Most people are very familiar with sales tax, but what about use tax. Is “sales tax” collected on certain types of sales or services and “use tax” on others? Are “sales tax” and “use tax” just different names for the same tax?

Sales tax is collected on most sales of tangible personal property and certain services. The Missouri state sales tax rate is 4.225 percent. Entities making retail sales within Missouri collect the sales tax from the purchaser and remit the tax to the MO Department of Revenue (MO-DOR).

Use tax is imposed on the use, storage or consumption of tangible personal property shipped into Missouri from outside the State. The MO use tax is the same rate as the sales tax rate, i.e. 4.225 percent. Some out-of-state sellers collect and remit the use tax directly to the MO-DOR. The purchaser is responsible for remitting the tax to the MO-DOR if the out-of-state vendor does not collect the use tax. If you have cumulative taxable purchases of less than $2,000 for the calendar year from out-of-state vendors you are exempted from filing the Use Tax Form 53U-1. States cannot require out-of-state entities that do not have a nexus (direct connection) within the state to collect and remit use tax.

Examples of out-of-state vendors are mail order catalogs, Internet purchases, and out-of-state retail outlets. In summary, sales tax is associated with sales occurring within Missouri, while use tax is applicable to sales from vendors located outside Missouri.