



VITA Metro – St. Louis Community Tax Coalition

2019 Legislation and Tax Updates

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Agenda

2019 Legislation Update

2019 Tax Update

Property Tax Credit Program

Website Assistance

2019 LEGISLATION UPDATES

Residential Renovations for Disability Tax Credit (Section 135.562, RSMo)

- Extends the expiration date of the Residential Renovations for Disability Tax Credit from December 31, 2019 to December 31, 2025.

Public Safety Surviving Spouse Tax Credit (Section 135.090, RSMo)

- Extends the expiration date of the Public Safety Surviving Spouse Tax Credit from December 31, 2019 to December 31, 2027.

Sahara's Law (Section 143.1026, RSMo)

- Extends the expiration date of the refund donations for Pediatric Cancer Research Trust Fund to December 31, 2024.

SB87 (Cont.)

Taxpayer Protection Act (Section 143.980, RSMo)

- For all tax years beginning on or after January 1, 2020, each and every income tax return or claim for a refund prepared by a paid tax return preparer shall be signed by the **paid** tax preparer and shall state the tax preparer's Internal Revenue Service preparer tax identification number. *(Note: this is not in effect for the 2019 tax returns).*
- Each failure by the tax return preparer to sign any income tax return or claim for refund, or failure of the tax return preparer to provide a preparer tax identification number, shall result in a fine of fifty dollars (separately). The total amount of fines that may be assessed on any preparer with respect to returns or claims for refund filed during any calendar year shall not exceed twenty five thousand dollars.

SB87 (Cont.)

Late Income Tax Payment for Tax Year 2018 Return (Section 143.732, RSMo)

- This provision would prevent *penalties* for delayed payments on outstanding income tax liabilities before December 31, 2019, as long as a taxpayer timely files their return and participates, in good faith, in any payment plan authorized by the Department. Furthermore, there may be *interest* assessed on outstanding income tax liabilities, provided that no interest will be assessed before May 15, 2019. This section also allows for a refund to be issued to taxpayers that paid the penalties and interest prior to May 15, 2019.

This provision would only apply to taxpayer who:

- Have a tax liability for the 2018 tax year
- Have timely-filed their tax return by April 15 or have a valid extension, and
- Have participated in any payment plan with respect to the 2018 tax liability

SB87 (Cont.)

Kansas City Regional Law Enforcement Foundation Fund (Section 143.1028, RSMo)

- For all tax years beginning on or after January 1, 2019, and ending before January 1, 2024, a taxpayer may donate a portion of their refund, in excess of one dollar on a single return and two dollars on a combined return, to the Kansas City Regional Law Enforcement Foundation Fund.

Soldiers Memorial Military Museum in St. Louis Fund (Section 143.1029, RSMo)

- For all tax years beginning on or after January 1, 2019, and ending before January 1, 2024, a taxpayer may donate a portion of their refund, in excess of one dollar on a single return and two dollars on a combined return, to the Soldiers Memorial Military Museum in St. Louis Fund.

TAX FORM AND TAX CHANGES

2019 Due Dates

- 2019 Missouri Individual Income Return and Property Tax Credit return is due date is April 15, 2020.
- 2016 Missouri Individual Income and PTC statute of limitation due date is April 20, 2020, or October 15, 2020, if an extension was filed.

2019 Standard Deductions

- Single – \$12,200
- Married filing Combined – \$24,400
- Married Filing Separate – \$12,200
- Head of Household – \$18,350
- Qualified Widow(er) \$24,400
- Additional Standard Deduction – \$1,300

2019 Subtraction/Deduction Changes

- Business Income Subtraction increased to 10 Percent
- Public Pension maximum social security benefits for purpose of limiting public pension is \$38,437.
- Railroad Retirement and Social Security Deduction limits on MO-A are:
 - Maximum tier I railroad benefits for tax year 2019 is \$8,240
 - Maximum tier II railroad benefits for tax year 2019 is \$4,836
 - Maximum social security deduction for tax year 2019 is \$8,240

2019 Tax Rates

- The income tax brackets for the 2019 tax year, for each income increment, increased based on inflation.
- The top tax rate for 2019 decreased from 5.9 percent to 5.4 percent.

Federal income tax deduction will be reduced based on Missouri Adjusted Gross income. The maximum limits of \$5,000 and \$10,000 did not change.

