Rules of
Department of Revenue
Division 10—Director of Revenue
Chapter 103—Sales/Use Tax—Imposition of Tax

Title 12—DEPARTMENT OF REVENUE
Division 10—Director of Revenue
Chapter 103—Sales/Use Tax—Imposition of Tax

12 CSR 10-103.200 Isolated or Occasional Sale

PURPOSE: Section 144.020.1(1), RSMo, imposes a tax on sellers engaged in the business of selling tangible personal property or rendering taxable service at retail. Section 144.0I0.1(2), RSMo, excludes certain isolated or occasional sales from tax. This rule explains when a sale is a nontaxable, isolated or occasional sale.

(1) In general, sales of tangible personal property are subject to tax only if the taxpayer is engaged in the business of making such sales. Isolated or occasional sales by a person not engaged in the business generally are not taxable. There are exceptions to this rule based on the frequency of such sales and total dollars of annual sales.

(2) Definition of Terms.

(A) Business—any activity engaged in by a person, or caused to be engaged in by the person, with the object of direct or indirect gain, benefit, or advantage.

(B) Nonbusiness enterprise—any activity engaged in by a person that is not part of the person's business.

(C) Person—any individual or group acting as a unit.

(3) Basic Application.

(A) Isolated or occasional sales of tangible personal property made by persons not engaged in the business of selling such property are not subject to tax if the gross receipts from all such sales are less than three thousand dollars ($3,000) in a calendar year.

(B) Factors which are considered in deciding if a taxpayer is engaged in business include, but are not limited to, the following criteria:

1. Holding out as being engaged in business by the seller, such as advertising in telephone books, media advertising, solicitation, etc.;

2. Frequency and duration of sales; and

3. The nature of the market for the service or property sold or leased.

(C) If annual sales exceed three thousand dollars ($3,000) in a calendar year, such sales will not be considered isolated or occasional, even though the taxpayer is not regularly engaged in the business of selling such products.

(D) Sales made in the partial or complete liquidation of a household, farm, or nonbusiness enterprise are not included in the three thousand dollars ($3,000) threshold. These sales are not taxable.

(4) Examples.

(A) A grocery store sells a used cash register for $1,000. No other non-inventory items are sold during the year. This would qualify as an isolated or occasional sale, and would not be subject to tax.

(B) Same facts as in (A), except that the taxpayer sells used cash registers and fixtures that total $4,000 during the calendar year. The taxpayer replaces these cash registers and fixtures by purchasing new models. The total $4,000 of these sales is subject to tax.

(C) Same facts as in (B), except that the taxpayer does not replace the cash registers or fixtures. This would qualify as a partial liquidation of a nonbusiness enterprise. Therefore, the sales are not subject to tax even though the gross receipts exceed $3,000 in a calendar year.

(D) A barbershop sells tangible personal property (shampoo, combs, etc.) as a regular part of its ongoing business. These sales are subject to sales tax even if the gross receipts are less than $3,000 in a calendar year.

(E) A construction company buys new equipment every few years, and sells its used equipment to other construction businesses. Gross receipts from these sales exceed $3,000 in a calendar year. The construction company is required to collect tax on the sale of the used equipment.

(F) A homeowner holds a weekend garage sale once a year. As long as the property was not created with the intent to sell or purchased for resale, the sale of the merchandise is not subject to tax because the garage sale qualifies as a partial liquidation of a household.

(G) A person regularly attends garage sales. He buys merchandise that he intends to sell at his monthly garage sales. The gross receipts from his garage sales are taxable even if they do not exceed $3,000 because he is in the business of operating garage sales.

AUTHORITY: section 144.270, RSMo 1994. Original rule filed Jan. 3, 2000, effective July 30, 2000.*

**Original authority: 144.270, RSMo 1939, amended 1941, 1943, 1945, 1947, 1955, 1961.*

***In Staley v. Missouri Director of Revenue**, 623 SW2d 246 (Mo. Banc 1981) a partnership contracted to sell all furnishings in a one time liquidation sale. The court found that since Section 144.020 provided that "business" and "isolated and occasional sale" are separate terms, no tax is due on isolated or occasional liquidation sales by parties not engaged in the business of selling such items.*

12 CSR 10-103.360 Titling and Sales Tax Treatment of Boats and Outboard Motors

PURPOSE: Section 144.020.1(1), RSMo, taxes the retail sale of tangible personal property. This rule interprets the sales tax law as it applies to the sale and lease of watercraft and outboard motors pursuant to sections 144.020.1(8), 144.069 and 144.070, RSMo. Chapter 306 requires the owner to obtain a certificate of title for certain watercraft and outboard motors from the Department of Revenue.

