

Missouri vacation rental tax guide

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Airbnb and HomeAway/Vrbo have changed the way vacationers travel. More and more guests are choosing to rent private homes rather than book hotels. With a bounty of popular destinations including St. Louis, Branson, and Lake of the Ozarks, the Show-Me State offers prospective short-term rental hosts the opportunity to bring in extra income and meet new people.

But new income opportunities bring new tax implications. Like hotel and B&B stays, short-term rentals in Missouri are subject to tax. Tax authorities require short-term vacation rental hosts to collect applicable short-term rental taxes from their guests and remit them to the proper authorities.

Failure to comply with state and local tax laws can result in fines and interest penalties. These may not catch up with vacation rental operators in the short term, but the sharing economy is under increased scrutiny so it's important to address compliance before tax authorities address it for you.

Avalara MyLodgeTax has put together this guide to help you comply with Missouri short-term rental tax laws. For more information on the tax rates and jurisdictions that apply to your rental's specific location, use our lodging tax lookup tool at <https://www.avalara.com/mylodgetax/en/resources/rate-lookup.html>

No short-term vacation rental tax guide is a substitute for professional tax advice. Consider this an asset to help you understand and prioritize your vacation rental questions and concerns. Questions pertaining to specific situations or out-of-the-ordinary conditions are best solved with a certified tax professional familiar with Missouri tax laws.

Short-term rental tax basics

When you start operating a short-term rental, while you might not have experience with lodging taxes, you're probably familiar with income tax. It's important to understand the difference between the two.

Income tax is reported and paid annually to the federal government and many state governments on "taxable" income, which is income after allowed expense deductions. You pay this tax directly to the government.

Lodging tax on a short-term rental is a percentage of the cost of your guest's stay that's added to the price on the bill. The guest pays the tax, but you're responsible for collecting the tax and paying it to the proper tax authority.

What's the definition of "short-term rental" in Missouri?

For tax purposes, short-term rentals in Missouri are defined as reservations of up to 30 consecutive days.

Who's required to collect and file taxes on short-term rentals in Missouri?

If you collect payment from short-term guests renting out a room, apartment, house, or other dwelling, you're likely responsible for collecting, filing, and remitting short-term rental taxes to Missouri tax authorities.

Location is key to compliance

The location of your rental is a crucial piece of information for short-term rental tax compliance. Your address determines which tax jurisdictions you're required to report to, which taxes you need to collect, and the appropriate tax rates.

The combined sales and lodging tax rate for Innsbrook, MO is 7.600%.
[Broken Down: Missouri 4.225%, Warren County 2.500% and Innsbrook Village 0.875%]

Registering with tax authorities

Before you can begin collecting taxes on your short-term rental in Missouri, you're legally required to register with the Missouri Department of Revenue. You can register your business at <https://dor.mo.gov/registerbusiness/index.php> or download the application at <https://dor.mo.gov/forms/2643.pdf>, and once you've registered, you'll receive a sales tax license as well as instructions on filing your lodging taxes.

Depending on your jurisdiction, you may be required to register with your local tax authority and file local lodging tax returns in addition to state registration and filing. Innsbrook, MO does not require this.

Do I need to form an LLC?

In Missouri, you don't need to form an LLC to register with tax authorities.

Local short-term rental regulations

Short-term rental operators in Missouri should be aware of the local regulations that apply to them, including rules covering:

- Legality
- Permits, licenses, and registration
- Zoning
- Advertising
- Neighborhood notification
- Building and housing standards

Homeowner Associations (HOAs) located in Missouri may also have specific rules regarding vacation rentals. See the 14th amendment to the indentures of the Innsbrook Estate Subdivision. As a member, it's your responsibility to be aware of the association's policy. It's important to review this information to understand any restrictions or limitations on short-term vacation rentals.

Other regulations associated with leases/subletting or condo/co-op rules may apply to your situation. A good place to start is by reviewing your signed lease and speaking with your landlord or property manager.

Collecting short-term rental tax

Once you've registered with tax authorities, you're ready to start collecting rental tax, which you'll add to your guest's bill when they pay for their stay.

Which taxes apply to Missouri short-term rentals?

