

Income/Franchise:

Missouri Appellate Court Affirms City Earnings Tax Does Not Apply to Remote Work from Outside City

Case No. ED111495, Mo. Ct. App. E.D. (5/28/24). Contrary to the City of St. Louis, Missouri (City) Collector of Revenue's interpretation since 2020 that with respect to its individual "Earnings Tax," nonresident employees who have been working remotely due to the COVID-19 pandemic must be treated as working at their original, principal place of work, a Missouri Court of Appeals affirmed [see *State Tax Matters*, Issue 2023-4 for details on a lower court ruling in this case] that pursuant to clear and unambiguous applicable City ordinances, nonresident employee work done and/or services performed must be rendered *in* the City to be subject to its Earnings Tax. In doing so, the Court explained that it interprets the City ordinance term "in" to mean the work or "services performed or rendered" must be done in the geographic parameters of the City; consequently, the earnings from qualifying work or services completed by nonresident employees when they work remotely outside of the City are not subject to the Earnings Tax. Accordingly, the Court held that the individual taxpayers in the case were *not* liable for the City's Earnings Tax for the days they worked remotely outside of the City and thus were entitled to underlying refunds. Please contact us with any questions.

URL: <https://www.courts.mo.gov/file.jsp?id=208475>

URL: https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230127_4.html

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