(1) In general, the purchaser must pay directly to the Department of Revenue the sales tax due on the sale of watercraft and outboard motors required to be titled. The sales tax due on the sale of all other watercraft must be collected from the purchaser by the seller and remitted to the Department of Revenue.

(2) Definition of Terms.

(A) Boat/outboard motor leasing company—A company obtaining a permit from the Department of Revenue to operate as a boat or outboard motor leasing company.

(B) Documented vessel—A vessel documented by the United States Coast Guard or other agency of the federal government. Such vessels are not subject to any state or local sales or use tax but are instead subject to an in-lieu watercraft tax. See section 306.016, RSMo, for information regarding the in-lieu tax.

(C) Motorboat—Any watercraft propelled by machinery, whether or not such machinery is the principal source of propulsion.

(D) Outboard motor—an internal combustion engine with an integrally attached propeller or waterjet propulsion unit temporarily secured to the stern of a boat.

(E) Personal watercraft—A class of inboard vessel, which uses an internal combustion engine powering a jet pump as its primary source of propulsion.

(F) Vessel—Any motorboat or motorized watercraft; also, any watercraft more than twelve feet (12') in length which is powered by sail or a combination of sail and machinery. The term vessel does not include any watercraft solely propelled by a paddle or oars. A vessel kept within this state must be registered and titled.

(G) Watercraft—Any boat or craft used or capable of being used as a means of transport on waters. Watercraft may or may not be required to be titled.

(3) Basic Application of Tax.

(A) The sales tax due on the sale of a vessel or outboard motor required to be titled must be paid by the purchaser directly to the department at the time the vessel or motor is titled. The rate of sales tax paid is based on the address of the purchaser and the rate in effect on the date the purchaser submits the application for title to the department.

(B) The seller must collect the sales tax due on the sale of all watercraft not covered by section (1) above from the purchaser in accordance with the general sales tax collection methods under Chapter 144, RSMo.

(C) Persons engaged in the lease or rental of watercraft or outboard motors have the option of—

1. Paying taxes on the full purchase price of the watercraft or outboard motor at the time of purchase or titling, depending on the type of craft; or

2. Collecting and remitting the sales tax on the gross receipts derived from the lease or rental of the watercraft or outboard motor.

(D) A person engaged in the lease or rental of watercraft or outboard motors must choose one of the methods listed in (3)(A) or (3)(B) and must treat all watercraft and outboard motors the same for sales tax purposes.

(E) If the lessor chooses the option to collect and remit sales tax based on the lease or rental of the watercraft or outboard motor, the lessor must register with the Department of Revenue as a leasing company pursuant to section 144.070, RSMo. If this option is chosen, the lessor should not pay sales tax on the purchase of the watercraft or outboard motor at the time of purchase or titling.

(F) The rental or lease of watercraft or outboard motors is not considered a fee paid in or to a place of amusement, entertainment or recreation and is therefore not subject to tax as such. This provision avoids double taxation on the purchase and subsequent lease or rental of watercraft or outboard motors.

(G) Examples.

1. Mr. Justin purchases a motorboat and a personal watercraft (jet ski) to be kept in this state. Because the motorboat and jet ski are types of vessels, they are required to be titled. Mr. Justin must title the motorboat and jet ski with the Department of Revenue and pay sales tax on the purchase price of these items directly to the department upon titling. The local sales tax is based upon Mr. Justin's address.

2. Ms. Lindsey purchases a canoe from a boat dealer. A canoe is not a vessel, therefore a title is not required. The seller should charge sales tax on the purchase price of the canoe at the time of sale. The local sales tax is based upon the place of business of the boat dealer.

3. Mr. Biggs rents motorboats, canoes and paddleboats. Mr. Biggs has chosen to pay sales tax at the time of purchase or titling and not to collect sales tax on the rental receipts of the watercraft. Mr. Biggs must pay sales tax on the purchase price of the motorboats directly to the Department of Revenue at the time the boats are titled because the motorboats are vessels required to be titled. Mr. Biggs must pay sales tax to the seller of the canoes and paddleboats at the time of purchase; the canoes and paddleboats are not required to be titled because they do not meet the definition of vessel. Mr. Biggs has chosen to pay sales tax at the time of purchase or titling and should therefore use this same method for all watercraft and outboard motors that will be rented.

