

Income/Franchise:

Missouri DOR Proposes Permanent Rule to Implement New Optional Pass-Through Entity-Level Tax

Proposed 12 CSR 10-2.436 SALT Parity Act Implementation, Mo. Dept. of Rev. (2/1/23). Pursuant to legislation enacted in 2022 that permits certain pass-through entities to make an election to pay an entity-level state income tax in Missouri for taxable years ending on or after December 31, 2022 [see H.B. 2400 (2022), and previously issued Multistate Tax Alert for more details on this new entity-level income tax], the Missouri Department of Revenue (Department) proposed to adopt a permanent new rule addressing how a partnership or an S corporation may elect to become an “affected business entity” under Missouri law; how and when to file the entity-level Missouri income tax return; how to designate an affected business entity representative for a tax year; and underlying estimated tax and withholding obligations of an affected business entity. Comments on this proposed new rule must be received within 30 days after its February 1, 2023 publication in the Missouri Register. Note that the Department recently adopted a similar emergency rule earlier this year [see *State Tax Matters*, Issue 2023-1, for more details on the new emergency rule]. Please contact us with any questions.

URL: <https://www.sos.mo.gov/CMSImages/AdRules/moreg/2023/v48n3Feb1/v48n3a.pdf>

URL: <https://house.mo.gov/Bill.aspx?bill=HB2400&year=2022&code=R>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-missouri-enacts-pass-through-entity-tax-election.pdf>

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230106_11.html

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