicated. To avoid the issuance of non-filer notices, if an employer temporarily ceases to pay wages or has no payroll for a reporting period, a return must still be filed for each period indicating that no tax was withheld.

(15) Annual Filing of Forms W-2, 1099-R, and MO W-3. For each year an employer is required to withhold Missouri income tax, the employer must also file with the Missouri Department of Revenue copies of all Forms W-2 and Forms 1099-R issued to employees subject to Missouri income tax, which shall be accompanied by a completed Transmittal of Tax Statements (Form MO W-3). This filing requirement applies only where the employer has paid or credited one thousand two hundred dollars (\$1,200) or more to such an employee, and only if the Form W-2 or Form 1099-R is required to be filed with the United States Internal Revenue Service. The due date for this filing requirement is February 28 following the year for which the Forms W-2 or 1099-R were issued. However, for employers with two hundred and fifty (250) or more employees required to file Form(s) W-2 electronically, the due date to file the Form(s) W-2 is January 31 following the year for which the Form(s) W-2 were issued. Unless a copy of a waiver of the federal requirement to file electronically has been filed with the Missouri Department of Revenue, employers with two hundred and fifty (250) or more employees must file the Form(s) W-2 electronically. Do not include the fourth quarter or twelfth month return with the Form W-2(s)/1099-R(s) and Form MO W-3. The last annual remittance must be sent separately with Form MO-941.

(A) Filing by Mail or Non-Electronic Delivery. Paper filings must also be accompanied by a list, preferably an adding machine tape or a computer printout, of the total amount of the Missouri income tax withheld shown on all "Copy 1s" of Form W-2 and Form 1099-R. The Department of Revenue will accept computer-produced magnetic tape or digital records, including those stored in compact discs or flash drives, instead of the paper Form W-2 or Form 1099-R. The employer must meet tape data or digital file specifications which are included in the "Employer's Tax Guide" (Form 4282) published annually by the Department of Revenue.

(B) Electronic Filing. Electronic filing must be completed through the webpage or online portal specified on the Missouri Department of Revenue's website. Electronic filing of Form(s) W-2 and Form(s) 1099 must be completed in a manner consistent with the "Missouri Employer Reporting of W-2s Instructions and Specifications Handbook" and "Missouri Employer Reporting of 1099 Instructions and Specifications Handbook," respectively, which are published annually by the Missouri Department of Revenue. A separate Form MO W-3 is not required if the Form(s) W-2 and Form(s) 1099 are electronically filed.

(16) Time and Place for Filing Returns and Remitting Tax.

(A) All returns and remittances must be filed with the Department of Revenue at the specific mailing address indicated on the form, using an electronic filing and payment method provided by the Missouri Department of Revenue, or as otherwise provided in this rule. There are three (3) filing frequencies: monthly, quarterly, and annually, with some monthly filers being required to make quarter-monthly payments. A newly registered employer is initially assigned a filing frequency on the basis of the employer's estimation of future withholdings. If the assigned filing frequency differs from the filing requirements established by statute or rule, it is the employer's responsibility to immediately notify the Department of Revenue. The dates on which the returns and payments are due are as follows:

1. Quarter-Monthly. Employers required to withhold nine thousand (\$9,000) or more per month for at least two (2) months during the preceding twelve (12) months shall remit payment to the Missouri Department of Revenue on a quarter-monthly basis. The quarter-monthly periods are the first seven (7) days of a calendar month; the eighth to the fifteenth day of a calendar month; the sixteenth to the twenty-second day of a calendar month; and the twenty-third day through the last day of a calendar month. Notwithstanding any provision of this rule to the contrary, remittances must be made electronically within three (3) banking days after the end of the quarter-monthly period. Banking days shall not include Saturday, Sunday, or legal holidays. If there is no payroll during a quarter-monthly period, no quarter-monthly payment is necessary for that quarter-monthly period. Quarter-monthly filers are required to pay by use of an electronic funds payment system established by the department. If quarter-monthly filers are unable to use the electronic funds payment system, alternative electronic payment methods are outlined in the "Employer's Tax Guide" Form 4282. An Employer's Return of Income Taxes Withheld (Form MO-941) reconciling the quarter-monthly payments and detailing any underpayment of tax shall be filed by the fifteenth day of the following month except for the third month of a quarter in which case the Employer's Return of Income Taxes Withheld (Form MO-941) shall be filed the last day of the succeeding month;

2. Monthly. Employers required to withhold five hundred dollars (\$500) per month for at least two (2) months during the preceding twelve (12) months shall

file on a monthly basis. Return and payment must be made by the fifteenth day of the following month except for the third month of a quarter in which case the return is due the last day of the succeeding month;

3. Quarterly. Employers not required to file and pay taxes withheld on a monthly basis who withheld at least one hundred dollars (\$100) per quarter during at least one (1) quarter of the preceding four (4) quarters shall file on a quarterly basis. Return and payment must be made on or before the last day of the month following the close of the calendar quarter; and

4. Annually. Employers required to withhold less than one hundred dollars (\$100) during each of the preceding four (4) quarters shall file on an annual basis. Return and payment must be made on or before January 31 of the succeeding year.