4. Mr. Kev also rents motorboats, canoes and paddleboats. However, Mr. Kev has chosen to collect and remit sales tax on the rental receipts rather than to pay sales tax on the purchase price of the watercraft. In order to choose this option, Mr. Kev must first register with the Department of Revenue as a leasing company. Mr. Kev should then provide his lease/rental number to the Department of Revenue at the time of titling of the motorboats. Mr. Kev should also present a resale exemption certificate to the vendor of the canoes and paddleboats at the time of purchase. Mr. Kev has chosen to collect and remit sales tax on the rental receipts and should therefore use this same method for all watercraft and outboard motors that will be rented.

5. JJ's Resort operates a place of amusement at which motorboats and canoes may also be rented. JJ has the option of paying tax on the motorboats and canoes at the time of purchase or titling or to collect and remit sales tax on the rental receipts. Should JJ choose to pay tax at the time of purchase or titling, the gross receipts from the rental of the motorboats and canoes are not subject to sales tax notwithstanding the fact that JJ operates a place of amusement, entertainment or recreation.

AUTHORITY: sections 144.270 and 144.705, RSMo 1994. Original rule filed Nov. 10, 1999, effective May 30, 2000.*

**Original authority: 144.270, RSMo 1939, amended 1941, 1943, 1945, 1947, 1955, 1961; 144.705, RSMo 1959.*

12 CSR 10-103.390 Veterinary Transactions

PURPOSE: Sections 144.010.1(9) and 144.020.1(1), RSMo, taxes the retail sale of tangible personal property. This rule interprets the sales tax laws as they apply to veterinarians. This rule also interprets sales tax exemptions that apply to veterinarians including section 144.030.2(22), RSMo.

(1) In general, veterinarians are rendering services not subject to sales tax. However, veterinarians making retail sales of tangible personal property are responsible for collecting and remitting sales tax on the gross receipts derived from these sales.

(2) Definition of Terms.

(A) Livestock—cattle, calves, sheep, swine, ratite birds, including but not limited to, ostrich and emu, aquatic products as defined in section 277.024, RSMo, elk documented as obtained from a legal source and not from the wild, goats, horses, other equine or rabbits raised in confinement for human consumption.

(B) Prescription drug—controlled drug available by order of a physician's or veterinarian's prescription. A prescription must exhibit one of the following legends:

1. "Caution: Federal law prohibits dispensing without prescription"; or

2. "Caution: Federal law restricts this drug to be used by or on order by a licensed veterinarian."

(C) Veterinarian—a person licensed to treat animals medically.

(3) Basic Application of Tax.

(A) Veterinarians pay tax on their purchases of items consumed in their veterinarian service. Such items may include, but are not limited to, instruments, bandages, splints, syringes, furniture and equipment.

(B) Veterinarians that sell items including but not limited to, leashes, shampoos, collars, nonprescription drugs, and food for animals (except livestock or poultry) for nonfood producing animals are responsible for collecting and remitting tax on the gross receipts derived from these sales. Veterinarians should provide an exemption certificate to the vendor when purchasing items for resale.

(C) Purchases for resale subsequently used or consumed by the veterinarian are subject to the applicable tax. The veterinarian should accrue and remit this tax to the Missouri Department of Revenue. Veterinarians have used or consumed items purchased for resale if they dispense these items to clients for no charge at the same time they provide a nontaxable service. Medications and vaccines

administered to livestock or poultry in the production of food or fiber are exempt from tax.

(D) Prescription drugs are exempt. Products bearing labels, such as, "Available through veterinarians," "For sales to licensed veterinarians" or "Available through licensed veterinarians exclusively," are not prescription drugs and are subject to tax.

(4) Examples.

(A) Dr. Kassady purchased an examining table and operating supplies for her veterinarian practice. The purchase is subject to tax.

(B) Dr. Kassady sells dog food at retail. She also operates a kennel. Dr. Kassady feeds the dogs in her kennel the same dog food she purchases exempt for resale. When Dr. Kassady removes the food from inventory to use in her kennel, tax is due.

