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# THE SMALL BUSINESS DEDUCTION

FOR NEW JOBS UNDER  
§143.173 RSMo.

Presented  
by:

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“This targeted tax deduction is another valuable tool to help small businesses in the Show-Me State continue to grow and hire new workers. With the opportunities and resources we’ve put in place for small businesses, now is the time to act.”

-Gov. Jay Nixon

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# Agenda

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- The Benefits
- Eligible Small Businesses
- The Qualifications
- Comparison Date
- Claiming the Deduction
- County and State Average Wage
- Impact

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# The Benefits

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- \$10,000 deduction for each new employee
- \$20,000 deduction per employee if health insurance is offered and > 50% of the new employee's health insurance premiums are paid by the small business entity

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# Eligible Small Businesses

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Jan 1, 2011 – Dec 31, 2014

- Sole Proprietor
- C-Corporation
- LLC (taxed as a C-Corp)

Aug 28, 2012 – Dec 31, 2014\*

- Partnership
- S-Corporation
- Other Business Entity

\*Note: 8/28 changes are not retroactive

# The Qualifications

## Small Businesses:

1. < 50 total employees
  - ❖ Part Time and Full Time
  - ❖ Note: Includes Affiliated Businesses
2. Subject to tax under §143
3. Date of Comparison
4. Wages > County/State Avg.
5. > 50% of Health Care Premiums

## Employees:

- Average 35 hours/week
- At least 52 weeks of employment
- Has not worked for the small business in Missouri for 12 months prior to being hired

# Comparison Date

- Comparison Date Is:
  - ❖ Any date in the taxable year
  - ❖ Compared to same date in the prior year
- Chosen each tax year (not fixed)
- Choose Wisely

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# Claiming the Deduction

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- Meet Eligibility Criteria
- Complete Form MO-NJD
  - ❖ Name, Social Security Number, Title or Position, County, Average County Wage, Total Wages Paid for 52 Weeks
- File Tax Return



# County and State Average Wage

- Website:

- ❖ <http://www.missourieconomy.org/INDICATORS/COUNTYWAGE.STM>

- State Average:

- \$41,474

- County Average:

- ❖ \$19,873 - \$52,974

# Impact

## ■ Individuals

- ❖ Jobs eligible for \$10,000 deduction will result in net tax impact of ~\$600
- ❖ Jobs eligible for \$20,000 deduction will result in net tax impact of ~\$1,200

## ■ Corporations

- ❖ Jobs eligible for \$10,000 deduction will result in net tax impact of ~\$625
- ❖ Jobs eligible for \$20,000 deduction will result in net tax impact of ~\$1,250

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***These discussions and conclusions are based on the facts as stated and existing authorities as of this date. Our advice could change as a result of changes in the applicable laws and regulations. We are under no obligation to provide an update if such changes occur. Our advice is based on facts and circumstances as known to us and should not be used or relied on by anyone else.***

***Any tax advice contained in the presentation, or otherwise discussed was not intended or written to be used, and cannot be used, by the anyone for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.***