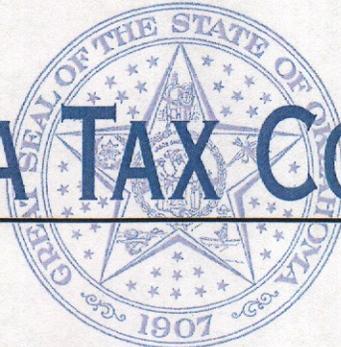


OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION

PHONE (405) 521-3133
FACSIMILE (405) 522-0063



June 22, 2011

RE: LR-11-032; (Sales Tax Inquiry)

Dear [REDACTED]

I am writing this letter in response to your request for confirmation that sales tax charged on a cash discount should be refund to the customer. Set forth verbatim are the facts presented along with the example given and a response thereto.

Facts:

The Customer was charged sales tax from the vendor for total purchases. However, a cash discount was offered in paid within X number of days. The customer took advantage of the cash discount but the sales tax was charged on the full amount. Now the customer is asking for the refund of the sales tax charged on the discounted amount, based on section 710:65-1-9 C.

Example:

$\$100,000 \times 8.25\% = 8,250$ (Tax)

Paid to vendor 2% cash discount net 15 days

$\$108,250 - \$2,165 = \$106,085$

Response:

Gross receipts, gross proceeds or sales price is the base upon which sales tax is calculated. The terms are synonymous. Generally, gross receipts do 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." 68 O.S. § 1352(11). Since it is unclear from the example presented the exact amount of sales tax collected and remitted, we are unable to provide the response requested.

Enclosed are copies of the referenced statutory and administrative rule provisions.

This response applies only to the circumstances discussed in your written request of January 29, 2010. Pursuant to Oklahoma Administrative Code 710:1-3-73(e), this Letter Ruling may

2501 NORTH LINCOLN BOULEVARD • OKLAHOMA CITY • OKLAHOMA 73194

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



Marc Morrison
Tax Policy Analyst