

New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau

TSB-H-80(265)S
Sales Tax
December 28, 1980

STATE OF NEW YORK
STATE TAX COMMISSION

ADVISORY OPINION

PETITION NO. S800822A

On August 22, 1980, a Petition for Advisory Opinion was received from Robert J. Seid, 54 Sterling Avenue, N. Patchogue, N.Y. 11772.

The issue raised is what constitutes "receipts" subject to the sales tax imposed under Article 28 of the Tax Law where manufacturer's coupons are redeemed by a merchant at double their face value.

Section 1105(a) of the Tax Law imposes a tax on the receipts from retail sales of tangible personal property. Section 1101(b)(3) of the Tax Law defines the term receipt, in relevant part, as "The amount of the sale price of any property...valued in money...."

Section 526.5(a) of the Sales and Use Tax Regulations deals with the question of coupons as follows: (1) "Where a manufacturer issues a coupon entitling a purchaser to a credit on the item purchased, the tax is due on the full amount of the receipt. The receipt is composed of the amount paid and the amount of the coupon credit. The coupon credit reflects a payment or reimbursement by another party to the vendor...(2) Where a store issues a coupon, entitling a purchaser to a credit on the item purchased, for which it is reimbursed by a manufacturer or distributor, the tax is due on the full amount of the receipt. The receipt is composed of the amount paid and the amount of the coupon credit. The coupon must indicate, by 'mfr' or some other code, that reimbursement is made...(3) Where a store issues a coupon entitling a purchaser to a discounted price on the item purchased, and receives no reimbursement, the tax is due from the purchaser on only the discounted price, which is the actual receipt...(4) Where a store issues a coupon involving manufacturer's reimbursement, but does not disclose that fact to the purchaser on the coupon or in the advertisement, the vendor will collect from the purchaser only the tax due on the reduced price, but will be required to pay the tax on the entire receipt--the amount of the price and the reimbursement received from the manufacturer or distributor."

Accordingly, where a merchant "doubles" the value of a manufacturer's coupon sales tax is due on an amount equal to the sum of the discounted price (the amount actually paid by the consumer) and the value of the manufacturer's coupon.

JAMES H. TULLY, JR., COMMISSIONER LOUIS M. JACOBSON, DEPUTY COMMISSIONER
FRANK J. PUCCIA, DIRECTOR

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Thus, if an item is priced at \$2.00 and a merchant doubles the value of a fifty cent coupon for such item the purchase is subject to tax as follows:

Regular price	\$2.00
Value of merchant's doubling of manufacturer's coupon	- .50
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	\$ 1.50
Tax (e.g., 7%)	+ .11
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	\$ 1.61
Value of manufacturer's coupon	- .50
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Amount due from purchaser	\$ 1.11

DATED: November 6, 1980

s/LOUIS ETLINGER
 Deputy Director
 Technical Services Bureau