(C) Dr. Kassady sells a poultry farmer nonprescription vaccines for use on turkeys raised for the production of food. The farmer also purchases vaccines for his pets. The vaccines for the poultry are exempt; however, the vaccines for the pets are subject to sales tax.

(D) Dr. Kassady purchases surgical tools bearing the label "For sale to licensed veterinarians" to use in her practice. This purchase is subject to tax.

AUTHORITY: sections 144.270 and 144.705, RSMo 1994. Original rule filed Nov. 10, 1999, effective May 30, 2000.*

**Original authority: 144.270, RSMo 1939, amended 1941, 1943, 1945, 1947, 1955, 1961; 144.705, RSMo 1959.*

***Exotic Animal Paradise, Inc. v. Director of Revenue**, (A.H.C. 1989). Purchases of feed and hay for animals in an amusement park were not tax-exempt under section 144.030.2(1), RSMo, even though some animals qualified as livestock, because the exemption applies only to feed and hay for animals that will be ultimately resold. The park was also denied an exemption under section 144.030.2(18), RSMo, for purchases of prescription drugs because it failed to show that any of the items claimed required a prescription.*

12 CSR 10-103.500 Sales of Food and Beverages to and by Public Carriers

PURPOSE: Section 144.020.1(1), RSMo, taxes the retail sale of tangible personal property. This rule interprets the sales tax law as it applies to the sale of food and beverages to and by public carriers.

(1) In general, the sales of food and beverages to public carriers are subject to tax unless the carrier charges a separate amount for the sale of these items to its passengers or crew.

(2) Definition of Terms.

(A) Airline—a person engaged in the carriage of persons or cargo for hire by commercial aircraft pursuant to the authority of the federal Civil Aeronautics Board, or successor thereof.

(B) Missouri passenger miles—miles from airline flights that either land in or take off from locations in Missouri.

(C) Public carrier—a person engaged in the business of transporting persons or cargo for hire for the use or benefit of all.

(3) Basic Application of Tax.

(A) Public carriers that purchase food and beverages in this state to be used in serving passengers and crew should pay tax on these items at the time of purchase, unless the public carrier separately charges for the sales of these items.

(B) A public carrier may issue a resale exemption certificate to a seller of food and beverages if the public carrier sells the food and beverages to its passengers or crew and charges them a separately stated amount for these items. If a public carrier chooses this option, it is subject to tax on the gross receipts from all sales in this state of food or beverages to passengers or crew.

(C) Federal statutes exempt Amtrak from state sales tax on the gross receipts from sales in this state to passengers or crew.

(D) Airlines which purchase alcoholic beverages from wholesale distributors must remit tax of those beverages on the following basis:

1. On all sales made on the ground in this state, tax should be collected on the sales price of the drink;

2. The tax due on sales made in flight should be determined by multiplying the tax rate times the Missouri gross liquor revenues; and

3. The Missouri gross liquor revenues are the airline's total gross liquor revenue times the percentage of Missouri passenger miles to total passenger miles.

(E) Federal law, 49 U.S.C. 40116 (c), prohibits a state from taxing activities on flights that merely fly over a state without taking off or landing from an airport in the state.

(4) Examples.

(A) Cool Crowd Airlines is engaged in the business of transporting persons and cargo for hire and has operating facilities in this state where aircraft are furnished with food and beverages. Cool Crowd does not separately charge for sales of food and beverages to its passengers or crew and therefore must pay tax on the purchase of these items when they are delivered in this state.

(B) Assume the same facts as in example one except that Cool Crowd does separately charge for sales of food and drink to passengers or crew. In this instance, Cool Crowd should issue a resale exemption certificate to its food and beverage vendors and purchase these items tax free. Cool Crowd should then collect and remit tax on all sales of food and beverages that occur in this state.

(C) Cool Crowd Airlines purchases alcoholic beverages tax free for resale both in clubs located in this state and in flight. Cool Crowd should remit sales tax on the total gross receipts resulting from all sales made on the ground in this state. For sales occurring in flight, Cool Crowd should remit use tax on the Missouri gross liquor revenues. The Missouri gross liquor revenues are computed by multiplying the airline's total gross liquor revenue times a fraction, the numerator of which is Missouri passenger miles and the denominator of which is total passenger miles.

