

Ruling 91-08

Vermont Department of Taxes

Date: October 7, 1991

Written By: Jacqueline A. Hughes, Attorney for the Department

Approved By: Joyce Errecart, Commissioner of Taxes

You have requested a formal ruling on how [Corporation] should calculate the Vermont sales and use tax when customers present coupons issued by [Corporation]. This formal ruling relies on the representations in your letter dated June 27, 1991.

The Vermont sales tax law imposes a tax on the receipts from the sale of tangible personal property in Vermont. 32 V.S.A. § 9701(4) defines "receipt" to include "the amount of the sales price...but excluding any amount for which credit is allowed by the vendor to the purchaser...." A vendor's coupon gives the customer a credit against the purchase price, so the tax would be based on the actual amount paid by the customer. Your company issues coupons to your customers which entitle them to either an extra set of prints or a roll of film when they pay for development of a roll of film at one of your company's retail stores. Applying the definition of "receipt" to these facts, the "receipt" upon which the Vermont sales tax is calculated is the amount actually collected from the customer.

[Corporation] would not be subject to a use tax on the prints or film transferred to the customer using one of its coupons because the transfer to the customer is for a consideration, making it a sale and [Corporation's] original purchase a purchase for resale. If [Corporation], as part of a promotion, were to merely give the film to its customers or if the film were not associated with the purchase of tangible personal property, [Corporation] would be subject to pay the sales or use tax on the film because [Corporation's] purchase of the film would not have been for resale and would not be exempt from the sales and use tax.

Manufacturer's coupons are handled differently. With manufacturer's coupons, the retailer's receipts on which the sales tax is calculated is the sum of the amount paid by the customer and the face value of the coupon from the manufacturer.

This ruling is issued solely to your firm and is limited to the facts presented as affected by current statutes and regulations. Other taxpayers may refer to this ruling to determine the Department's general approach, but the Department will not be bound by this ruling in the case of any other taxpayer or in the case of any change in the relevant statute or regulations.