ADMINISTRATIVE HEARING COMMISSION OF MISSOURI

PHILIP J. KRAUSE,	)	
	)	
Petitioner,	)	
	)	
vs.	)	No. 25-0824
	)	
DIRECTOR OF REVENUE,	)	
	)	
Respondent.	)	

DECISION

Philip J. Krause (Petitioner) owes sales tax on the purchase of a 2022 Kia Sorento (the Kia).

Procedural Facts

On June 4, 2025, Petitioner filed a complaint appealing the Director of Revenue's (Respondent) final decision assessing sales tax on the purchase of the Kia.[1] On July 1, 2025, Respondent filed an answer. On January 13, 2026, we held a hearing. Petitioner appeared and represented himself. Respondent was represented by attorney Kent L. Brown. This case became ready for our decision on January 13, 2026.

Findings of Fact

1. Rissa Maturan (Maturan) is Petitioner's wife. Sometime prior to November 2022 and prior to her marriage to Petitioner, Maturan purchased a 2010 Nissan and titled it in her maiden surname, Maturan.

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[1] The parties did not file Respondent's tax assessment or offer it as evidence at the hearing.

2. On October 18, 2022, Petitioner purchased the Kia for $35,895.

3. In November 2022, Petitioner sold Maturan's Nissan for $6,500.

4. On November 14, 2022, Petitioner registered the Kia and titled it in his name with transfer on death (TOD) to Maturan.

5. At the time of registration, Petitioner received a credit of $6,500 for the Nissan, resulting in a net price of $29,395 for the Kia. Petitioner paid $1,241.94 in state sales tax and $1,032.65 in local sales tax on the Kia.

6. After an audit, Respondent issued a final decision to Petitioner finding that Petitioner was not entitled to the credit for the Nissan and that Petitioner owed additional sales tax on the Kia.

Conclusions of Law

We have authority to hear Petitioner's appeal. Section 621.050.1.[2] Our duty in a tax case is not only to review Respondent's decision but also to find the facts and to determine, by applying the law to those facts, the taxpayer's lawful tax liability for the period or transaction at issue. *J.C. Nichols Co. v. Director of Revenue*, 796 S.W.2d 16, 20-21 (Mo. banc 1990). We may do whatever the law permits Respondent to do, and we must do what Respondent must do. *Id.*

Burden of Proof

Petitioner has the burden to prove by a preponderance of the evidence that he is entitled to the tax credit under the law and is not liable for the tax assessed by Respondent on the purchased vehicle. *Great Southern Bank v. Director of Revenue*, 269 S.W.3d 22, 24 (Mo. banc 2008); Section 621.050.2. A preponderance of the evidence is evidence showing that "the fact to be proved [is] more probable than not." *Kerwin v. Mo. Dental Bd.*, 375 S.W.3d 219, 230 (Mo.

[2] Unless otherwise noted, statutory references are to RSMo 2016.

App. W.D. 2012). Tax credits in the nature of exemptions "are to be construed strictly against the taxpayer, and any doubt is resolved in favor of application of the tax." *Great Southern Bank*, 269 S.W.3d at 24; *see also Hermann v. Director of Revenue*, 47 S.W.3d 362, 365 (Mo. banc 2001).

Sales Tax on Motor Vehicles

This case involves the application of Section 144.025.1 RSMo Supp. 2020, which provides, in relevant part:

> [W]here any article on which sales or use tax has been paid, credited, . . . , the tax imposed by sections 144.020 and 144.440 shall be computed only on that portion of the purchase price which exceeds the actual allowance made for the article traded in or exchanged . . . **This section shall also apply to motor vehicles** . . . **sold by the owner or holder of the properly assigned certificate of ownership if the seller purchases or contracts to purchase a subsequent motor vehicle**[.]

(Emphasis added.) Section 144.025.1 operates to exempt the payment of sales tax under limited circumstances: a tax credit cannot be claimed unless the purchased vehicle and the sold vehicle have the same owner of record. Under Missouri law, the "owner" of the vehicle for purposes of sales tax is the person who holds legal title to the vehicle as shown on the certificate of title for the vehicle. Section 301.010(45) RSMo Supp. 2021;[3] *see also Collison v. Director of Revenue*, 621 S.W.3d 165, 167-68 (Mo. banc 2021) (applying Section 144.027.1, the court held the casualty loss vehicle and the replacement vehicle must have the same owner of record).

Here, the undisputed evidence established that Maturan purchased the Nissan and titled it in her maiden name prior to her marriage to Petitioner. Petitioner was not an owner of record of the Nissan. Petitioner purchased the Kia and titled it in his name. Because Petitioner was not an

[3] We cite the statute in effect at the time of the transactions at issue although the subsequent legislative amendments did not substantively alter this provision.

owner of record of both the Nissan and the Kia, he was not entitled to a credit for the sale of the Nissan against the purchase price of the Kia.

Other Allegations Raised by Petitioner

In his complaint and in his testimony during the evidentiary hearing, Petitioner raised additional reasons to support his argument that he is entitled to the tax credit and is not liable for the sales tax assessment.

