Missouri Department of Revenue

Sales by Farmers at Farmers Markets

- How do I register with the department to collect and remit sales tax?
- Are processed foods and fresh foods subject to the same sales tax?
- Should state sales tax be reported quarterly or annually?
- Does a producer who travels to multiple markets in multiple cities have to charge the local sales tax rate in each city?
- When do I need to file my returns?
- I sell produce, crafts, and bakery items. How do I charge and pay taxes on those items?
- I'm a farmer and I sell produce. I didn't think I had to pay taxes. Farmers that take their grain to market don't have to pay taxes at the elevator.
- My children have a produce business and they sell at our local farmers market. Do they have to pay or charge taxes?
- My husband and I sell our extra produce at the farmers market. We only make about $2,000 per season. Do we have to charge or pay taxes?
- I sell processed beef. I take orders at the farmers market, take the beef to the processor, and then deliver the beef to the customer's home. How do I handle taxes?
- I buy produce at auctions and from neighbors and resell the produce at a farmers market. Do I need to pay taxes on these products? If so, how do I do so?
- I sell honey at the farmers market. What is the sales tax rate?
- Is the farmer's stall at the farmers market considered a "regular stand or place of business away from his farm"?
- If a farmer grows produce at home and sells it at farmers markets or along the roadside, should taxes be charged to the customer and remitted to the department?
- Do I have to pay local sales tax on the sale of jams, jellies, or baked goods that I process on my farm?

How do I register with the department to collect and remit sales tax?

Complete the Business Tax Registration Application (Form 2643) and submit it to:

Business Tax Registration
P.O. Box 357
Jefferson City, MO 65105-0357

You may also register online using Online Business Registration. Taxpayers registering to collect and remit sales tax must post a bond equal to three times their anticipated monthly liability. If the estimated liability is less than $500, the bond amount is $25. A registration form (Form 2643) must be submitted for each location that will transact sales.

back to top

Are processed foods and fresh foods subject to the same sales tax?

Yes, processed foods and fresh farm grown products are all subject to the state sales tax for food of 1.225 percent. These foods are also subject to any applicable local sales tax.

back to top

Should state sales tax be reported quarterly or annually?

It depends on how much sales tax you collect. If collections average over $500 per month, file monthly. Collections averaging between $15 and $500 per month should be filed quarterly. Monthly collections of less

than $15 can be filed annually. Because farmers markets are often seasonal, it is possible that you can file on a monthly or quarterly basis only in the seasons in which you will make sales. The department will assist you in determining your filing frequency when you register to collect the sales tax.

back to top

Does a producer who travels to multiple markets in multiple cities have to charge the local sales tax rate in each city?

Yes, the local sales tax rate applies. A producer who travels to multiple farmers markets establishes a business location in the city in which each market is located. Therefore, the seller should collect and remit tax based on the rate in effect in the city in which that market is located. You can check the combined state and local sales tax rate tables to determine the rate in effect at your farmers market or call (573) 751-5860.

back to top

When do I need to file my returns?

If you file monthly, returns are due on the 20th of the following month except for March, June, September, and December, which are due the last day of the following month. If you file quarterly, returns are due the last day of the month following the end of the quarter (April, July, October, and January). Do not include the tax collected in your gross receipts when determining the proper amount of tax to remit to the department. Learn more about reporting sales tax by reviewing our Sales Tax Detailed Instructions and Information (Form 4789) or call (573) 751-5860.

back to top

I sell produce, crafts, and bakery items. How do I charge and pay taxes on those items?

Charge sales tax on the total sale price of the **produce and bakery items** at a rate of 1.225 percent plus any applicable local sales tax. Charge tax on the total sale price of the **craft items** at a rate of 4.225 percent plus any applicable local sales tax. The sale of the produce and bakery items should be reported on a separate line from the sale of the crafts because of the different tax rate.You can check the combined state and local sales tax rate tables to determine the rate in effect at your farmers market.

back to top

I'm a farmer and I sell produce. I didn't think I had to pay taxes. Farmers that take their grain to market don't have to pay taxes at the elevator.

Sales tax applies when the seller is making a sale at retail to the final user or consumer, but not when the purchaser is selling the product for resale. A farmer selling products at retail at a farmers market must collect and remit sales tax. A farmer selling grain at an elevator is selling the grain for resale or use in manufacturing a product for sale.

back to top

My children have a produce business and they sell at our local farmers market. Do they have to pay or charge taxes?

Yes, the sales made by the children at a farmers market are taxable sales. However, because they are minors, the department cannot issue a sales tax license to the children. A parent should obtain a sales tax license on behalf of the children and report any sales to the department.

back to top

My husband and I sell our extra produce at the farmers market. We only make about $2,000 per season. Do we have to charge or pay taxes?

Yes, you do. Any person who establishes a booth at a farmers market is in the business of selling tangible personal property. As a result, you must collect and remit sales tax to the department regardless of the amount of annual sales.

back to top

I sell processed beef. I take orders at the farmers market, take the beef to the processor, and then deliver the beef to the customer's home. How do I handle taxes?

Tax should be charged on the retail price of the beef based on your business location, most likely your farm. Missouri law indicates that if a person has more than one place of business that participates in the sale, the sale is deemed to be consummated at the business location of the retailer. Because you take orders at the farmers market, but then fill the orders by delivering beef from your farm to a processor, then deliver the beef to the customer's home, more than one location is involved in the sale. Under Missouri law, the proper rate to charge is based on your business location, which is your farm.

back to top

I buy produce at auctions and from neighbors and resell the produce at a farmers market. Do I need to pay taxes on these products? If so, how do I do so?

Yes, you must pay taxes on the re-sold goods. You'll need to issue a Sales/Use Tax Exemption Certificate (Form 149) to the farmers from whom you purchased the produce. After resale, collect and remit tax on your sale at retail based on the price you charged your customer.

back to top

I sell honey at the farmers market. What is the sales tax rate?

Sales tax should be collected on the total price charged your customer at the state rate of 1.225 percent plus any applicable local sales tax.

back to top

Is the farmer's stall at the farmers market considered a "regular stand or place of business away from his farm"?

Yes. For purposes of sales tax law, the farmer's stall at a farmers market is considered a business location. State and local sales tax should be collected and remitted.

back to top

If a farmer grows produce at home and sells it at farmers markets or along the roadside, should taxes be charged to the customer and remitted to the department?

Yes, both state and local sales tax applies to the sale of produce, whether it is retailed at a farmers market or along the roadside.

back to top

Do I have to pay local sales tax on the sale of jams, jellies, or baked goods that I process on my farm?

Yes, you must collect and remit sales tax on the retail sale of jams, jellies, and baked goods that are processed on your farm based on the total selling price of those items. However, any ingredients purchased to make the jam, jelly, or baked goods can be purchased without paying sales tax. You must issue a Sales/Use Tax Exemption Certificate (Form 149) to any business from which you purchase the ingredients.

back to top

© 2010 Missouri Department of Revenue. All rights reserved.