

IMPORTANT TAXATION CHANGES FROM 2022 LEGISLATIVE SESSION

The following legislative changes affect the Missouri Department of Revenue's taxation processes and are effective August 28, 2022.

County Financial Statement Penalties for Failure to File (HB 1606)

This provision will change how the Department of Revenue (DOR) assess the fines against local political subdivisions that fail to file their required annual financial statements with the State Auditor's Office. This gives these political subdivisions a one-time reduction of any outstanding fines if all required annual financial statements are filed by January 1, 2023.

Neighborhood Improvement Districts (HB 1606)

This provision requires any Neighborhood Improvement District formed per Section 67.457 to provide the Department of Revenue the date of their creation, and a copy of their boundary descriptions and notices of all boundary amendments so that the Department may post it to their public website.

Community Improvement Districts (HB 1606)

This provision requires any Community Improvement District formed per Section 67.1411 to provide the Department of Revenue the date of their creation, and a copy of their boundary descriptions and notices of all boundary amendments so that the Department may post it to their public website.

Tax Increment Financing Districts (HB 1606)

This provision requires any Tax Increment Financing District formed per Section 99.805 to provide the Department of Revenue the date they dissolve, and a copy of their boundary descriptions and estimated redevelopment projected cost so that the Department may post it to their public website.

Transportation Development Districts (HB 1606)

This provision requires any Transportation Development District to provide the Department of Revenue the date they dissolve, and a copy of their boundary descriptions and notices of all boundary amendment so that the Department may post it to their public website.

S Corporation Tax Credit - Non-Taxed Jurisdictions (HB 2400)

This provision would generally allow a Resident Credit to a resident S corporation shareholder in an amount equal to the resident shareholder's pro rata share of Missouri income tax imposed on the resident's income derived by the S corporation from sources in another state (or its political subdivision or D.C.), if that income was not subject to tax in that other state (or its political subdivision or D.C.).

S Corporation or Partnership member tax credit (HB 2400)

This provision allows a tax credit for a share of entity-level income taxes paid to Missouri by an S corporation or partnership pursuant to the SALT Parity Act to each member (shareholder or partner) subject to Missouri income tax. This provision also generally allows a Resident Credit to resident S corporation shareholders or partners for their pro rata share of entity-level income taxes paid to another state (or D.C.) by their S corporation or partnership under a provision substantially similar to the SALT Parity Act in that state. This provision applies to tax years ending on or after December 31, 2022

Sale at Retail Definition (HB 2400)

This provision modifies the definition of "sale at retail" for the purpose of calculating state and local sales tax on utilities used by transient guests at a hotel, motel or equivalent accommodation, and adds language that allows the hotel that paid sales tax on the utilities, that were used in the hotel rooms, to receive a refund of the amount they paid. This refund would be for any payments they made between May 1, 2021 and August 28, 2022 (the effective date of the act).

IMPORTANT TAXATION CHANGES FROM 2022 LEGISLATIVE SESSION

SALT Parity Act (HB 2400)

This provision allows S corporations and partnerships to elect to be subject to an entity-level income tax. By becoming subject to this entity-level income tax, members (shareholders or partners) will receive a tax credit for the entity-level income taxes paid to Missouri by the S corporation or partnership. This provision applies to tax years ending on or after December 31, 2022.

Tax Credit Reform (HB 2400)

This provision makes changes to the tax credit accountability act and its reporting requirements to ensure better compliance with the law and reduces the amount of the associated penalty for non-compliance.

Self-Employed Health Insurance Tax Credit (HB 2400)

This provision modifies the existing self-employed health insurance tax credit program to ensure the filer has a Missouri tax liability of less than three thousand dollars (\$3,000) to be eligible to receive the credit. The credit is no longer refundable and cannot be transferred or sold.

New Business Facility Tax Credit (HB 2400)

This provision extends the New Business Facility Tax Credit program an additional six years.

