**INFORMATIONAL CIRCULAR NO.:** 18-P-003

**DATE:** August 24, 2017

**SUBJECT:** Missouri State Withholding Tax Law Change

**EFFECTIVE DATE:** Immediately

**OCFO CONTACT:** Carmen Waters (785) 296-7059 (carmen.waters@ks.gov)

**APPROVAL:**

**SUMMARY:** Missouri State withholding tax law change for residents of Missouri working in another state.

The State of Missouri Employer’s Tax Guide was updated in 2017 to reflect a change in the tax law regarding residents of Missouri working in another state. The tax law states that if a Missouri resident employee performs services in a state with an income tax rate that is lower than Missouri, the employer must withhold and remit to Missouri the difference between the states’ withholding requirements. This change has been implemented within the SHARP system for all current employees who reside in Missouri, effective with the paycheck dated August 11, 2017. Regent agencies are responsible for implementing this withholding change in the Regent agency systems for any Missouri resident employed in Kansas.

When an agency hires an employee who resides in Missouri, the agency will have the responsibility to ensure state tax data is set up correctly. In SHARP, when an employee’s home address is entered in personal data, the system will automatically establish a state tax row for both the State of Kansas, and the State of residence. If the employee’s State of residence is Missouri, the agency should **not** delete the tax row for the state of Missouri. Any additional state tax rows inserted for an employee’s state of residence that is other than Missouri should continue to be deleted when completing the employee tax setup. SHARP will default the Marital Status to Single and Zero withholding allowances for the tax calculation for both Kansas and Missouri. Missouri residents employed in Kansas should complete both the KS W-4 and the MO W-4 Employee’s Withholding Allowance Certificate at the time of hire if the employee wishes to have the additional Missouri withholding.

If the employee does not wish to have the additional required Missouri tax withheld or is claiming exempt status from withholding taxes, the employee must complete the attached Form MO W-4C Withholding Affidavit for Missouri Residents. This form will relieve the State of Kansas from the responsibility of deducting the additional tax amount from the employee’s paycheck. If an employee submits Form MO W-4C, the agency HR staff should delete the Missouri Tax Row in SHARP and retain the Form MO W-4C in the employee’s personnel file.

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