

A motion by Nebraska to adopt an interpretive rule relating to the Sales Price Definition - Vouchers

Rule 327.10 Sales Price - Vouchers

- A. The purpose of this section of the sales price definition rule is to clarify the treatment of vouchers which are sold/marketed/distributed by third parties; redeemed by the purchaser at a business selling property or services; and where states treat the stated face value of the voucher as consideration towards the selling price of the property or services.

The definition of “Sales Price” as found in Appendix C, Part I, Administrative Definitions, of the Library of Definitions, 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 deduction for”.

Vouchers with a stated face value are treated as cash up to the stated value for states that treat vouchers in the same manner as gift cards and gift certificates. The stated face value of the voucher is deemed to be “consideration” provided by the customer towards the selling price of the property or services upon redemption, regardless of the amount the purchaser paid to a third party to acquire the voucher.

The retailer is required to compute sales tax on the selling price of the items before the stated value of the voucher is applied against the selling price.

For example:

(Example to be inserted)

- B. The purpose of this section of the sales price definition rule is to clarify the treatment of vouchers which are sold/marketed/distributed by third parties; redeemed by the purchaser at a business selling property or services; and where states treat the difference between the stated face value and amount paid by purchaser for the voucher as merchant discount (seller’s in-store coupon). The laws of the state where the voucher is redeemed will govern the tax treatment of the redemption transaction.

The definition of “Sales Price” as found in Appendix C, Part I, Administrative Definitions, of the Library of Definitions, excludes discounts that are not reimbursed by a third party that are allowed by a seller. For states that treat the difference between the stated faced value of a voucher and the amount paid for the voucher as a merchant discount, sales tax is required to be computed on the net amount of the sale, after deduction for the merchant discount.

When the voucher is redeemed for taxable property or services, sales tax is due at the time the voucher is redeemed by the purchaser on the amount paid by the purchaser for the voucher, if known to the seller, and any additional amount required to be paid by the purchaser at the time of the sale. If the amount paid by the purchaser is not known, the retailer is required to follow the provisions in A.

For example:

(Example to be inserted)

- C. States must disclose in their Taxability Matrix their method of taxing transactions involving vouchers, whether alternative A or B described above.