

TITLE 12—DEPARTMENT OF REVENUE
Division 10—Director of Revenue
Chapter 101—Sales/Use Tax—Nature of Tax

12 CSR 10-101.600 Successor Liability

PURPOSE: Section 144.150, RSMo, makes a person acquiring a business, or the stock of goods or assets of a business, liable for the seller's tax liability. This rule explains how that liability is incurred and what steps must be taken in order for a purchaser to be relieved of this liability.

(1) In general, any purchaser of substantially all of a business or stock of goods of a business is liable for the seller's tax liability. The purchaser is required to withhold and remit to the department sufficient purchase money to pay the seller's tax liability upon the purchase of the business or stock of goods. The purchaser is relieved of liability by receiving from the seller a receipt from the director of revenue showing that the taxes have been paid.

(2) Definition of Terms.

(A) Purchase money—any consideration flowing directly, or indirectly through intermediate parties or otherwise, to a seller and is not limited to actual cash transferring directly to the seller.

(B) Stock of goods—the amount of movable personal property and/or inventory of a business.

(C) Purchaser—any “person” as defined in section 144.010.1, RSMo, who, directly or indirectly, purchases substantially all of a business or stock of goods.

(3) Basic Application.

(A) Any person acquiring a business should require the seller to provide a receipt from the department stating that all taxes have been paid or a certificate of no tax due issued by the department. The purchaser can rely on the department's certificate of no tax due for one hundred twenty (120) days from issuance.

(B) If the seller does not provide a receipt or certificate of no tax due from the department, the purchaser must pay any tax due. The purchaser should withhold a sufficient amount of the purchase money to cover taxes, interest and penalties due and unpaid by all former owners or predecessors, whether immediate or not. If the purchaser does not withhold and remit a sufficient amount, the purchaser is personally liable for the unpaid taxes, interest, additions to tax and penalties accrued. To determine the amount to be withheld, the purchaser should require the seller to provide a statement from the department showing the amount of taxes, interest, additions to tax or penalties due and owing, including the date of the last payment for such taxes, interest, additions to tax or penalties.

(C) A purchaser who obtains a certificate of no tax due or withholds and pays the department a sufficient amount of the purchase money to cover the amount of tax, interest, additions to tax and penalties is not liable for additional tax owed as the result of a subsequent audit of the tax periods covered by the previous owner. The previous owner remains liable for the tax.

(D) Any creditor acquiring the business or stock of goods as a result of an enforcement action, or any immediate or subsequent purchaser from such creditor, is not liable for the taxes, interest, additions to tax and penalties of the previous owner. The previous owner remains liable.

(E) Reliance on an affidavit pursuant to Missouri's Bulk Transfer Act stating that there were no creditors of the business will not relieve a purchaser from a previous owner's tax liability.

(4) Examples.

(A) A taxpayer purchased an ice cream business. The previous owner had a tax liability with the department. The taxpayer required the previous owner to provide a statement from the department listing the amount owed. The taxpayer withheld the amount of the tax liability from the purchase price. The previous owner then provided a statement from the department showing the tax had been paid. The taxpayer is relieved of any liability and may pay the balance of the purchase price to the previous owner. If the previous owner had not provided the statement, the taxpayer would have been required to remit the withheld money directly to the department.

(B) A motel owner with an accrued tax liability of \$18,000 defaulted on a loan. The lender acquired the motel in a private settlement with the owner. A taxpayer subsequently purchased the motel from the lender without receiving from the lender a receipt from the director of revenue showing that the amount of taxes, interest to date and penalties have been paid or a certificate stating that no taxes were due. The lender and the taxpayer are personally liable for the unpaid tax, penalty and interest to date on the motel. If the lender had acquired the motel through an enforcement action, the taxpayer would not have been liable for the previous owner's tax.

(C) A taxpayer acquired a car and some records from a business, which were not substantially all of the business or stock of goods of the business. The taxpayer is not liable for any tax liability of the previous owner.

*AUTHORITY: sections 144.150 and 144.270, RSMo 2016. * Original rule filed Nov. 9, 2000, effective May 30, 2001. Amended: Filed Aug. 26, 2005, effective Feb. 28, 2006. Amended: Filed July 16, 2025, effective Jan. 30, 2026.*

**Original authority: 144.150, RSMo 1939, amended 1941, 1943, 1945, 1961, 1987, 1990, 1994, and 144.270, RSMo 1939, amended 1941, 1943, 1945, 1947, 1955, 1961, 2008.*

Surrey's on the Plaza, Inc. v. Director of Revenue, 128 S.W. 3d 508 (Mo. banc 2004). The Court held that a successor is liable for tax owed by its predecessor unless the successor both withholds the amount of the tax from the purchase price and remits the amount withheld to the director. The Court also held that a business owner sells "all or substantially all of his or their business or stock of goods" when it sells all or substantially all of the assets of a distinct business or location, even if that does not constitute all or substantially all of the seller's assets.

Air Management Supply, Inc. v. Director of Revenue (AHC 1998). The taxpayer purchased a car and some records from its predecessor. The AHC ruled that in order to be liable as a successor, a taxpayer must purchase all or substantially all of a business or stock of goods.

Winchell's Donuts Houses Operating Co. v. Director of Revenue (AHC 1998). The taxpayer entered into a lease and license agreement of a donut shop with an individual. The licensing agreement required the individual to pay all taxes incurred in the operation of the business. The individual failed to pay federal taxes and the IRS enforced its lien, locking the doors of the donut shop. The taxpayer was forced to pay for the food inventory to protect its interest in the real property and equipment. Although taxpayer acquired the stock of goods (food inventory), because they were acquired as a result of an enforcement action by a creditor, the taxpayer was not liable as a successor.

Kim Poore v. Director of Revenue (AHC 1997). The taxpayer maintained that the seller of the business had committed fraud by not disclosing certain encumbrances. The AHC held that the Denny Hoskins taxpayer was nevertheless liable as a successor.

Stuffin's Corp. v. Director of Revenue (AHC 1993). The AHC held that the successor liability imposed upon a purchaser may be greater than the purchase price paid for the business.