



MULTISTATE TAX

Missouri enacts several indirect and income tax law changes

Tax Alert

Overview

On June 30, 2021, Missouri Governor Mike Parson signed [Senate Bills 153 and 97](#) (collectively “SB 153”) into law imposing sales and use tax collection requirements as of January 1, 2023 on marketplace facilitators and remote sellers who exceed the \$100,000 taxable sales threshold. The bill also reduces individual income tax rates and creates a new earned income tax credit.

This Tax Alert summarizes some of the more significant provisions of SB 153.

Indirect tax provisions

- Starting January 1, 2023, remote sellers and marketplace facilitators with more than \$100,000 in gross receipts from taxable sales into the state must register with the Missouri Department of Revenue (“Department”) and collect and remit sales and use taxes. The gross receipts to determine the threshold are measured by the 12-month period ending on the last day of the preceding calendar quarter.
- Under the bill, a marketplace facilitator is a person that “(a) Facilitates a retail sale by a marketplace seller by listing or advertising for sale by the marketplace seller, in any forum, tangible personal property or services that are subject to tax under this chapter; and (b) Either directly or indirectly through agreements or arrangements with third parties collects payment from the purchaser and transmits all or part of the payment to the marketplace seller.” A marketplace seller is “a seller that makes sales through any electronic marketplace operated by a marketplace facilitator.”
- Marketplace facilitators are deemed to be sellers subject to all provisions of Missouri sales tax law. Marketplace facilitators are also permitted to contract with marketplace sellers with regard to the duties of each party under Missouri’s sales tax laws.

- The bill requires marketplace facilitators to report facilitated sales separately from its own direct sales to Missouri customers. Marketplace facilitators must also maintain records of all sales delivered to a location in the state (including copies of invoices showing the purchaser, address, purchase amount, and tax collected) for audit purposes.
- SB 153 specifically provides that sales made through a marketplace facilitator's marketplace or on behalf of a marketplace seller are deemed to occur at the location where the item is shipped or delivered (or where the purchaser takes possession).
- A marketplace facilitator must separately state on an invoice provided to a purchaser the use tax collected and remitted on behalf of a marketplace seller.
- Marketplace facilitators are entitled to refunds or credits as any seller under Missouri sales tax law, and are subject to the same penalty provisions, procedures, and reporting requirements as any seller under Missouri sales tax law.
- SB 153 allows the Department to work with the Streamlined Sales and Use Tax Agreement's governing board to allow sellers to use the board's Certified Service Providers and Central Registration System services. The bill also amended Missouri's timely filing discount statute to include Certified Service Providers.
- The bill requires the Department to create and maintain a database of the boundaries for local use tax rates. Under this provision, vendors are not liable for relying on erroneous data provided by the Department on tax rates, boundaries, or taxing jurisdiction assignments.
- The bill includes minor updates to other rules including Missouri's sales tax holiday and monthly sales thresholds for determining filing frequency for sales and use tax returns.

Income tax provisions

- SB 153 provides that the top income tax rate for individual taxpayers shall be reduced by 0.1% in the 2024 calendar year.
- The bill includes a new nonrefundable earned income tax credit ("EITC") beginning with the 2023 calendar year for eligible individual taxpayers. The credit is equal to at least 10 percent of the amount the taxpayer would receive under the federal EITC as of January 1, 2021. The percentage may increase up to 20 percent, contingent upon certain annual state general revenue increases.
- The bill also includes phased in reductions to the local franchise fees imposed on certain television service providers. The current rate of 5% will gradually be reduced to no more than 2.5% by 2027.

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