

## INTERNET SERVICE PROVIDERS

### INDUSTRY GUIDANCE

<b>Category:</b>	Internet Service Providers	<b>Tax Type:</b>	Sales & Use Tax
<b>Brief Description:</b>	Internet Service Providers Tax Matrix	<b>Issuance Date:</b>	06-30-2024
		<b>Revision Date:</b>	06-30-2024

The taxability of sales and purchases of tangible personal property and labor services by internet service providers are summarized below. While this document provides general information as to the taxability of sales and purchases of tangible personal property and labor services by businesses in the internet service industry, it may not necessarily cover every situation as the taxability may depend on facts and circumstances around the specific transaction. Should a more definitive determination be desired, businesses may request a letter ruling from the Department. [MODOR Letter Ruling Page](#)

***This list is not all-inclusive.***

Missouri sales or use tax applies to those purchases identified or designated as taxable in the chart below. The applicable Missouri sales or Missouri consumer's use tax must be paid to the vendor or accrued and remitted directly to the Missouri Department of Revenue. Purchases from Missouri vendors may be reported using the retailer's sales tax return. Purchases from outside this state which are delivered to this state are to be reported on the Missouri consumer's use tax return.

<b>Sales by Internet Service Providers:</b>	<b>Taxable/Exempt</b>
Bundled service (breakdown of individual charges) which includes telephone service, along with internet access and/or TV services.	Taxable on Telecommunications
Bundled service (no breakdown of charges) which includes telephone service, along with internet access and/or TV services.	Taxable (on entire amount)
Basic telephone services	Taxable
Local and long distance (intrastate) telephone service	Taxable
Additional separate charges for interstate calls	Exempt
Internet connection charges, regardless of whether the connection is by cable, satellite, cellular etc.	Exempt
TV services	Exempt
Sales of phones and equipment by telecommunications services from out of state providers	Taxable
Sales of telecommunications services from out of state providers	Taxable
Telecommunication services to provide internet access	Exempt
VOIP (Voice Over Internet Protocol) internet phone service	Taxable
Charges for domain registration	Exempt
Charges for web hosting	Exempt
Video conferencing cloud-based subscription services	Taxable

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<b>Sales by Internet Service Providers (continued):</b>	<b>Taxable/Exempt</b>
Equipment rental where tax was not paid at time of purchase of the equipment	Taxable
Equipment rental where tax was paid at time of purchase of the equipment	Exempt
Equipment sales	Taxable
Advertising sales	Exempt
E-911 service fee	Exempt
E-911 tax	Exempt
FSC fee (Free service amount)	Exempt
CRF charge (Cost recovery fee)	Taxable
DL unlimited unbundled (Portion related to internet service)	Exempt
DL unlimited unbundled (Portion related to telecommunication charges, including VOIP, SaaS, and video conferencing)	Taxable
Enterprise support services	Exempt
Fax services	Taxable
Federal FUSF fee (Federal universal service fund)	Taxable
Federal gross receipts surcharge	Taxable
Hardware, devices, phone equipment and accessories	Taxable
Missouri PSC assessment (Public service commission)	Taxable
Missouri relay assessment	Exempt
Missouri USF (Universal service fund)	Taxable
Municipal gross receipts surcharge	Taxable
PUC fee (Public utilities commission)	Taxable
Regulatory cost recovery charge	Taxable
Charges to reimburse for shipping charges paid to third party sellers on sales of phone and other equipment	Taxable
Shipping, delivery, freight, and postage charges	Exempt
Handling charges	Taxable
Combined shipping & handling	Taxable

<b>Purchases by Internet Service Providers:</b>	<b>Taxable/Exempt</b>
Items purchased for resale	Exempt
Equipment used for manufacturing telecommunication services	Exempt
Equipment to provide internet access and/or TV services	Taxable
Equipment used to provide both telecommunication services, internet access and/or TV services	Exempt

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<b>Purchases by Internet Service Providers (continued):</b>	<b>Taxable/Exempt</b>
Lease of broadband capacity	Exempt
Computers, laptops, iPads, external drives, and internet equipment	Taxable
Cleaning supplies and materials such as gloves, chemicals, waxes, etc.	Taxable
Furniture and fixtures, including but not limited to: desks, lamps, tables, chairs, artwork, signs, plants and planters, shelving, etc.	Taxable
Copiers, scanners, desktop and laptop computers, monitors, printers, and fax machines	Taxable
Office supplies such as office forms, staplers, paper, pens, pencils, labels, business cards, ink, toner, ribbon cartridge, etc.	Taxable
Pre-printed forms, signage, printer paper, receipt books, pamphlets	Taxable
Educational materials such as posters, printed materials, and literature, etc.	Taxable
Books, newspapers, and magazine subscriptions	Taxable
Canned software and software upgrades to maintain or update software delivered via CD Rom	Taxable
Canned software provided via electronic download through the internet	Exempt
Custom software and software upgrades to maintain or update software developed for a single end user	Exempt
Breakroom supplies such as microwaves, refrigerators, cups, and paper products	Taxable
Complimentary bottled water, coffee, soft drinks, creamer, sugar, cups and stir sticks, candy, etc.	Taxable
Promotional items including but not limited to: calendars, mugs, pens, clothing, balloons, etc.	Taxable
Security cameras & other security related equipment	Taxable
Security monitoring services	Exempt
Specialty advertising	Taxable
Media advertising	Exempt
Donations of tangible personal property	Taxable
Shredding services	Exempt
Trash & cleaning services	Exempt
Janitorial supplies	Taxable
Utilities	Taxable
Linen services	Exempt
Pest control services	Exempt
Professional services such as legal or accounting	Exempt
Uniforms	Taxable

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<b>Purchases by Internet Service Providers (continued):</b>	<b>Taxable/Exempt</b>
Repair and replacement parts for repairing, altering, or maintaining tangible personal property such as computers, printers, copiers, security equipment, etc.	Taxable
Repair parts for company vehicle used to plow snow from parking lots, driveways etc.	Taxable
Lease or rental of any copier, fax, vehicle etc.	Taxable
Repairs, maintenance, and remodeling services to existing structure/facility through a hired contractor	Exempt
Warranty or service agreements for tangible personal property such as computers, printers, copiers, security equipment, etc.	Exempt
Shipping, delivery, freight, and postage charges	Exempt
Handling charges	Taxable
Combined shipping and handling	Taxable
Inbound delivery that seller pays to their suppliers, and passes through to the internet service provider	Taxable