<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 CSR 10-107.100 Use of and Reliance on Exemption Certificates</td>
<td>3</td>
</tr>
</tbody>
</table>
Title 12—DEPARTMENT OF REVENUE
Division 10—Director of Revenue
Chapter 107—Sales/Use Tax—Exemption Certificates

12 CSR 10-107.100 Use of and Reliance on Exemption Certificates

PURPOSE: Section 144.210, RSMo, requires sellers to obtain and maintain an exemption certificate when a purchaser claims a sale is exempt from tax. Section 32.200, RSMo, relieves a seller from liability for tax if the seller receives and accepts an exemption certificate in good faith. This rule describes procedures for sellers to follow when accepting exemption certificates.

1. The certificate on file has expired;
2. The certificate, by its terms, does not apply to the transaction; or
3. The seller can no longer rely in good faith on the certificate.

(D) A document issued by the purchaser stating that a specific transaction is subject to tax requires the seller to collect tax on the transaction, even if it contradicts the purchaser’s prior claim of exemption. A claim of exemption issued by the purchaser relating to a specific transaction applies only to that transaction and is not a general claim of exemption.

(E) An out-of-state seller sells to a Missouri customer. The Missouri customer issues an exemption certificate, which is taken in good faith. The out-of-state seller should not collect or remit Missouri tax. The Missouri buyer must report and remit tax if the items are not exempt.


All Star Amusement, Inc. v. Director of Revenue, 873 S.W.2d 843 (Mo. banc 1994). A seller that accepts an exemption certificate in good faith is not required to collect and remit tax on the sale. There is no requirement that a seller accept an exemption certificate contemporaneously with the sale or that the certificate be dated to fulfill the good faith requirement. However, the fact that an exemption certificate is received after the sale or is not dated may influence a factual finding on the issue of the seller’s good faith.

Conagra Poultry Co. v. Director of Revenue, 862 S.W.2d 915 (Mo. banc 1993). In order to accept an exemption certificate in good faith, a seller must act with honesty of intention and freedom from knowledge that ought to put the seller on notice. When seller prepared the exemption certificates two (2) years after the transaction and obtained the buyer’s signatures, the seller did not act in good faith.

Director of Revenue v. Armco, Inc., 787 S.W.2d 722 (Mo. banc 1993). Failure by seller to provide exemption certificates at time of department audit forfeited the right to claim the sales were exempt.

Cadwell Supermarket, Inc. v. Director of Revenue (AHC 1997). When seller’s employees personally knew the buyers were purchasing for exempt purposes, failure to obtain exemption certificates did not defeat the exemption claim.