AUTHORITY: sections 144.270 and 144.705, RSMo 1994. Original rule filed Nov. 10, 1999, effective May 30, 2000.*

**Original authority: 144.270, RSMo 1939, amended 1941, 1943, 1945, 1947, 1955, 1961; 144.705, RSMo 1959.*

***Republic Airlines Inc. v. Wisconsin Department of Revenue**, 159 Wis. 2d 247; 464 N.W. 2d 62: (Wisc. App. 1990). Republic reported tax on the gross receipts of food, beverages and peanuts based on a ratio of revenue passenger miles flown in Wisconsin (the numerator), to its revenue passenger miles everywhere (the denominator). The numerator included flights that landed in or took off from Wisconsin but did not include overflights. The Wisconsin Department of Revenue adjusted the numerator of this fraction upward to include overflights. The Wisconsin Court of Appeals ruled that the Wisconsin statute did not authorize the inclusion of flyover miles in the sales tax apportionment factor, even though such inclusion was authorized by the applicable regulation. The court determined that the Legislature's use of the word "in" in the statute did not authorize the Revenue Department's promulgation of a regulation including miles merely "over" the State in the apportionment factor.*

12 CSR 10-103.610 Sales of Advertising

PURPOSE: This rule explains, pursuant to section 144.034, RSMo, when sales of advertising are sales of a service, which are not subject to tax, and when such sales of advertising are sales of tangible personal property, which are subject to tax.

(1) In general, if a sale of advertising involves the transfer of tangible personal property, it is a sale of tangible personal property subject to tax unless it is preliminary art or the sale is made by an exempt business. If the sale is made by an exempt business, the transaction is the sale of a service and is not subject to tax when the true object of the sale is the advertising. When the true object of a sale by an exempt business is tangible personal property, it is subject to tax.

(2) Definition of Terms.

(A) Advertising—the expression of an idea created and produced for reproduction and distribution in the media, such as television, radio, newspapers, newsletters, periodicals, trade journals, publications, books, other printed materials, magazines, standardized outdoor billboards, direct mail or point-of-sale (POS) displays, and which is designed to promote sales of a particular product or service or otherwise affect consumer behavior.

(B) Advertising agency—a business, not owned by an advertiser, which is directly responsible to an advertiser for and whose predominant functions as a business are the creation or supervision of the production and placement of advertising and advertising materials in the media.

(C) Broadcast station—a radio or television enterprise which engages in the collection, writing, production and dissemination of news, public affairs or entertainment by means of transmitting signals through space or wires intended for reception by the public on a receiving set.

(D) Exempt business—advertising agency, broadcast station, legal newspaper pursuant to Chapter 493, RSMo, or standardized outdoor billboard company exempt from the sales tax law pursuant to section 144.034, RSMo.

(E) Finished art—the final art used in print advertising for actual reproduction by photochemical or other process, or the master tape or film and duplicate prints used in broadcast advertising.

(F) Preliminary art—art, film or tape prepared by a person engaged in the advertising business for the purpose of conveying or demonstrating an idea or concept for acceptance by a buyer before the final approval is given by a buyer for finished art or finished film or tape. Examples of preliminary art include, but are not limited to: roughs; visualizations; comprehensives; layouts; sketches; drawings; paintings; designs; story boards; rough cuts of film and tape; initial audio and visual tracks; work prints; and music or sound effects.

(G) Specialty advertising—items of tangible personal property on which advertising is placed but which have a use and value separate from the advertising. Such items include, but are not limited to: tee shirts, key chains, glassware, frisbees, rulers, pens, calendars, matchbooks, calculators, clocks, notebooks and pocket protectors.

(3) Basic Application.

(A) Sales of advertising by exempt businesses are not subject to tax.

(B) Sales of preliminary art by nonexempt businesses are not taxable if separately stated.

(C) Sales of final art by nonexempt businesses are subject to tax.

(D) Required services included as part of the sale price for taxable advertising are also subject to tax.

(E) Optional services included as part of the sale price for taxable advertising are not subject to tax, if the charge for such services is separately stated. If the charge for such services is not separately stated, the entire sale price is subject to tax.

(F) Services provided in connection with the sale of nontaxable advertising are also not subject to tax.

(G) A person selling equipment, materials or supplies to a seller of nontaxable advertising must collect tax from the seller of such advertising.

(H) Sales of tangible personal property that are not advertising but may contain advertising, such as specialty advertising, are subject to tax, even if the sale is made by an exempt business.

(4) Examples.

