

Title 12 - DEPARTMENT OF REVENUE
Division 10 - Director of Revenue
Chapter 2 – Income Tax

PROPOSED RULE

12 CSR 10-2.052 New Apportionment Method

PURPOSE: This rule sets out the availability of the new apportionment method provided in section 143.451.2(3), RSMo, as amended in HB 128, enacted by the 97th General Assembly (2013).

(1) In general, if a corporation files its original income tax return on or after August 28, 2013, it may elect the new apportionment method authorized by section 143.451.2(3), RSMo, to compute its Missouri corporate taxable income from sources in this state.

(2) Definition of Terms.

(A) “Corporation” is an entity defined in section 143.441.1(3), RSMo.

(B) “Income tax return” is the Missouri corporate income tax return for the taxable year.

(C) “New apportionment method” is the method of computing an interstate division of income under section 143.451.2(3), RSMo.

(D) “Original return” is the initial income tax return filed for a taxable year, and does not mean an amended income tax return filed for a taxable year for which a corporation has previously filed any income tax return.

(E) “Taxable year” is the same tax period the corporation used for reporting its federal income tax liability under the Internal Revenue Code of 1986, as amended.

(3) Basic Application. An eligible corporation may elect to use the new apportionment method to compute its Missouri corporate taxable income from sources in this state on its original income tax return. The election to use the new apportionment method is available for any original income tax return that is filed on or after August 28, 2013, regardless of the taxable year for which the original income tax return is being filed. This election is not available for any income tax return that was filed on or before August 27, 2013.

(4) Eligibility. The election to use the new apportionment method is only available to a corporation that is eligible to compute an interstate division of income under section 143.451.2, RSMo.

(A) Current filings. The election to use the new apportionment method is reported on the original income tax return filed for the taxable year that was filed on or after August 28, 2013. The election to use the new apportionment method is not revocable and cannot be changed on any subsequent amended income tax return for the taxable year.

(B) Prior filings. The election to use the new apportionment method is not available on any amended return regardless of when filed.

(5) Examples.

(A) A corporation operates during the taxable year January 1, 2013 through December 31, 2013. It sells tangible property and has income resulting from transactions partially in this state and partially in another state or states. It may elect to use the new apportionment method in determining its interstate division of income for purposes of computing its Missouri taxable income when it files its original income tax return on April 15, 2014.

(B) A corporation operates during the taxable year January 1, 2012 through December 31, 2012. It sells tangible property and has income resulting from transactions partially in this state and partially in another state or states. It may elect to use the new apportionment method in determining its interstate division of income for purposes of computing its Missouri taxable income if it files (under an extension of time to file) its original income tax return for this taxable year on or after August 28, 2013.

(C) A corporation operates during the taxable year January 1, 2012 through December 31, 2012. It sells tangible property and has income resulting from transactions partially in this state and partially in another state or states. It may not elect to use the new apportionment method in determining its interstate division of income for purposes of computing its Missouri taxable income if it has filed its original income tax return for this taxable year on or before August 27, 2013.

AUTHORITY: sections 143.961, RSMo 2000 and section 143.451.2(3), RSMo, as amended in HB 128, enacted by the 97th General Assembly (2013).

PUBLIC COST: This proposed rule will not cost state agencies or political subdivisions more than five hundred dollars (\$500) in the aggregate.

PRIVATE COST: This proposed rule will not cost private entities more than five hundred dollars (\$500) in the aggregate.

*NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in support of or in opposition to this proposed rule with the Missouri Department of Revenue, Legal Services Division, PO Box 475, Jefferson City, MO 65105-0475. To be considered, comments must be received within thirty (30) days after publication of this notice in the **Missouri Register**. No public hearing is scheduled.*