

Simpson Analyzes Missouri's Elimination of Capital Gains Tax in *Kansas City Business Journal*

In the News

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Stinson LLP Partner [Jay Simpson](#) was featured in the *Kansas City Business Journal* article, "Missouri becomes first state to eliminate capital gains tax for individuals" where he discussed the potential impact of Missouri's House Bill 594.

The bill, which retroactively allows individual Missouri taxpayers to deduct 100% of all capital gains as of Jan. 1, 2025, makes Missouri the first state with an income tax to repeal the taxation of capital gains. The bill is intended to encourage greater investment in Missouri's economy by eliminating state-level capital gains taxes.

Simpson, chair of the firm's Business Taxation practice group, points to potential areas of uncertainty within the law, specifically related to how the law will address dividends and trusts. He notes that while the bill exempts anything that is treated as a capital gain for federal income tax purposes, it does not specifically address dividends, which are not treated as capital gains by the internal revenue code, but are taxed at capital gain rates.

He also considers possible complexities for trusts, which are not classified as individuals under the Missouri income tax laws. He explains that while a trust may not directly qualify for the new capital gain deduction, a trust beneficiary may be able to take advantage of the deduction if the trust realizes capital gains and then makes a related distribution to the beneficiary.

Simpson also advises Missourians who are selling a business that has operations or customers in other states to plan carefully in order to take full advantage of the new Missouri deduction. For example, in order to qualify for the deduction, it may be necessary to sell equity interests in the business, as opposed to selling the assets of the business.

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Simpson's practice focuses on resolving tax issues for all types of businesses, including acquisitions, dispositions, joint ventures, reorganizations and restructurings. He also advises on a wide range of transactional, corporate governance and tax controversy matters.

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