

A motion by Tennessee to adopt an interpretive rule relating to the Sales Price Definition and Prepaid Vouchers

Rule 327.10 – Sales Price – Discounts and Prepaid Vouchers

- A. “Sales price” is defined in Part I of the Library of Definitions. “Sales price” and “purchase price” include the total amount of consideration received, whether received in money or otherwise, without any deduction for costs or expenses of the seller. Discounts allowed by a seller that are not reimbursed by a third party and taken by a purchaser on a sale are not included in the measure subject to tax (sales price).
- B. For purposes of this interpretive rule, a voucher is:
1. sold to a purchaser for an amount that is less than the face value noted on the voucher;
 2. redeemable for personal property or services;
 3. redeemable either for a specific product or for a certain amount towards the purchase price of any product sold by the seller;
 4. sold/marketed/distributed by a third-party pursuant to an agreement with the seller that allows redemption of the voucher for merchandise or services;
 5. not a digital code as defined in the Agreement; and
 6. not a ticket to a time sensitive event.
- C. Where the voucher identifies the amount of consideration paid by the purchaser and the amount of the seller’s in-store coupon, the discount is not included in the sales price. The voucher presented by the purchaser at the time of sale (redemption) must identify the reduction in the sales price the purchaser is entitled to and given by the seller allowing redemption for merchandise and services. The seller must not be reimbursed by any third party whether such reimbursement is received in money or otherwise.
- D. Where the voucher identifies the amount of consideration paid by the purchaser and a reduction in the sales price that will be reimbursed by a third party (i.e., a manufacturer's coupon), the seller must use the face value or stated value of the voucher and not the price paid by the purchaser as the measure (sales price) that is subject to tax.
- E. Reductions in the amount of consideration received by the seller from the third party that sold/marketed/distributed the vouchers, such as advertising or marketing expenses, are costs or expenses of the seller. Costs and expenses of the seller are not deductible from the sales price and must be included in the measure (sales price) that is subject to tax.