



SALES TAX EXEMPTION FOR MANUFACTURERS

MISSOURI DEPARTMENT OF REVENUE

PURPOSE

Provide an exemption to the state sales tax on energy purchases to manufacturing companies.

AUTHORIZATION

Chapter 144.054 RSMo

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

Manufacturing companies

PROGRAM BENEFITS/ELIGIBLE USES

Effective August 28, 2007, Senate Bill 30 exempts Missouri manufacturing companies from state tax (4.225 percent) and local use tax, but not local sales tax.

The Missouri Department of Revenue will issue a state sales tax exemption to a manufacturing company for:

- Electrical energy
- Gas, whether natural, artificial, or propane
- Water
- Coal
- Energy sources
- Chemicals
- Machinery equipment
- Materials

The Sales/Use Tax Exemption Certificate must be given to the seller by the purchaser. The items listed above may be exempt if they are:

- Used or consumed in the manufacturing, processing, compounding, mining or producing of any product; or
- Used or consumed in the processing of recovered materials; or
- Used or consumed in research and development related to manufacturing, processing, compounding, mining, or producing any product

The Sales/Use Tax Exemption Certificate form is available at: <http://dor.mo.gov/forms/149.pdf>

APPLICATION/APPROVAL PROCEDURE

Senate Bill 30, passed during the 2007 legislative session, changes the way utilities, vendors, and retailers will collect and remit taxes from manufacturers. They will no longer collect state sales/use tax or local use tax on exempt items. They will continue to collect and remit local sales tax.

Any business that makes retail sales of qualifying manufacturing-related items pursuant to Senate Bill 30 will collect only the local sales tax for these sales. For example, if your regular sales tax rate is 6.725%, you will collect 2.5% on the sale of qualifying manufacturing-related items ($6.725\% - 4.225\% = 2.5\%$). Any customer wishing to claim this partial exemption must issue the seller a Form 149, Sales/Use Tax Exemption Certificate before the seller collects the new lower tax rate on the sale to that customer.

The Department of Revenue has pre-registered many businesses to collect tax on qualifying manufacturing-related items at the new lower rate. The sales tax returns for filing periods beginning August, 1, 2007 will have an additional line below each business location with the text "MANUFACTURING EXE". Suppliers will report sales to manufacturers and material recovery processing plants claiming this exemption on this line. If your business has not been pre-registered, please add the location to your return or you may contact the department at businessstaxregister@dor.mo.gov or call (573) 751-5860.

CONTACT

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