(A) The following items are generally considered to be tangible personal property, not advertising, although they may have promotional value:

1. Specialty advertising;
2. Business cards;
3. Brochures and books not promoting sales of products or services;
4. Annual reports;
5. Informational pamphlets not promoting sales of products or services;
6. Training materials not promoting sales of products or services;
7. Banners (not POS);
8. Posters (not POS);
9. Signs (not POS);
10. Educational films not promoting sales of products or services;
11. Employee benefits material and plan descriptions not promoting sales of products or services;
12. Business signage, logos and stationery designs;
13. Business directories including yellow pages;
14. Warranty books and product instructions not promoting sales of products or services; and
15. Items mass produced or reproduced in quantities in excess of that reasonably anticipated to be necessary for an advertising campaign and sold for purposes other than promoting sales of a particular product or service.

(B) The following items are generally considered to be advertising:

1. Printed materials promoting sales of products and services, including fliers, handouts, brochures and sales promotion materials;
2. Direct mail and direct marketing materials (not distributed by mail), promoting sales of products and services;
3. POS materials, including displays, banners, posters and table tents and package designs, promoting sales of products and services;
4. Radio commercials, including film and video cassettes and tapes of them;
5. Television commercials, including film and video cassettes and tapes of them;
6. Audio or visual commercials for promotional or merchandising purposes, including audio and visual tapes, cassettes and films of them;
7. Print media advertising, including magazine ads, newspaper ads, periodical ads, trade journal ads, publication ads, book ads, other printed material, ads and newspaper inserts;
8. Billboards, signage, transit advertising (bus, rail, taxi and airport) and shopping mall and sports arena advertising and displays, promoting sales or products or service;
9. Product and service sales materials for dealers, distributors and other sales persons; and
10. Corporate advertising.

(C) The following services are generally considered not to be taxable if the charges for such services are separately stated:

1. Writing original manuscripts and news releases;
2. Composing music;
3. Conducting research and compiling statistical or other information;

4. Providing time and space for advertising;

5. Arranging for the placing of advertising in newspapers, magazines, television, radio, billboards, transportation facilities or other media;

6. Securing the services of actors, directors and artists; and

7. Delivering or causing the delivery of brochures, pamphlets, cards and similar items after passage of title.

AUTHORITY: section 144.270, RSMo 1994. Original rule filed Jan. 3, 2000, effective July 30, 2000.*

**Original authority: 144.270, RSMo 1939, amended 1941, 1943, 1945, 1947, 1955, 1961.*

***Gammaitoni v. Director of Revenue**, 786 S.W.2d 126 (Mo. banc 1990). The taxpayer produced commercials on videotape as well as instructional and other non-advertising videotapes. The court held that the true object of the sales of these videotapes was the finished videotapes themselves. The court also held that the taxpayer was not an exempt business under section 144.034, RSMo. The taxpayer did not meet the definition of a broadcast station because it did not transmit by radio or television nor was it a facility equipped for radio or television transmissions. It did not qualify as an advertising agency because it did not contract with advertisers to place the advertising in the media.*

***Travelhost v. Director of Revenue**, 785 S.W.2d 541 (Mo. banc 1990). The taxpayer sold advertising in a magazine it purchased but then distributed for free. The court held that the taxpayer was an advertising agency and therefore exempt pursuant to section 144.034, RSMo from tax on its sales. The court also held that the express terms of section 144.034, RSMo required the taxpayer to pay tax on its purchases of the magazines.*

***The Hearst Corp. v. Director of Revenue** (AHC 1992). The taxpayer, a video production house, produced commercials for advertisers. The taxpayer retained the master tape and provided duplicates for use by the advertisers. The commission held that the taxpayer was not an exempt business pursuant to section 144.034, RSMo. However, the commission found that the true object of these transactions was the production services provided by the taxpayer. The taxpayer retained the master and the advertisers had no need for the physical copy of the tape once the commercial was broadcast.*

***Neely v. Director of Revenue** (AHC 1990). The taxpayer, a broadcast station, purchased advertising to promote the station from a production house. The commission held that section 144.034, RSMo, was inapplicable because it relates only to sales of advertising by exempt businesses. The taxpayer, an exempt business, was purchasing, not selling, advertising. The production house was not an exempt business. The commission, however, also held that the true object of the transaction was the purchase of advertising services. Therefore, the taxpayer was liable for tax only on the separately stated charge for the finished master tape.*