MAGI	Deduction %
• \$25,000 or less	35%
• \$25,001 to \$50,000	25%
• \$50,001 to \$100,000	15%
• \$100,001 to \$125,000	5%
• \$125,001 or more	0%

First Time Home Buyer Deduction

- Create a First-Time Home Buyer saving account.
 - Used for eligible expenses: down payment and closing cost for primary resident in Missouri on behalf of a qualified beneficiary.
 - Maximum contribution is \$1,600 per taxpayer per year.
 - Cumulative maximum contribution to an account is \$20,000
 - Maximum total amount in an account is \$30,000
 - Amounts that exceed the limits do not qualify for the deduction.
- First-Time Home Buyer Tax Deduction
 - New Form 5766 First Time Homebuyer Bank Worksheet (online only) created to use when claiming the deduction.
 - Deduction of 50 percent of contribution to first-time home buyer savings account.
 - Deduction cannot exceed the taxpayer's MAGI
 - Maximum deduction from MAGI is \$800 per taxpayer per year.
 - Income earned from the account is not subject to state income tax.

2020 Tax Update Reminder

Military Individual Income Tax Deduction

- Beginning January 1, 2020, a percentage of income received as salary or compensation from the below sources shall be deducted from the taxpayers MAGI, to the extent it is included in their FAGI:
 - National Guard Inactive duty training (IDT)
 - National Guard Annual training (AT)
 - Reserve components of the Armed Forces
- The percentage is a gradual increase for 5 years up to 100%
 - TY20 – 20% of military income
 - TY21 – 40% of military income
 - TY22 – 60% of military income
 - TY23 – 80% of military income
 - TY24 – 100% of military income

2020 Tax Update Reminder

Taxpayer Protection Act will be implemented for the 2020 tax returns.

- Preparers not signing and reporting their PTIN number will receive a fine of fifty dollars (separately).
- The total amount of fines that may be assessed on any preparer shall not exceed twenty five thousand dollars.

The top individual tax rate for 2020 will remain at 5.4 percent.



Missouri Property Tax Credit Overview

PTC Program

- Gives credit to certain senior citizens and 100 percent disabled individuals for a portion of the real estate taxes or rent they have paid for the year
- Credit is for a maximum of \$750 for renters and \$1,100 for owners who owned and occupied their home
- Credit is based on the amount of real estate taxes or rent paid and total household income (taxable and nontaxable)

PTC Program Qualifications

- 65 years of age or older
- 100% Disabled Veteran
- 100% Disabled
- 60 years of age or older and received social security surviving spouse benefits

Note: Once a claimant turns 65 that is their qualification status even if their qualification was disabled in the past except for disabled veteran.

PTC Filing Status

- Single
- Married - filing combined (both incomes must be reported). If taxpayer is married and lived with spouse for *ANY part* of the year, must file as married filing combined
- Married - living separate for entire year (Must not have lived with spouse during the entire year)

Note: If filing as “Married Filing Combined”, at least one spouse must meet one of the qualifications.

PTC Income Limits

- The maximum income level for claimants who rented or owned their home a portion of the year is \$27,500 (after any exemptions).
- The maximum income level for claimants who own and occupy their home for the **entire year** is \$30,000 (after any exemptions).

PTC Exemption Amounts

- The exemption for married filing combined is \$4,000 if the claimants owned and occupy their home the **entire year**. If the claimants rent the exemption is \$2,000.
- Claimants must have paid real estate tax or paid rent on the home in which claimants lived.

Household Income Examples

Examples of household income that may apply:

- Social Security
- Wages
- Interest
- Pensions
- Annuities
- Dividends
- Public Relief
- SSI/TANF (Assistance to Children)
- Unemployment benefits
- Railroad retirement
- VA payments
- Rental income

PTC Forms

- Anyone who is required to file or will be filing a MO-1040 must complete and attach Schedule MO-PTS. The MO-PTC is to be used when a person is not required and will not be filing a MO-1040.
- When filing for credit of real estate tax paid, the tax year on the Property Tax Credit (Form MO-PTC) must match the tax year on the paid county real estate receipt.
- *Note: This may require an amended return to be completed if real estate taxes are paid late.*

First Time PTC Filers

- Change to previous directions: **Returns can be electronically filed.**
- The Department reserves the right to request supporting documents if a manual review is deemed necessary.

Exempt Property

Individuals who live on a property where no property tax is paid (exempt property) are not eligible for a Property Tax Credit Claim.

The Department has developed a database of exempt property tax addresses:

- Database does not currently contain all exempt property addresses
- All Property Tax Credit claims processed into the Department's tax system will look for address match in the exempt property tax database
- If match is found, credit denied and notice sent

Common Mistakes

- Tax return not signed
- Necessary documentation is not attached. Examples: Form(s) W-2, 1099-R, Federal Return (pages 1 and 2), and applicable schedules, Form MO-A, MO-CR, MO-NRI, and other state's returns.
- Amount of Missouri tax withheld is not correct. City earnings tax or other state's withholding incorrectly claimed.
- Calculation errors

Common Mistakes Cont.