(B) When the due date falls on a Saturday, Sunday, or legal holiday in this state, the return and payment will be considered timely if made on the next business day (section 143.851, RSMo).

(C) An employer who has been placed on a quarter-monthly payment frequency who has not withheld nine thousand dollars (\$9,000) or more in two (2) months of the prior twelve (12) months, may request permission from the Department of Revenue to pay on a less frequent basis. An employer that has been placed on a quarter-monthly payment frequency must pay on a quarter-monthly basis for a minimum of twelve (12) months before obtaining a change in payment frequency.

(17) Correcting Mistakes in Reporting or Withholding.

(A) Overpayment and Refund. If withholding tax has been over-reported, the employer must file an Amended Employer's Return of Income Taxes Withheld, Form MO-941, along with supporting documentation, such as a copy of the payroll ledger. If the employer will be requesting a refund of the overpayment, an Employer Withholding Tax Refund Request (Form 4854) must be attached to the Amended Employer's Return of Income Taxes Withheld (Form MO-941). No claim for credit or refund will be allowed after the expiration of the period of limitation prescribed in section 143.801, RSMo. Pursuant to section 143.781.3, RSMo, a refund will only be issued to the employer if the overpayment amount was not actually deducted and withheld from an employee's wages by the employer. Pursuant to section 143.211, RSMo, any amount of tax actually deducted and withheld under sections 143.011 to 143.996, RSMo, in a calendar year is deemed paid by the employee from whom it was withheld for the employee's income tax year beginning in that calendar year, and is not considered paid by the employer for purposes of determining an overpayment by the employer. To reduce the risk of overpayment claim denial and inadvertent underpayment, before attempting to apply credit of an overpayment of Missouri withholding tax from one period to any other period, employers should first verify with the Missouri Department of Revenue the amount of overpayment the employer is authorized to claim.

(B) Underpayment. If withholding tax has been underreported, the employer must file an Amended Employer's Return of Income Taxes Withheld (Form MO-941) to report the corrected withholding.

(18) Employer Compensation. For every remittance made to the director of revenue, on or before the respective due date for the payment involved, each employer (except the United States, the state of Missouri, and all agencies and political subdivisions of the state of Missouri or the United States government) may deduct and retain as compensation the following percentages of the total amount of the tax withheld and paid annually: two percent (2%) of the first five thousand dollars (\$5,000) or less; one percent (1%) of the amount in excess of five thousand dollars up to ten thousand dollars (\$5,000– \$10,000); one-half of one percent (0.5%) of the amount collected in excess of ten thousand dollars (\$10,000). The employer is not entitled to any compensation if the remittance is not made on or before the due date. Compensation for complex employers is covered in section (1). The employer compensation deduction generally does not apply for withholding and remittance by an entity administering a pension or retirement fund or program pursuant to section 143.265, RSMo.

(19) Responsible Party Liability – Corporations. Any officer, director, statutory trustee, or employee of any corporation who has direct control, supervision, or responsibility for filing returns and making payments of the Missouri withholding tax, who fails to file or make payment, may be personally assessed the unpaid tax, including interest, additions to tax and penalties pursuant to section 143.241.2, RSMo.

(20) Statements for Employees. Unless an alternative form is prescribed by the Department of Revenue, to comply with section 143.201, RSMo, two (2) copies of the "W-2 Wage and Tax Statement" published by the Internal Revenue Service must be provided to each employee to whom wages were paid and were subject to withholding whether or not tax was withheld on the payments. The employer shall show on the Form W-2 the amount of wages paid by the employer to the employee, and the amount, if any, deducted and withheld as Missouri income tax. If it becomes necessary to correct the amount of wages or, if applicable, the amount of Missouri income tax deducted and withheld, after the Form W-2 has been issued to an employee, two (2) corrected statements showing the amount of wages paid to the employees and the amount, if any, deducted and withheld as Missouri income tax must be issued to the employee and a copy mailed to the Department of Revenue. The corrected statements must be clearly marked "Corrected by Employer." In case a withholding statement is lost or destroyed, a substitute copy must be issued to the employee and must be clearly marked "Reissued by Employer." Withholding statements must be furnished to employees not later than January 31 following the calendar year covered by the statement. However, if employment terminates during the year, two (2) copies of Form W-2 must be provided to the employee within thirty (30) days of the last payment of wages, on which the employer shall show the amount of wages paid to the employee, and the amount, if any, deducted and withheld as Missouri income tax. Interrupted or intermittent employment is not considered terminated as long as there is reasonable expectation of further employment on the part of both the employer and the employee. If an employee's employment is terminated and a Form W-2 has been provided for the period worked during the year and the employee is later

reemployed by the same employer during the calendar year, another withholding statement showing the amount of wages paid to the employee and the amount, if any, deducted and withheld as Missouri income tax must be provided to the employee covering only the later period of employment within the calendar year.

