OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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March 19, 2009

Re: LR-08-105, Calculation of discount given by a vendor

This is in response to your request for a determination of tax due when a discount is given by a vendor. You stated in your letter that the discount is given if the invoice is paid, timely.

Pursuant to 68 O. S. Section 1352 (12), gross receipts does not include, "discounts, including cash, term, or coupons that are not reimbursed by a third party that are allowed by a seller and taken by a purchaser on a sale." Therefore, under the facts presented, tax should be calculated on the discount cost of the parts and supplies. See Commission Rule 710:65-19-74.

This response applies only to the circumstances discussed in your request of July 9, 2008. Pursuant to Commission Rule 710:1-3-73(e), this Letter ruling may be generally relied upon only by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and there has been no change in applicable law.

Sincerely,

OKLAHOMA TAX COMMISSION

Brenda J. Sullivan
Tax Policy Analyst