- Amount of Federal tax withheld is claimed as a deduction instead of the actual Federal tax liability.
- Federal Earned Income Credit is incorrectly claimed as a Federal tax deduction on Missouri returns.
- The wrong filing status box is checked.
- Estimated tax payments are not claimed on the return.
- The year of the paid tax receipts do not match the tax year on the MO-PTC.

Website Assistance

Return Tracker

Missouri Return Tracker

<https://dor.mo.gov/returnstatus>

Return Status Available for 2018 and 2019

CHECK THE STATUS OF YOUR RETURN!

Want to receive regular updates
on your 2018 Individual Income
Tax Return? **Give the return
tracker application a try!**



After you have filed your
return, sign up here to
receive tracker email
or text notifications.

MISSOURI DEPARTMENT OF
REVENUE 

1099-G Inquiry

1099-G Inquiry

<https://mytax.mo.gov/rptp/portal/home/1099g-inquiry>



1099-G Inquiry

Online access to 1099-G information for taxpayers that itemize deductions on the income tax return

Online Address Change

- Online Address Change
- <https://dor.mo.gov/howdoi/addchange.php>



MISSOURI DEPARTMENT OF
REVENUE 

Online Payment of Taxes

Pay Individual Income Tax Online

<https://dor.mo.gov/personal/payonline.php>



**Pay My Taxes
or Request a
Payment Plan**

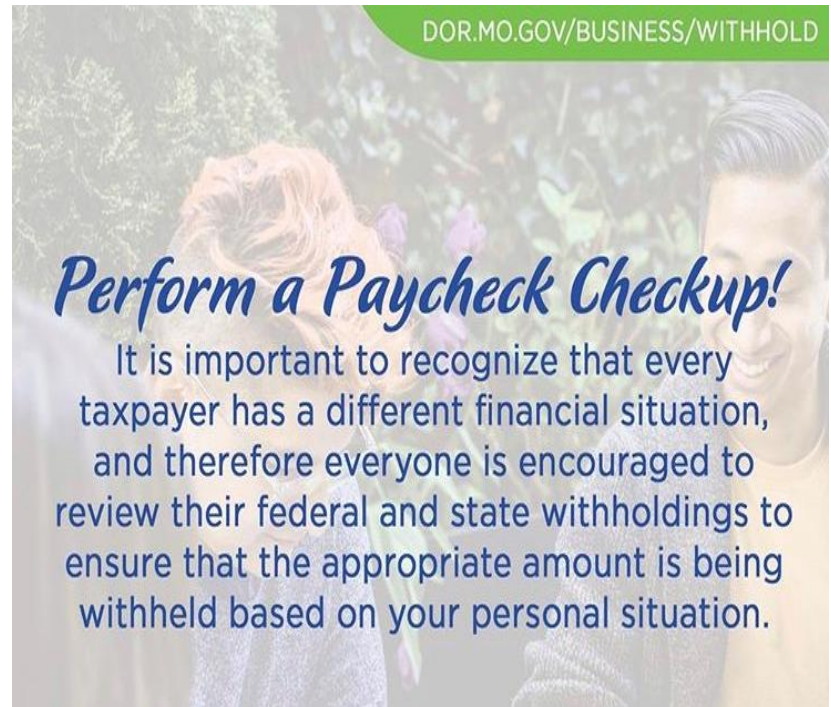
MISSOURI DEPARTMENT OF
REVENUE 

Paycheck Update

Online Tools for Assistance

<https://dor.mo.gov/business/withhold/documents/Portalwithcalculationexample.pdf>

<https://mytax.mo.gov/rptp/portal/home/withholding-calculator>

A graphic featuring a blurred background image of a man and a woman smiling in a field. Overlaid on the top right is a green banner with the text 'DOR.MO.GOV/BUSINESS/WITHHOLD'. Below this, the text 'Perform a Paycheck Checkup!' is written in a large, italicized, dark blue font. Underneath, a paragraph in a smaller, dark blue font explains the importance of reviewing withholdings based on individual financial situations.

DOR.MO.GOV/BUSINESS/WITHHOLD

Perform a Paycheck Checkup!

It is important to recognize that every taxpayer has a different financial situation, and therefore everyone is encouraged to review their federal and state withholdings to ensure that the appropriate amount is being withheld based on your personal situation.

MISSOURI DEPARTMENT OF
REVENUE



Department Website: <http://dor.mo.gov>

Resolve Delinquent Accounts: (573) 751-7200

General Income Tax Questions/Refunds: (573)751-3505

Listing of all Mailing Addresses and Phone Numbers
<http://dor.mo.gov/contact.htm>

Sign up for My Tax Missouri: <https://mytax.mo.gov> (*Coming in Summer 2020 for Individual Income Tax*)

Electronic Payment Issues: (573) 751-8150
Elecfile@dor.mo.gov



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