

Sales and Use Tax: Missouri Statute [144.087, RSMo](#), requires all applicants for a sales and use tax license and all licensees in default to post a bond in the amount of two times their monthly sales and use tax liability. This amount is estimated in the case of a new business, otherwise based on the past 12 months tax liability of the business in the case of an existing business or previously operated business. The owner's name on the bond form must be in the name of the sole owner, all partners, corporation's name, limited partnership's name, or limited liability company's name. Listed below are the types of bonds that may be posted, the information necessary for correctly filing the bond, and the method for figuring the amount of the bond.

*** Important: If you are making retail sales without a valid Missouri sales tax license, you are in violation of Missouri law. You may be guilty of a misdemeanor and penalized up to \$10,000.

Transient Employer: Missouri [Statute 285.230, RSMo](#), a transient employer must file a bond with the Department unless they meet all the exemption criteria listed in 285.230(2). The amount of bond shall not be less than the average estimated quarterly withholding and unemployment tax liabilities of the employer and in no case less than \$5,000 nor more than \$25,000.

*** Important: If you are a transient employer and fail to file a bond, you are in violation of Missouri law. You may be guilty of a misdemeanor and penalized up to \$5,000 and will not be able to perform work in Missouri.

Computing the Amount of Sales and Use Tax Bond

Estimated Monthly Gross Sales X 7.203% (Average Tax Rate) = Monthly Tax

(Note: If you will be using your actual rate(s) visit <http://dor.mo.gov/business/sales/rates/> to obtain sales tax rate information.

Monthly Tax X 2 = Amount of Bond (Round to the nearest \$10)

Estimated monthly gross is the amount of sales you estimate your business will make in taxable sales per an average month. If you are a small business, one of the things you should consider in estimating your average monthly gross is your operating expenses; such as: rent, utilities, etc. Your average monthly gross should be higher than your estimated operating expenses. If you compute your sales tax liability to be less than \$500 for 2 months, you must file a minimum bond of \$25. If you compute your sales tax liability to be \$500 or greater for 2 months, you must file a bond equal to that amount.

Example: Mr. X will be opening a new sporting goods store in the city limits of City A which has a tax rate of 7.056 percent. Because the business has no sales he must estimate his average gross sales per month in order to compute the bond. Mr. X estimated his average gross sales to be \$7,000 per month. This is how Mr. X computed his bond: \$7,000 X 7.056% = \$494 \$494 X 2 = \$988 Amount of bond = \$990

If you are unable to estimate your bond, you may contact the Taxation Division for assistance. The Taxation Division reviews the bond amount to ensure it is sufficient in accordance with the Missouri Statutes. The following items are taken into consideration when determining a sufficient bond amount: previous ownership of business, types of products or services sold, location of business, business hours, operating expenses, etc.

If you need to submit a sales and use tax bond and transient employer bond, they must be on separate bond forms.

Cash Bond ([Form 332](#))

1. Fully complete the cash bond form. Owners name must include owner, all partners, corporation, or LLC name.
2. Sign the cash bond form.
3. Forward a cashier's check, money order, or certified check with the cash bond form. Cash, personal, or company checks are not acceptable.

Surety Bond ([Form 331](#))

1. Owners name must include owner, all partners, corporation, or LLC name.
2. A surety bond must be issued by an insurance company licensed for bonding with the Department of Insurance, State of Missouri.
3. It must be on the form provided by the Department.
4. The form must bear the effective date.
5. It must be signed by an authorized representative of the surety company and the owner, partner, officer, or member.
6. The Surety Bond must be accompanied by a valid Power of Attorney letter, issued by the surety company, authorizing the surety official to sign the Surety Bond.
7. It must be the original bond. A copy is not acceptable.

Irrevocable Letter of Credit ([Form 2879](#))

1. Owners name must include owner, all partners, corporation, or LLC name.
2. The letter of credit must be issued by a financial banking institution located in the United States.
3. It must be on the form provided by the Department.
4. It must be the original letter of credit. A copy is not acceptable.
5. It must state the owner's name.
6. It must state the date of issuance.
7. It must be signed by a bank official and notarized.
8. It must be accompanied by an "Authorization for Release of Confidential Information" form which must be signed by the owner, partner, officer, or member and notarized.

Certificate of Deposit ([Form 4172](#))

1. The Certificate of Deposit must be issued by a state or federally chartered financial institution.
2. The Certificate of Deposit must be issued in the name of the Missouri Department of Revenue and the owner, all partners, corporation name or limited liability company name.
3. It must be issued for not less than 24 months.
4. It must be accompanied by the original "Assignment of Certificate of Deposit" form provided by the Department which must be completed by the financial institution and notarized.
5. The Certificate of Deposit must be endorsed or accompanied by a signed withdrawal slip.
6. The actual Certificate of Deposit, original Assignment of Certificate of Deposit, and a copy of the signature card must be forwarded with the registration application.

Filing Additional Bonds

If the Director of Revenue determines that the bond filed is insufficient to cover the average tax liability of a given taxpayer for two months, he or she may require such taxpayer to adjust the amount of the bond to cover the amount of liability. The following methods may be used for filing an additional bond.

1. Filing a cash bond, surety bond, Irrevocable Letter of Credit, or a Certificate of Deposit for the additional amount. Refer to the above requirements for each bond.
2. If you have a surety bond already on file with the Department, you may increase this bond to cover the additional bond by contacting your insurance company and request that a rider be issued to increase the bond amount. The rider must be accompanied by a Power of Attorney letter.
3. If you have an Irrevocable Letter of Credit already on file with the Department, you may increase your Letter of Credit to cover the additional bond amount by contacting the issuing bank and request that an amendment be issued to increase the bond amount.



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