

TITLE 12 – DEPARTMENT OF REVENUE
Division 10—Director of Revenue
Chapter 110—Sales/Use Tax-Exemptions

PROPOSED AMENDMENT

12 CSR 10-110.955 Sales and Purchases - Exempt Organizations. The department is amending sections (1) and (4) and updating the purpose statement.

PURPOSE: This amendment clarifies how to determine when a purchase is tax-exempt.

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(1) In general, some organizations are exempt from tax on all or certain sales and purchases, while other organizations are only exempt on all or certain purchases. **Note that this exemption should never be used for employees' or members' personal purchases. Rather, it is to be used only for purchases made in the organization's exempt functions.** [An] Further, an exemption from federal income tax does not necessarily exempt an organization from state sales or use tax.

(4) Examples.

(G) Several of an exempt organization's employees go to a restaurant to eat lunch. If the employees are paying the restaurant using cash or a personal credit card, then the employees should not present the organization's tax-exempt letter. In this instance, the employees, rather than the organization, are the legal purchaser. Therefore, the purchase of the meal is subject to sales tax.

(H) Same facts as in subsection (G) above, except that the meal is billed to and paid for directly by the exempt organization. The charges for this meal are exempt from sales tax, because the exempt organization is the legal purchaser. In this instance, it would be correct for the organization to present a copy of its exempt letter to the restaurant.

(I) A state university books a block of rooms for the university's teaching staff. The teaching staff will be required to pay for their own rooms. Because the staff members are the legal purchasers of the rooms, the university should not present the hotel with the university's tax-exempt letter. The hotel should charge the guests sales tax on their bill.

(J) Same facts as subsection (I) above, except that the hotel rooms are billed to and paid for by the university. Because the university is the legal purchaser, the university should

present the hotel with its tax-exempt letter. The hotel should not charge the university sales tax on the hotel bill.

*AUTHORITY: section 144.270, RSMo [2000] **2016**. * Original rule filed July 31, 2001, effective Feb. 28, 2002. Amended: Filed Aug. 18, 2025.*

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

PUBLIC COST: This proposed amendment will not cost state agencies or political subdivisions more than five hundred dollars (\$500) in the aggregate.

PRIVATE COST: This proposed amendment will not cost private entities more than five hundred dollars (\$500) in the aggregate.

*NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in support of or in opposition to this proposed amendment with the Missouri Department of Revenue, Legislative Office, 301 W. High Street, Room 218, Jefferson City, MO 65105-0475. To be considered, comments must be received within thirty (30) days after publication of this notice in the **Missouri Register**. No public hearing is scheduled.*