

Missouri Department of Revenue Taxation Division
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Jefferson City, MO 65105-1629

MISSOURI DEPARTMENT OF
REVENUE
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April 8, 2021

ABC Hotel
1234 Main Drive
City, State, Zip

Dear Business Owner:

This letter is official notice of the change in tax treatment on the usage of utilities for resale purposes in a hotel. This change is a result of *DI Supply I LLC, v. Director of Revenue* 601 S.W.3d 195 (Mo. banc 2020), handed down by the Missouri Supreme Court on March 17, 2020. The Supreme Court stated that the hotel could not purchase utilities exempt from sales tax under a claim of resale for providing their taxable service of renting rooms to the public. This notice will become effective on April 30, 2021.

This letter is also a courtesy reminder of the statutes applicable to hotels and room rentals. While these statutes have been in effect for many years, you may not have been aware of its implications on your business.

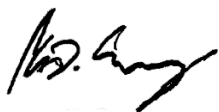
Section 144.020.1(6), RSMo, imposes a sales tax on the amount of sales or charges for “all rooms, meals, and drinks furnished at any hotel, motel, tavern, inn, restaurant, eating house, drugstore, dining car, tourist cabin, tourist camp or other place in which rooms, meals or drinks are regularly served to the public.”

The Department has added information to our website regarding the below points that can be found at dor.mo.gov/taxation/business/audit/industry-association-letters.html

- Many hotels may offer a number of amenities to guests as part of their stay. Depending on the nature of the charge, these charges may or may not be considered taxable for sales tax purposes. A list of taxable and non-taxable amenities have been added to the Departments website.
- Do you offer 30-day (or more) room rentals as part of your hotel operations? The Department has issued regulatory guidance on this issue, 12 CSR 10-110.220 (Hotels and Motels). This regulation defines a permanent resident and mentions the taxability of these types of stays. A list of nuances to the tax you should be aware of for these types stays have been added to the Departments website.
- Do you use third-party booking sites? Per Section 144.018.3, RSMo, the taxable service of providing rooms to the public cannot be purchased for “resale.” Therefore, you are still the “seller” of the room for purposes of collecting sales tax from customers and sales of hotel rooms from these types of booking sites are still taxable as gross receipts on Missouri sales tax returns.
- Hotels also have many reusable and non-reusable items they may purchase for use in a hotel room. The Department has added guidance on our website regarding these reusable and non-reusable items.

We are seeking to help you maintain and grow your business while complying with state tax laws. We look forward to working with you and thank you for your time.

Sincerely,



Mark Godfrey
Director, Taxation Division