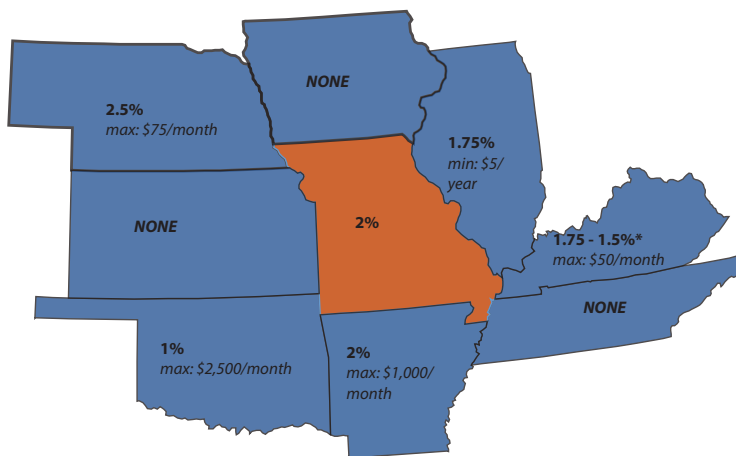


When you buy something at the store, you pay your sales tax, and retailers submit it to the state. Before computers, store clerks had to manually calculate and remit sales taxes to state and local entities, so Missouri reimbursed retailers for those collections costs by allowing them to retain a portion of the sales tax collected in exchange for timely remittance to the state. This payment is called a “timely filing or vendor discount”. While times – and technology – have changed, Missouri’s vendor discount hasn’t.

Bring vendor discounts in line with other states to reduce outdated tax giveaways that have outlived their purpose.

Missouri’s Timely Filing Discount Far Exceeds Other States



* Kentucky’s larger discounts apply to the first \$1,000

Source: Federation of State Tax Administrators

- Although Missouri struggles every year to adequately fund our schools, roads, and other services that provide the foundation for our state’s economic growth, it offers some of the most generous tax benefits in the nation to corporations.
- Missouri’s “timely filing discount” or “vendor discount” is the second most generous in the country, costing Missourians \$114 million in 2016.

- Only 28 of the 45 states and the District of Columbia that have sales taxes provide these so-called “vendor discounts.” Of those that do, most limit the amount retailers can retain in some way.
- Automation has minimized the amount of time and staffing required for this function, reducing the costs for companies. But while the cost for retailers has decreased, the size of Missouri’s vendor discount has not.
- Moreover, Missouri is the only state that provides an additional timely filing discount to employers for remitting their employee withholding taxes on time.

The Bottom Line: Bringing vendor discounts in line with other states would allow Missouri to make much needed investments in Missourians that would strengthen our quality of life and economic competitiveness.

Notes

1. For more information about the streamlined collections mechanism, visit:
<http://www.mobudget.org/timely-filing-discount/>

