

HCS HB 422 -- SALES TAX REFUND FOR TAX ASSESSMENT

SPONSOR: Moon

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Ways and Means by a vote of 6 to 1.

This bill requires the Department of Revenue to refund, with interest, the sales tax paid in a 10-year period between 2005 and 2015 as a result of an audit when the department expanded its interpretation of sales tax law and the taxpayer did not collect the tax from its customers. The department will only allow refund claims from businesses that currently operate within the state of Missouri and have the same ownership as at the time of the audit.

The total amount that can be refunded under this bill is \$5 million. The department must request an appropriation for any claims that exceed this cap.

This bill has an effective date of July 1, 2020 and claims may be made until July 1, 2025.

This bill is similar to HCS HB 1722 (2018).

PROPONENTS: Supporters say that this bill would allow for repayment of taxes on services that were not clearly supposed to be taxed by the Department of Revenue (DOR). Many businesses were unaware of the change when audited and owed significant amounts of taxes, and the businesses deserve restitution.

Testifying for the bill was Representative Moon.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say this expanded interpretation of sales tax law was the result of a decision by the Missouri Supreme Court and then DOR started looking at similar businesses. If businesses did not know if they should have collected the tax, they should have asked DOR if the tax applied to them. This bill could be expensive for the state considering the way DOR classifies audits in their system and the only way to carry out notification that a business is due a refund is to manually go through the audits.

Testifying on the bill was the Missouri Department of Revenue.