In Missouri, a number of different lodging taxes may apply to your short-term rental, depending on your location. These can include:

Tax name	File and remit to
State and local sales tax	Missouri Department of Revenue
Tourism tax	Missouri Department of Revenue
Local lodging tax	Local tax authority

Tax rates

Before you can begin collecting short-term rental taxes, you need to know the correct rate to charge. Rates can and do change frequently, so it's critical to make sure you have the latest rate to avoid over- or undercharging your guests and running into compliance issues.

What charges are taxable?

In Missouri, all charges for rooms, meals, and drinks provided as part of the accommodations are taxable. This includes items such as cleaning fees, pet fees, rollaway bed fees, extra person fees, etc. Fees that are refundable, such as damage deposits, are generally not subject to lodging taxes unless the host keeps the deposit.

What happens when my short-term rental marketplace (such as Airbnb or HomeAway/Vrbo) collects taxes for me?

Before collecting any short-term rental taxes from your guests, you need to be aware of whether any taxes have already been collected for you. Some vacation rental marketplaces collect Missouri short-term rental taxes for you when the listing is booked. If taxes aren't being collected for you, you're responsible for collecting and remitting them to state tax authorities.

Marketplaces regularly add new jurisdictions to the list of locations where they collect lodging taxes on hosts' behalf. Check with your marketplace for the latest information on which taxes they're collecting on your behalf.

Are guests ever exempt from taxes?

There are situations in which you aren't required to collect lodging taxes in Missouri. For example, a guest who rents for a long term rather than a short term will be exempt from short-term lodging taxes.

In Missouri, purchases of accommodations by organizations including religious, charitable, and nonprofit groups, schools and institutions of higher learning, Missouri political subdivisions, and federal or state agencies may be exempt from state sales taxes.

Filing short-term rental tax returns

After you've collected taxes from your guests, it's time to file your tax returns with the Missouri Department of Revenue. In Missouri, you can file returns online. In order to file, you'll need to enter information on how much you charged for your rentals. You'll also need to pay the tax amount due. The Missouri Department of Revenue allows credit card payments, but you may be charged convenience fees for this type of payment.

Take the time to double-check your returns prior to submitting. Simple mistakes such as typos, missing signatures, and incorrect tax information can lead to unwanted delays.

When do I need to file my returns?

You'll be assigned a filing frequency and due dates when you register with the tax authority. For filing with the Missouri Department of Revenue, state sales tax due dates are as follows:

Filing Frequency	Due Date
Monthly	Due the 20th day of the month following the end of the filing period
Quarterly	Due the last day of the month following the end of the filing period
Annually	Due by January 31 following the completion of the filing period.

I didn't rent my property during this filing period. Am I still required to file a tax return for my short-term rental with the Missouri Department of Revenue?

Yes. Short-term rental operators registered with the Missouri Department of Revenue are required to file returns each assigned filing period, regardless of whether there was any short-term rental income or any short-term rental taxes were collected. Such returns are commonly known as "zero dollar returns." Local tax authorities may have their own requirements.

Are there penalties for filing taxes late?

Whether you choose to offer short-term rentals through a marketplace like Airbnb or directly to the consumer, you open the door to tax liability at the state and local level. As tax revenue is a major source of local funding, tax authorities are becoming more aggressive in their efforts to identify individuals and businesses not in compliance with tax laws. Failure to register with tax authorities and file short-term rental tax returns in Missouri on time may result in late fees, interest payments, and in extreme cases, legal action.

I've been offering short-term rentals without collecting lodging tax. What options do I have?

If you're already operating a short-term rental but you're not collecting short-term rental taxes, you may be in violation of Missouri tax laws. Take the time to review your legal responsibility (with a tax professional, if necessary) and understand the risk of continuing to not collect tax.

Short-term rental hosts in Missouri may be able to take advantage of a voluntary disclosure agreement (VDA). A VDA offers an opportunity for hosts to proactively disclose prior period tax liabilities in accordance with a binding agreement with the Missouri Department of Revenue. VDAs are offered to encourage cooperation with state tax laws and may result in some or all penalty and interest payments being waived.

Are there options for outsourcing lodgings tax filing?

Yes. Numerous short-term rental hosts in Missouri file several state and local lodging tax returns every year. For many, filing solutions can relieve this burden.

References

Avalara, n.d, *Missouri vacation rental tax guide*, accessed 06 August 2021,

<<https://www.avalara.com/mylodgetax/en/resources/vacation-rental-tax-guides/missouri.html>>