Re: Our File Number LR-14-020

Dear [Name]

This is in response to your inquiry for clarification regarding your reference of " coupons are similar to coupons." Set forth are the facts presented in your correspondence and the response thereto.

FACTS

We are planning a coupon promotion at our Tulsa stores in the very near future. coupons are similar to coupons. In this promotion, someone can buy a $25 coupon from for $10 during the promotion period. The customer pays $10 directly. The customer can then redeem that coupon at our designated store for $25 in product. reimburses approx. $4.50 for the $10 the customer paid.

Regulation 710:65-19-59 Coupons does not address this type of coupon specifically. The coupon is not a manufacturer coupon. It is more of a coupon. Your tax customer service representative suggested that we seek clarification from the Tax Policy department.

RESPONSE

If the discounted purchase price of $10 is visible on the $25 coupon then upon redemption of the coupon for $25.00 worth of food or other merchandise, tax should be collected on the discounted value of ten dollars. Please note that no deduction from gross receipts is allowed for "interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller." 68 O.S. § 1352(12)(a)(3). The amount paid to or retained by in payment of its services constitutes an expense of.
and may not be deducted from the gross receipts for sales tax computation purposes. Conversely, if the discounted purchase price is not visible on the coupon, sales tax is due on the $25 of product when purchased.

This response applies only to the circumstances discussed in your request of April 1, 2014. Pursuant to Oklahoma Administrative Code 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