



Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

NUMBER: 408.08.108

CONVERSION DATE: July 1, 1998

**This ETA is cancelled effective February 2, 2009 and reissued under the 3000 series.
See ETA 3001 for a cross-reference to the new series.**

COUPONS USED IN RETAIL SALES

Issued July 24, 1970

Is the retail sales tax to be assessed upon the value given coupons which are used in retail sales?

There are two general types of coupons commonly being offered to retail customers in this state.

1. COUPONS ISSUED BY RETAIL STORES AND REDEEMABLE ONLY AT THAT STORE, OR AT THE AFFILIATED STORES OF A CHAIN. These coupons offer a reduced price for a specific item upon presentation at the store. The coupons are usually published in a newspaper or handbill advertisement. The retail merchant absorbs the loss resulting from the discount or price reduction. The price reduction is a true discount and sales tax is applicable only to the amount actually paid by the customer.

2. COUPONS ISSUED BY MANUFACTURERS OR DISTRIBUTORS AND REDEEMABLE ANYWHERE THE MANUFACTURER'S PRODUCTS ARE SOLD. These coupons, like those described above, offer a price reduction of a specified amount on the purchase of specified items. The essential difference is that the manufacturer or distributor will redeem these coupons when they are turned in by the retailer. Redemption is usually at full face value plus a small handling charge. Thus, the retailer actually receives the full retail price for the articles sold and the sales cannot be treated as having been discounted. Accordingly, the retail sales tax is due on the full retail price.

In most cases coupons of Type 2 may be distinguished from Type 1 by the fact that the conditions for reimbursement by the manufacturer or distributor are printed on the face of the coupons.

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

Please direct comments to:
Department of Revenue
Legislation & Policy Division
P O Box 47467
Olympia, Washington 98504-7467
(360) 753-4161 eta@DOR.wa.gov

To inquire about the availability of receiving this document in an alternate format for the visually impaired or language other than English, please call (360)753-3217. Teletype (TTY) users please call 1-800-451-7985.

Excise Tax Advisory
Number:

Conversion Date: July 1, 1998