

## DOING BUSINESS IN MISSOURI

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### Doing Business in Missouri

Any entity that is not registered, but by law is required to be, cannot legally transact business or maintain a lawsuit in Missouri until it secures a certificate of authority. Foreign entities that do not comply with the registration requirement are subject to a fine of not less than \$1,000, which is collected through the institution of a lawsuit.

### Starting Business in Missouri

In order to business in Missouri, there are several things you should do:

#### Check Business Name/Reserve Name

Before proceeding with the drafting of any business documents, it is import to both check the availability of the business name you want to use, and also to reserve that name to prevent it being taken. This can be accomplished online:

<https://www.sos.mo.gov/BusinessEntity>

A reservation for a name provides the reserving party exclusive right to the name for any business entity purposes for 60 days. This reservation may be renewed or extended for two additional sixty-day periods.

#### Determine the type of Ownership

Missouri recognizes the following types of ownership: Sole owner Partnership, Limited Partnership Government, Trust Corporation, Limited Liability Company Estate, Indian Tribe Religious Organization, Fraternal Organization Labor Organization/Union, Association Other Not-for-Profit, Limited Liability, Partnership Limited Liability Limited Partnership. There are also specific requirements for each type of business entity. Any person or entity that is doing business under a name other than its true legal name must register that fictitious name

#### Select a Registered Agent

If you use a registered agent, you must provide both the name and the address.

#### Get an Employer Identification Number

Every employer transacting any business in Missouri and making payment of wages to a resident or nonresident individual must obtain a Federal

Employer Tax Identification Number, which sometimes can be referred to as FEIN, FIN, or EIN. Some entities, such as financial institutions, may require a business to have an identification number.

#### File with the Secretary of State

A corporation operating in Missouri typically files the following documents with the Secretary of State: Articles of Incorporation, Annual Reports, Registered Agents and Dissolutions. Any person or entity which is doing business under a name other than its true name must register that fictitious name.

### State Taxation

#### Sales Tax

Any person or company that has a business location in Missouri from which they sell or lease goods to a final consumer is required to collect and remit Missouri sales tax. To do this, a business must obtain a Missouri Retail Sales License from the Missouri Department of Revenue. The state sales tax is 4.225%. Rates vary across cities and counties because they may also chose to levy a sales tax. A bond, based on projected monthly gross sales, must be posted at the time of application. (Chapter 144, RSMo).

#### Vendor's Use Tax

Out-of-state businesses making sales of goods to the final consumer located in Missouri may be required to collect and remit Missouri vendor's use tax. This tax is 4.225%. To engage in the sale of goods, you must obtain a Missouri Use Tax License and post a bond. Out-of-state businesses that lease goods to Missouri customers from an out-of-state business location are required to collect and remit Missouri vendor's use tax. (Section 34.040.6 RSMo).

#### Consumer's Use Tax

A business in Missouri which purchases goods from an out-of-state vendor for consumption, when Missouri tax was not collected at the time of purchase, must remit Missouri Consumers Use Tax. A business must register for the payment of Use Tax; however, no bond is required.

#### Corporate Income Tax

State law sets the corporate income tax rate at 6.25 percent of Missouri taxable income. In addition, Missouri allows 50 percent of federal income tax liability to be deducted before computing taxable income. A corporation must file with the state a

Declaration of Estimated Tax (MO Dept. of Revenue form MO-1120ES) and a Federal Estimated Tax (IRS form #1040ES).

## **Registrations**

Permits and licenses are required and vary depending upon the type of business. The site [www.business.mo.gov/lookup/PermitSearch.aspx](http://www.business.mo.gov/lookup/PermitSearch.aspx) provides a convenient way to check. Most cities, and some counties, also require businesses to be licensed. Obtain local business licenses through the city or county government (generally this is the city clerk or county clerk).

## **Employers**

Missouri is an at-will employment state. As such, employers have the right to terminate employees for no reason or any reason so long as the basis does not violate public policy. *Johnson v. McDonnell Douglas Corp.*, 745 S.W.2d 661 (Mo. Banc. 1988).

### Missouri Human Rights Act

Employees are protected from discrimination on the basis of race, color, religion, national origin, sex, ancestry, age or disability by the Missouri Human Rights Act. (Chapter 213, RSMo). This law is overseen by the Missouri Commission on Human Rights.

### Withholding Tax

Every employer maintaining an office or transacting any business in Missouri and making payment of wages to a resident or nonresident individual must obtain a Missouri Employer Tax Identification Number. State tax is then withheld from the employee's payroll and remitted to the Missouri Department of Revenue. (Section 143.191 RSMo).

### Unemployment Insurance

Employers in Missouri are required to pay unemployment insurance for their workers in the event that they become unemployed. Missouri employers are required to pay this insurance to the State of Missouri if they have one or more employees on the payroll for 20 weeks during the calendar year. It also applies to businesses paying an individual employee \$1500 or more in a given quarter. This insurance must be paid to the Missouri Division of Labor and Industrial Relations. (Section 288.220 RSMo).

### Worker's Compensation Insurance

All businesses with at least five employees (except agricultural or domestic labor) are required to provide their employees with worker's compensation insurance for employees in the event of illness, injury or death. This insurance can either be provided from third party private insurance carriers, or by the employer itself. Premiums can vary depending on the occupation, size of the workforce, and history of injuries. The maximum weekly benefit for temporary total disability, temporary partial disability, permanent total disability and death is currently computed as 105 percent of the average weekly wage, determined annually. (Section 287.800 RSMo)

### Minimum Wage Law

Missouri has a minimum wage law which requires employers to pay a minimum wage for hours worked in Missouri. As of January 1, 2009, the minimum wage in Missouri will be \$7.05 per hour. Chapter 290, RSMo. Minimum wage issues in Missouri are overseen by the Missouri Department of Labor and Industrial Relations.

### Missouri Service Letter Statute

A Missouri employee who is terminated or who voluntarily quits has the right to request a service letter. The law applies to employers which employ seven or more employees. The request must be within one year of the employee's discharge or voluntary resignation, must be made by certified mail with specific reference to the statute. An employer must respond within 45 days of the request with a letter which sets for the duration of the employee's employment, the nature of their service, and the cause of their separation. An employer who fails to comply or violates the law could be liable for nominal, compensatory and punitive damages.

## **Immigration Requirements**

Missouri recently enacted an immigration law which provides that no business entity or employer shall knowingly employ, hire for employment or continue to employ an unauthorized alien to perform work within the state of Missouri. (Section 285.530 RSMo). Enforcement of the law is the responsibility of the Missouri Attorney General.



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