First, Petitioner testified that he was the holder of the Nissan's title and was entitled to the tax credit because he had a financial interest in the Nissan and because Maturan was his "dependent": he paid for the insurance, maintenance, property taxes, and registration on the Nissan. *See* Tr. 8, 16. However, Petitioner admitted that Maturan purchased the Nissan before her marriage to Petitioner and titled it in her maiden name. *See* Tr. 9; 16. The fact that Petitioner at some point assumed responsibility for costs associated with the Nissan is not a basis for finding Petitioner was the holder of the Nissan's title. Similarly, the fact that Petitioner and Maturan were married at the time the Nissan was sold and the Kia was purchased is not a basis for finding Petitioner was the holder of the Nissan's title.

Second, Petitioner testified that "[t]he local DMV office reviewed and approved the transaction, including the application of the collateral tax credit, at the time of titling and registration," which Petitioner relied upon in good faith. Exhibit 5 at 2; Tr. 8-9. Even if the local license office made a "clerical or procedural error[,]" it is our duty in this case to apply the law to the facts to determine the tax liability arising from the registration and titling of the Kia. Exhibit 5 at 2; *J.C. Nichols Co.*, 796 S.W.2d at 20-21. The law provides that all applicable sales taxes must be paid when a vehicle is titled. Section 144.020.1 RSMo Supp. 2019.[4] This Commission

[4] We cite the statute in effect at the time of the transactions at issue although the subsequent legislative amendments did not substantively alter this provision.

was created by state statutes, and we have only such authority as the statutes give us. *State Bd. of Regis'n for the Healing Arts v. Masters*, 512 S.W.2d 150, 161 (Mo. App. W.D. 1974). Neither Respondent nor this Commission has the power to change the law. *Lynn v. Director of Revenue*, 689 S.W.2d 45, 49 (Mo. banc 1985).

To the extent Petitioner is claiming that Respondent is estopped (barred) from imposing the tax or that Respondent waived the additional tax assessment caused by the local license office's error, we cannot provide relief. *New Garden Restaurant v. Director of Revenue*, 471 S.W.3d 314, 319 (Mo. banc 2015) ("A government agent's mere mistaken advice, based on an incorrect understanding of the law, does not amount to affirmative misconduct justifying equitable estoppel.") (citing *Lynn*, 689 S.W.2d at 49). A mistake does not alter a taxpayer's "statutorily mandated tax obligations." *New Garden*, 471 S.W.3d at 319, quoting *Lalani v. Director of Revenue*, 452 S.W.3d 147, 149 (Mo. banc 2014). Furthermore, as an administrative agency, we have no authority to apply the doctrines of equity, such as estoppel or waiver. *Soars v. Soars-Lovelace, Inc.*, 142 S.W.2d 866, 871 (Mo. 1940); *see also, State Tax Comm'n v. Admin. Hearing Comm'n*, 641 S.W.2d 69, 75 (Mo. banc 1982); *see, e.g., Farley v. St. Charles Ins. Agency, Inc.*, 807 S.W.2d 168, 171 (Mo. App. E.D. 1991) (estoppel and waiver are equitable doctrines).

Third, Petitioner testified that his wife's maiden name, Maturan, is on the Kia's title under the designation TOD and also was listed on the Nissan's title; therefore, he essentially argued, that he is entitled to the tax credit because Maturan's name was on the title of both vehicles. This argument is not persuasive. Placing a designation of TOD on a title does not make the TOD beneficiary an owner of the vehicle. Section 301.681.1 allows a "sole owner of a motor vehicle" to request a title designating a TOD beneficiary. While the TOD beneficiary has a potential future interest in the vehicle, that interest does not make the TOD beneficiary an owner of the vehicle. [5] *See id*. To find otherwise would contravene the statutory definition of "owner" and would undermine the right of the registered owner to enter into transactions involving the vehicle at his sole discretion. *See* Section 301.681.4(1). The title for the Kia lists Petitioner as the owner with transfer of ownership to Maturan upon Petitioner's death. *See* Exhibit 4. Because TOD is not ownership, Maturan is not an owner of the Kia.

The preponderance of the evidence establishes that the two vehicles had different owners of record at the time of the transactions in this case; thus, Petitioner is not entitled to the sales tax credit of the Nissan's sale towards the purchase of the Kia. Accordingly, Petitioner is liable for the additional sales tax assessed on the Kia's purchase.

Summary

Petitioner owes the additional sales tax assessed by Respondent.[6]

SO ORDERED on March 19, 2026.

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AMY S. WESTERMANN
Commissioner

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[5] During the owner's lifetime, no signature or consent of the beneficiary is required for any transaction relating to the vehicle. Section 301.681.4(1). Furthermore, the TOD beneficiary's interest in the vehicle is not definite because the sole owner may revoke a TOD designation at any time. Section 301.681.4(2).

[6] At the conclusion of the evidentiary hearing, we mistakenly stated that either party dissatisfied with the decision would have 30 days from the date of the decision to appeal to the applicable circuit court. To clarify, Section 621.189 governs appeals from final decisions of this Commission in cases arising under Section 621.050. If either party is dissatisfied with the decision, the party may file a petition for review in the court of appeals in the district in which the hearing, or any part thereof, was held or, where constitutionally required or ordered by transfer, to the Supreme Court within 30 days after the mailing or delivery of the final decision.