

TITLE 12—DEPARTMENT OF REVENUE
Division 10—Director of Revenue
Chapter 112—Sales/Use Tax—Contractors

12 CSR 10-112.020 Solar Photovoltaic Energy Systems Sales Tax Exemption

PURPOSE: This rule interprets sections 144.010, 144.020, and 144.030, RSMo, as they relate to taxation of sales and purchases of solar photovoltaic energy systems.

(1) In general, the purchase of components, materials, and supplies by a company used directly to construct or make improvements to a solar photovoltaic energy system are exempt from sales or use tax provided the system is either sold or leased to an end user or is used to produce, collect, and transmit electricity for resale or retail sale.

(2) Definition of Terms.

(A) Company—Any commercial business, including contractors, who construct, maintain, or install solar photovoltaic energy systems.

(B) Solar photovoltaic energy systems—A power system designed to create and maintain usable solar power by means of photovoltaics, a method of converting solar energy into direct current electricity using semiconducting materials that create voltage or electric current in a material upon exposure to light. It consists of an arrangement of several components, including but not limited to solar panels to absorb and convert sunlight into electricity, a solar inverter to change the electric current from DC to AC, as well as mounting, cabling, metering systems, and other electrical accessories to set up a working system.

(C) Real property—Land and items permanently affixed to land, such as buildings.

(3) Basic Application of Tax.

(A) Any company that purchases components, materials, or supplies used directly to construct or make improvements to a solar photovoltaic energy system are exempt from sales and use tax. In order to qualify, the system must be either sold to an end user or used to produce, collect, and transmit electricity for resale or retail sale.

(4) Examples.

(A) A company purchases all of the components necessary to construct a solar photovoltaic energy system which it installs on a residential house for the homeowner. The company can purchase the components exempt from sales and use tax.

(B) A company purchases all of the components necessary to construct a solar photovoltaic energy system, which they install for a utility company, which uses the system to produce, collect, and transmit electricity for resale or retail sale. The company can purchase the components exempt from sales and use tax.

(C) A homeowner purchases all of the components necessary to construct a solar photovoltaic energy system and installs it on his home. The homeowner cannot purchase the components exempt from sales and use tax as he is not a company.

*AUTHORITY: section 144.270, RSMo 2016. * Original rule filed May 2, 2023, effective Dec. 30, 2023.*

**Original authority: 144.270, RSMo 1939, amended 1941, 1943, 1945, 1947, 1955, 1961, 2008.*