

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

**PROPOSED AMENDMENT**

**12 CSR 10-112.300 Sales to the United States Government and Government Contractors.**

The department is amending the purpose statement and sections (2) - (4).

*PURPOSE: This amendment updates the rule to align with current statutes.*

*PURPOSE: This rule explains the tax consequences of transactions involving the United States government and government contractors including the exemptions and exclusions provided by sections 144.030[.1 and 144.030.2(6),] and 144.054, RSMo.*

**(2) Definition of Terms.**

(A) Government contractor—a business or individual which enters into an agreement with the United States government to provide products or services to the government in exchange for payment. This includes businesses or individuals that contract with the United States government to operate facilities owned by the United States government. As used in this regulation, this term is not limited to businesses that perform improvements to real property (i.e., construction **or defense** contractors).

**(3) Basic Application of the Tax.**

(B) The resale exclusion applies to property purchased by government contractors and resold to the United States government. The purchase of property for resale is not subject to tax; and the resale of property by a government contractor to the United States government is also not subject to tax.

1. Some United States government contracts incorporate standard contract clauses from the Federal Acquisition Regulations or similar contract clauses that state that title to property purchased by the government contractor pursuant to the contract shall vest in the United States government. The transfer of title under these title vesting clauses can result in a resale of the property by the government contractor to the United States government.

2. In some cases the cost of the property purchased by a government contractor is allocated among a number of different contracts. Under these circumstances, the resale exclusion would apply only to that portion of the cost that is allocated to contracts that include the title vesting clauses. Under the title vesting clauses, the United States government does not receive title to property that is leased by a government contractor for use in a government contract, since the government contractor does not receive title to the leased property. The resale exclusion [*does not apply*] **also applies** to property leased for use in the performance of a government contract.

**(D) Tangible personal property, utilities, services, or any other taxable sale made for use in fulfillment of any obligation under a defense contract with the United States government are not subject to tax.**

(4) Examples.

(D) The same corporation leases forklifts for use in its plant. Some of the forklifts are used from time-to-time in connection with the United States Air Force contract. Based on allocation formulas that the Air Force reviews and approves, one-twentieth (1/20) of the charges for leasing the forklifts is charged to the Air Force contract. The resale exclusion [*does not apply*] **also applies** to [*this transaction. The lease payments are taxable unless some other exemption to tax applies to the lease (e.g., the lease payments may be exempt because the lessor has paid tax on its purchase of the forklifts pursuant to section 144.020.1(8), RSMo).*] **one-twentieth (1/20) of these payments.**

*AUTHORITY: sections 144.270 and 144.705, RSMo 2016.\* Original rule filed Nov. 10, 1999, effective May 30, 2000. Amended: Filed July 17, 2023, effective Feb. 29, 2024. Amended: Filed Aug. 18, 2025.*

*\*Original authority: 144.270, RSMo 1939, amended 1941, 1943, 1945, 1947, 1955, 1961, 2008, and 144.705, RSMo 1959.*

*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 West 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.*