

FIRST REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 336**  
98TH GENERAL ASSEMBLY

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Reported from the Committee on Ways and Means, March 11, 2015, with recommendation that the Senate Committee Substitute do pass.

1746S.02C

ADRIANE D. CROUSE, Secretary.

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**AN ACT**

To repeal section 143.191, RSMo, and to enact in lieu thereof one new section relating to income tax withholding on tips.

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

Section A. Section 143.191, RSMo, is repealed and one new section  
2 enacted in lieu thereof, to be known as section 143.191, to read as follows:

143.191. 1. Every employer maintaining an office or transacting any  
2 business within this state and making payment of any wages taxable under  
3 [sections 143.011 to 143.998] **this chapter** to a resident or nonresident  
4 individual shall deduct and withhold from such wages for each payroll period the  
5 amount provided in subsection 3 of this section.

6 2. The term "wages" referred to in subsection 1 of this section means  
7 wages as defined by section 3401(a) of the Internal Revenue Code of 1986, as  
8 amended. The term "employer" means any person, firm, corporation, association,  
9 fiduciary of any kind, or other type of organization for whom an individual  
10 performs service as an employee, except that if the person or organization for  
11 whom the individual performs service does not have control of the payment of  
12 compensation for such service, the term "employer" means the person having  
13 control of the payment of the compensation. The term includes the United States,  
14 this state, other states, and all agencies, instrumentalities, and subdivisions of  
15 any of them.

16 3. **(1)** The method of determining the amount to be withheld shall be  
17 prescribed by regulations of the director of revenue. The prescribed table,  
18 percentages, or other method shall result, so far as practicable, in withholding

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

19 from the employee's wages during each calendar year an amount substantially  
20 equivalent to the tax reasonably estimated to be due from the employee under  
21 [sections 143.011 to 143.998] **this chapter** with respect to the amount of such  
22 wages included in his Missouri adjusted gross income during the calendar year.

23 **(2) The amount to be withheld by an employer with respect to**  
24 **tips received by an employee in the course of the employee's**  
25 **employment shall be calculated based solely upon the amount of tips**  
26 **reported by the employee in a written statement furnished to the**  
27 **employer as required by Subsection (a) of Section 6053 of the Internal**  
28 **Revenue Code of 1986, as amended and only to the extent that**  
29 **collection can be made by the employer, at or after the time such**  
30 **statement is so furnished and before the close of the calendar year in**  
31 **which the statement is furnished, by deducting the amount of the tax**  
32 **from such wages of the employee as are under the control of the**  
33 **employer (excluding tips and any amount which the employer is**  
34 **obligated to withhold and remit to the federal government, but**  
35 **including funds turned over by the employee to the employer to be used**  
36 **for Missouri income tax withholding). The employer shall have no**  
37 **Missouri withholding tax obligation with respect to an employee's**  
38 **under-reported tips.**

39 4. For purposes of this section an employee shall be entitled to the same  
40 number of personal and dependency withholding exemptions as the number of  
41 exemptions to which he is entitled for federal income tax withholding purposes.  
42 An employer may rely upon the number of federal withholding exemptions  
43 claimed by the employee, except where the employee provides the employer with  
44 a form claiming a different number of withholding exemptions in this state.

45 5. The director of revenue may enter into agreements with the tax  
46 departments of other states (which require income tax to be withheld from the  
47 payment of wages) so as to govern the amounts to be withheld from the wages of  
48 residents of such states under this section. Such agreements may provide for  
49 recognition of anticipated tax credits in determining the amounts to be withheld  
50 and, under regulations prescribed by the director of revenue, may relieve  
51 employers in this state from withholding income tax on wages paid to nonresident  
52 employees. The agreements authorized by this subsection are subject to the  
53 condition that the tax department of such other states grant similar treatment  
54 to residents of this state.

55           6. The director of revenue shall enter into agreements with the Secretary  
56 of the Treasury of the United States or with the appropriate secretaries of the  
57 respective branches of the Armed Forces of the United States for the withholding,  
58 as required by subsections 1 and 2 of this section, of income taxes due the state  
59 of Missouri on wages or other payments for service in the armed services of the  
60 United States or on payments received as retirement or retainer pay of any  
61 member or former member of the Armed Forces entitled to such pay.

62           7. Subject to appropriations for the purpose of implementing this section,  
63 the director of revenue shall comply with provisions of the laws of the United  
64 States as amended and the regulations promulgated thereto in order that all  
65 residents of this state receiving monthly retirement income as a civil service  
66 annuitant from the federal government taxable by this state may have withheld  
67 monthly from any such moneys, whether pension, annuities or otherwise, an  
68 amount for payment of state income taxes as required by state law, but such  
69 withholding shall not be less than twenty-five dollars per quarter.

70           8. The provisions of this section shall not apply to out-of-state businesses  
71 operating under sections 190.270 to 190.285.

Bill ✓

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