Qualified Research Tax Credit (HB 2400)

This provision modifies the existing statute for the qualified research tax credit program. The credit may be authorized for the greater of 15% of the taxpayer's additional qualified research expenses, or 20% in certain circumstances. The credit may be transferred, sold, or assigned.

Solar Energy Sales and Use Tax Exemption (SB 745)

This proposal adds solar photovoltaic energy systems and all components to make such a system to the list of items that are exempt from state and local sales tax, if the items are sold or leased to an end user or are used to produce collect and transmit electricity for resale or retail.

Medical Preceptorship Tax Credit (HB 2331/SB 718)

This provision, beginning January 1, 2023, allows any community-based faculty preceptor who serves as the community-based faculty preceptor for a medical student or a physician assistant student (and serves without direct compensation) a credit in an amount equal to one thousand dollars (\$1,000) for each preceptorship, up to a maximum of three thousand dollars (\$3,000) per tax year (for three students). No more than 200 preceptorship tax credits (\$200,000) shall be authorized annually.

Foster Parent Income Tax Deduction (HB 429)

This proposal creates a new deduction from a taxpayer's Missouri adjusted gross income in an amount not to exceed \$5,000 (\$2,500 for filing status of married filing separate) for foster parents. This provision is effective January 1, 2022, to claim the deduction on your 2022 individual income tax return.

Empowerment Tax Credit Program (HB 349/SB 86)

This provision creates the Empowerment Scholarship Tax Credit program, effective July 1, 2022, which allows taxpayers to receive a tax credit equal to 100% of the contribution made to a qualified educational assistance organization. The tax credit is capped of \$25 million in the first year and can be adjusted for inflation based on the rate of the consumer price index. The State Treasurer will calculate the new cap annually. The Empowerment Scholarship Tax Credit Program is administered and authorized by the Office of the State Treasurer.

IMPORTANT TAXATION CHANGES FROM 2022 LEGISLATIVE SESSION

2026 FIFA World Cup (HB 1606)

This provision exempts state and local tax levied, assessed, or payable on charges for admissions beginning June 1, 2026 and ending July 31, 2026 to the matches of the 2026 FIFA World Cup soccer tournament to be held in Kansas City, Missouri.

Medal of Honor Recipients Fund (2021 SB 258)

This provision, starting with each taxable year beginning on or after January 1, 2022, establishes a tax checkoff program for the Missouri Medal of Honor Recipients Fund. This tax checkoff program allows taxpayers (individuals and corporations) who are eligible for a tax refund to donate part or all of their tax refund to the Missouri Medal of Honor Fund. Additionally, any taxpayer can choose to write a check for any amount and donate it to the Fund by including it with their tax return.

Back to School Sales Tax Holiday (2021 SB 153)

This provision no longer allows local political subdivisions to opt out of sales tax holiday during the first Friday in August through the following Sunday in 2023. Customers will record their qualifying exempt sales on their sales or use tax return, in the adjustments of their retail sale location.

Show Me Green Sales Tax Holiday (2021 SB 153)

This provision no longer allows local political subdivisions to opt out of sales tax holiday during April 19th through April 25th, each year beginning in 2023. Customers will record their qualifying exempt sales on their sales or use tax return, in the adjustments of their retail sale location.

Manufacturing Exemption (2021 SB 153)

This provision exempts the state tax and local tax from qualifying sales. Customers will record their qualifying exempt sales on their sales or use tax return, in the adjustments of their retail sale location.

Economic Nexus for Use Tax (2021 SB 153)

Beginning January 1, 2023, a business will be determined to have Nexus in the state of Missouri if the seller's gross receipts from taxable sales from delivery of tangible personal property into this state exceeds \$100,000 in the previous calendar year or current calendar year.

Marketplace Facilitator (2021 SB 153)

This provision defines a marketplace facilitator and defines the sales that a marketplace facilitator will be required to collect and remit use tax on behalf of a marketplace seller starting January 1, 2023. They must report their marketplace facilitator sales separately from any sales and use tax already collected by the marketplace facilitator.