

Sales/Use/Indirect:

Missouri Letter Ruling Addresses Local Tax Siting of Sales of Services and Tangible Personal Property

Letter Ruling No. LR 8262, Mo. Dept. of Rev. (7/31/23). The Missouri Department of Revenue (Department) issued a letter ruling addressing whether a resort operator predominantly located in one Missouri locality (“District A”) owed a special local sales tax (the “District A Tax”) on certain cottage sleeping accommodations contiguously located in another locality (“District B”), and concluding that regardless of whether the resort operator is deemed to be providing a service or tangible personal property to its customers, it owed District A Tax for the cottage sleeping accommodations it provided in District B. In doing so, the Department explained that with respect to the provision of taxable services, Missouri Code of State Regulations section 10-117.100(3)(A)(5) provides that the “sale of services subject to state sales tax is subject to the local sales tax in effect where the service is rendered or delivered,” and that the management activities, amenities, and guest activities associated with the District B accommodations at issue were located within District A. That is, when guests made reservations for the cottages in District B, the reservations and payments were processed within District A and thus the Department held that the provision of the underlying services occurred within District A. Similarly, if the accommodations are deemed to be a sale of tangible personal property, state law requires such sales be sited to the place where “business is transacted in Missouri and that is maintained, occupied or used, directly or indirectly, by a seller or agent of the seller” – which, according to the Department, also took place within District A in this case. Please contact us with any questions.

URL: <https://dor.mo.gov/rulings/show/8262>

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