

**TITLE 12—DEPARTMENT OF REVENUE**  
**Division 10—Director of Revenue**  
**Chapter 104—Sales/Use Tax—Registration**

**12 CSR 10-104.040 Direct-Pay Agreements**

*PURPOSE: This rule explains how to qualify for and enter into a direct-pay agreement with the department pursuant to section 144.190, RSMo. A direct-pay agreement requires a taxpayer to accrue and pay tax on all its purchases directly to the department instead of the seller.*

(1) In general, a purchaser making more than seven hundred fifty thousand dollars (\$750,000) in annual purchases may enter into a direct-pay agreement with the department to accrue and pay taxes owed on all its purchases directly to the department instead of the seller.

(2) Basic Application.

(A) To obtain a direct-pay agreement, a purchaser must complete an application prescribed by the department and demonstrate with its records that it qualifies.

(B) In determining whether the purchaser has more than seven hundred fifty thousand dollars (\$750,000) in annual purchases, only purchases of tangible personal property and taxable services that are not for resale are included. However, in the case of a dual operator, the items purchased for resale can be included in the seven hundred fifty thousand dollars (\$750,000) as it is unknown at the time of purchase which items are for resale and which items tax will be accrued on.

(C) Upon approval of a direct-pay agreement, the department will issue a certificate that the purchaser must present to its sellers. Acceptance of this certificate relieves the seller of responsibility for collecting and remitting the tax.

(D) A direct-pay agreement remains in effect for five (5) years, unless the department or the taxpayer cancels the agreement. If the agreement is cancelled, the purchaser must notify each seller in writing that its certificate is no longer valid.

(E) A purchaser with a direct-pay agreement must accrue and pay all taxes based upon the purchaser's place of business. The purchaser must file returns and pay tax monthly. If filed and paid on a timely basis, the two percent (2%) payment discount will be allowed.

(3) Examples.

(A) A purchaser has been buying taxable supplies from a Missouri seller and the seller has been collecting and remitting sales tax. The purchaser enters into a direct-pay agreement with the department. The purchaser then provides a copy of its direct-pay certificate to the seller. The seller stops collecting sales tax on the purchaser's transactions. The purchaser must pay tax on these purchases directly to the department based upon the purchaser's place of business.

(B) A taxpayer has been granted a direct-pay exemption. The taxpayer makes five hundred thousand dollars (\$500,000) in purchases for its place of business in St. Louis and seven hundred thousand dollars (\$700,000) for its place of business in Branson. The taxpayer should file a direct-pay return and report the purchases at the St. Louis rate for the St. Louis purchases and at the Branson rate for the Branson purchases.

*AUTHORITY: section 144.190, RSMo Supp. 2025. \* Original rule filed Dec. 1, 2004, effective July 30, 2005. Amended: Filed Aug. 28, 2025, effective Feb. 28, 2026.*

*\*Original authority: 144.190, RSMo 1939, amended 1941, 1943, 1945, 1979, 1986, 1988, 1991, 1999, 2001, 2002, 2003, 2012, 2016, 2019.*