

MISSOURI TAX LEGISLATION UPDATE: ELIMINATION OF INCOME TAX ON INDIVIDUALS' CAPITAL GAINS AND SALES TAX ON DIAPERS, FEMININE HYGIENE PRODUCTS, AND INCONTINENCE PRODUCTS

Posted on July 23, 2025 by Laura E. Krebs Al-Shathir



Tags: [corporate capital gains Missouri](#), [diaper tax Missouri](#), [feminine hygiene tax Missouri](#), [Governor Mike Kehoe tax law](#), [incontinence products tax Missouri](#), [Missouri capital gains 2025](#), [Missouri capital gains tax](#), [Missouri corporate tax reform](#), [Missouri income tax exemption](#), [Missouri legislature 2025](#), [Missouri sales tax exemption](#), [Missouri state tax updates](#), [Missouri tax deduction capital gains](#), [Missouri tax law 2025](#), [Missouri tax law changes](#), [Missouri tax reform](#), [pink tax Missouri](#), [pink tax repeal Missouri](#), [tax-free capital gains Missouri](#)



New law passed by the Missouri legislature in late May, which Governor Mike Kehoe signed into law on July 10, 2025: (a) eliminates Missouri income tax on individuals' capital gains, and (b) exempts and feminine hygiene products, diapers, and incontinence products from Missouri state sales tax.

Individuals' Capital Gains are No Longer Taxed in Missouri

Prior to the enactment of the new law, individuals' capital gains were subject to income tax at a top rate of 4.7%. For all tax years beginning on or after January 1, 2025, individuals are entitled to deduct

The choice of a lawyer is an important decision and should not be based solely upon advertisements.

from their Missouri income 100% of all income treated as capital gains for federal income tax purposes.

Practically, this means that a Missouri resident is no longer subject to income tax in Missouri on capital gain on sales of stock, sales of real property located in Missouri that is held in the conduct of a trade or business, and sales of other capital assets sourced to Missouri. Sales of real property located in states other than Missouri remain subject to state income tax in the state where the property is located.

Missouri Corporations' Capital Gains

The new legislation eliminated Missouri tax on individuals' capital gains, but it also provides for a potential future elimination of capital gains incurred by corporations. Specifically, the new legislation provides, "For all tax years beginning on January 1 of the tax year immediately following the tax year in which the top rate of income tax is equal to or less than 4.5%, this bill authorizes an income tax deduction for one hundred percent of all income reported as a capital gain for Federal income tax purposes by entities subject to corporate income tax." So, if the top individual income tax rate in Missouri drops to 4.5% or lower, corporations will no longer be subject to income tax on capital gains in Missouri.

Diapers, Feminine Hygiene Products, and Adult Incontinence Products are No Longer Subject to Missouri State Sales Tax

While sales of diapers, feminine hygiene products, and incontinence products may continue to be subject to sales tax imposed by municipalities, such products are no longer subject to state sales tax.

Prior to eliminating the so-called, "pink tax," Missouri was one of only 20 states that continued to allow state sales tax on such products. This new legislation is a recognition by the Missouri state government, like the governments of 30 other states and the District of Columbia, that diapers, feminine hygiene products, and incontinence products are necessities and not luxury goods.

The choice of a lawyer is an important decision and should not be based solely upon advertisements.