(21) Records to Be Kept by Employers.

(A) The following records must be retained:

1. Name, address, Social Security number, and period of employment for all employees;
2. Amounts and dates of all wage payments subject to the Missouri withholding tax for all employees;
3. All Form(s) W-2, Form(s) 1099-R, state income tax withholding certificates (Form MO W-4), and Certificates of Nonresidence or Allocation of Withholding Tax (Form MO W-4A) provided to or by any employee;
4. Employer's Missouri tax identification number;
5. Record of quarter-monthly, monthly, quarterly, and annual returns filed including dates and amounts of payments; and
6. Records that would assist the Missouri Department of Revenue in auditing the employer's records.

(B) The above listed records must be kept by the employer for at least three (3) years after the date the taxes to which they relate become due, or the date the taxes are paid, whichever is later. However, any employee's copies of the Withholding Statement required by section 143.201, RSMo, which cannot be delivered to the employee after reasonable effort is exerted must be kept by the employer for at least four (4) years.

(C) In addition to the records listed in paragraphs (21)(A)1.-6., all records of the allocation of working days in the state of Missouri must be retained for all employees that, during the withholding period, worked one (1) or more days outside of Missouri and one (1) or more days in Missouri. This subsection (21)(C) does not require an employer to create such records of the allocation of working days.

(22) Interest at the statutory rate must be included on all payments of Missouri withholding tax not made on a timely basis. Interest is subject to change on an annual basis pursuant to section 32.065, RSMo.

(23) An employer's failure to file a timely return, unless due to reasonable cause and not due to willful neglect, will result in additions to tax of five percent (5%) per month or a fraction of a month not to exceed twenty-five percent (25%) pursuant to section 143.741.1, RSMo.

(A) Failure to timely pay tax requires a five percent (5%) addition to tax pursuant to section 143.751.3, RSMo, if such failure is due to negligence or intentional disregard of rules and regulations (but without intent to defraud).

(24) Quarter-Monthly Underpayment Penalty. A quarter-monthly penalty of five percent (5%) will be imposed on a quarter-monthly period underpayment determined pursuant to section 143.225.6, RSMo. The penalty imposed by section 143.225.6, RSMo, applies, in lieu of all other penalties, interest, or additions to tax, only to violations of section 143.225, RSMo, in making quarter-monthly remittances. Where the quarter-monthly filer has failed to pay all or part of the withholding tax due for the month by the due date of the employer's monthly return for that month, the quarter-monthly filer is subject to addition to tax, penalties, and interest on such underpayment, pursuant to sections 143.731 and 143.751, RSMo, in the same manner as if the quarter-monthly filer were a monthly filer with regard to that month.

(25) Notwithstanding any provision of this rule to the contrary, nothing in this rule shall be interpreted or construed as incorporating by reference any rule, regulation, standard, or guideline of a federal agency.

*AUTHORITY: sections 136.120, 143.191, 143.221, 143.225, 143.571, and 143.961, RSMo 2016. * This rule was previously filed as "Missouri Employer's Tax Guide," Feb. 20, 1973, effective March 2, 1973. Original rule filed Jan. 29, 1974, effective Feb. 8, 1974. Emergency amendment filed Jan. 13, 1983, effective Jan. 23, 1983, expired May 23, 1983. Amended: Filed Jan. 13, 1983, effective April 11, 1983. Amended: Filed March 9, 1984, effective July 1, 1984. Amended: Filed June 2, 1993, effective Nov. 8, 1993. Amended: Filed July 28, 1995, effective Jan. 30, 1996. Amended: Filed Feb. 6, 1998, effective Aug. 30, 1998. Emergency amendment filed Nov. 30, 1999, effective Dec. 10, 1999, expired June 6, 2000. Amended: Filed Nov. 30, 1999, effective June 30, 2000. Amended: Filed April 1, 2002, effective Oct. 30, 2002. Emergency amendment filed April 16, 2019, effective April 26, 2019, expired Feb. 5, 2020. Amended: Filed April 16, 2019, effective Nov. 30, 2019. Amended: Filed Nov. 8, 2023, effective June 30, 2024. Amended: Filed Oct. 27, 2025, effective April 30, 2026.*

**Original authority: 136.120, RSMo 1945; 143.191, RSMo 1972, amended 1988, 1990, 1992, 1994, 2014, 2015; 143.221, RSMo 1972, amended 1983, 1985, 1998, 2016; 143.225, RSMo 1983, amended 2003; 143.571, RSMo 1972; and 143.961, RSMo 1972.*