Definition of Sales Price and “All Taxes Imposed on the Seller”

Issue Paper

The definition of sales price is found in Appendix C, Part 1, Library of Definitions. Section B of the definition requires states to include in the “Sales Price” of an item all taxes imposed on the seller.

“Sales price” applies to the measure subject to sales tax and means the total amount of consideration, including cash, credit, property, and services, for which personal property or services are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for the following:

  B. The cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;

CRIC questioned the compliance of a state when that state excludes, by statute, a specific tax imposed on the seller from the sales price. The states in question were Kentucky and Oklahoma.

SLAC was assigned to review the definition of sales price to determine if it could be amended to allow for some taxes imposed on the seller to be excluded from the definition of “sales price”. The amendment and an accompanying rule have been written and are awaiting a vote. The amendment and rule provide a method for states to exclude specific taxes imposed on the seller as long as the authorizing statute contains certain features.

CRIC recommended that until this issue was resolved, any state whose compliance was questioned on this issue was not out of compliance due to this specific issue.