

**A motion by Kentucky and South Dakota to amend Article III of the Streamlined Sales and Use Tax Agreement**

**Section 336. Tax Treatment of Authorization Codes**

A. The tax treatment of an “authorization code” shall be the same as the tax treatment of the product or service to which the “authorization code” relates.

B. An “authorization code” means a code, which provides a purchaser with a right to obtain one or more products or services having the same tax treatment.

C. An “authorization code” may be obtained by any means including transferred electronically such as email or text or by tangible medium.

D. An “authorization code” does not include:

1. gift certificates or gift cards that represent a monetary value,
2. vouchers and discount coupons issued, marketed, or distributed by a third party for less than face value of the voucher or coupon,
3. a code that provides a purchaser with a right to obtain products or services having different tax treatments,
4. transfers where the provider of the product or service bills or charges the holder of the authorization code at the time the product or service is provided or delivered to the holder of the authorization code,
5. a code that represents the sale of a prepaid wireless calling service, as defined in Section 315, or
6. a “digital code” as defined in Section 332.G. of the Agreement.

E. A member state shall consider the retail sale of the “authorization code” as the retail sale of the products or services.

F. These provisions do not affect the obligation of a purchaser or lessee to remit tax on the use of the product or service to the taxing jurisdictions of that use.

G. Sellers shall apply the tax treatment for “authorization codes” to all products and services.

H. Sections 332 and 333 do not apply to sales of authorization codes.