

FIRST REGULAR SESSION

# SENATE BILL NO. 410

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR KOENIG.

1858S.01I

ADRIANE D. CROUSE, Secretary

## AN ACT

To repeal section 143.081, RSMo, and to enact in lieu thereof one new section relating to a tax credit for certain income earned in another state.

*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Section 143.081, RSMo, is repealed and one new  
2 section enacted in lieu thereof, to be known as section 143.081,  
3 to read as follows:

143.081. 1. A resident individual, resident estate,  
2 and resident trust shall be allowed a credit against the tax  
3 otherwise due pursuant to sections 143.005 to 143.998 for  
4 the amount of any income tax imposed for the taxable year by  
5 another state of the United States (or a political  
6 subdivision thereof) or the District of Columbia on income  
7 derived from sources therein and which is also subject to  
8 tax pursuant to sections 143.005 to 143.998. For purposes  
9 of this subsection, the phrase "income tax imposed" shall be  
10 that amount of tax before any income tax credit allowed by  
11 such other state or the District of Columbia if the other  
12 state or the District of Columbia authorizes a reciprocal  
13 benefit for residents of this state.

14 2. The credit provided pursuant to this section shall  
15 not exceed an amount which bears the same ratio to the tax  
16 otherwise due pursuant to sections 143.005 to 143.998 as the  
17 amount of the taxpayer's Missouri adjusted gross income  
18 derived from sources in the other taxing jurisdiction bears

19 to the taxpayer's Missouri adjusted gross income derived  
20 from all sources. In applying the limitation of the  
21 previous sentence to an estate or trust, Missouri taxable  
22 income shall be substituted for Missouri adjusted gross  
23 income. If the tax of more than one other taxing  
24 jurisdiction is imposed on the same item of income, the  
25 credit shall not exceed the limitation that would result if  
26 the taxes of all the other jurisdictions applicable to the  
27 item were deemed to be of a single jurisdiction.

28       3. **(1)** For the purposes of this section, in the case  
29 of an S corporation, each resident S shareholder shall be  
30 considered to have paid a tax imposed on the shareholder in  
31 an amount equal to the shareholder's pro rata share of any  
32 net income tax paid by the S corporation to a state which  
33 does not measure the income of shareholders on an S  
34 corporation by reference to the income of the S corporation  
35 or where a composite return and composite payments are made  
36 in such state on behalf of the S shareholders by the S  
37 corporation.

38       **(2) A resident S shareholder shall be eligible for a**  
39 **credit issued pursuant to this section in an amount equal to**  
40 **the shareholder's pro rata share of any income tax imposed**  
41 **pursuant to chapter 143 on income derived from sources in**  
42 **another state of the United States, or a political**  
43 **subdivision thereof, or the District of Columbia, and which**  
44 **is subject to tax pursuant to chapter 143 but is not subject**  
45 **to tax in such other jurisdiction.**

46       4. For purposes of subsection 3 of this section, in  
47 the case of an S corporation that is a bank chartered by a  
48 state, the Office of Thrift Supervision, or the comptroller  
49 of currency, each Missouri resident S shareholder of such  
50 out-of-state bank shall qualify for the shareholder's pro

51 rata share of any net tax paid, including a bank franchise  
52 tax based on the income of the bank, by such S corporation  
53 where bank payment of taxes are made in such state on behalf  
54 of the S shareholders by the S bank to the extent of the tax  
55 paid.

✓