

Sales/Use/Indirect:

Missouri: M&E Used to Produce Vehicle History Reports Does Not Qualify for Manufacturing Exemption

Case No. SC99367, Mo. (9/13/22). The Missouri Supreme Court (Court) vacated and remanded for further proceedings “consistent with this opinion” a Missouri Administrative Hearing Commission (AHC) ruling from 2021, which previously held that a taxpayer providing vehicle history reports (VHRs) to individual consumers and automobile dealers that buy, sell, and service used automobiles nationwide was entitled to a Missouri sales and use tax manufacturing exemption on its purchase of certain machinery and equipment at issue [see *State Tax Matters, Issue 2021-43*, for more details on this AHC ruling]. In doing so, the Court now holds that the taxpayer does *not* use the disputed machinery and equipment to manufacture VHRs for purposes of the relevant Missouri statutes, reasoning that the VHRs do not do anything other than present the customer with whatever information created by others concerning the vehicle that the taxpayer has been able to obtain. According to the Court, “this falls short of showing that the VHR is an ‘article with a use, identity, and value different from the use, identity, and value of the original’ vehicle data” that the taxpayer aggregates – “analogous to a phone book (for those old enough to remember them).” Please contact us with any questions.

URL: <https://www.courts.mo.gov/file.jsp?id=189140>

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/211029_5.html

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