



Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

NUMBER: 3060.2009

ISSUE DATE: February 2, 2009

This ETA is cancelled effective September 14, 2015. The issues addressed in this ETA have been incorporated into revised WAC 458-20-108, which became effective August 21, 2015.

Coupons Used in Retail Sales

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 discount or price reduction. The price reduction is a true discount and retail 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. The handling fee paid by the manufacturer or distributor is subject to service and other activities business and occupation tax.

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.

All ETAs were cancelled on February 2, 2009 and those which had a continued use were rewritten and reissued using a new numbering system. The new ETAs are numbered using the following format 3nnn.yyyy. The Department of Revenue issued ETA 3001.2009 which includes a cross reference table showing the old and new ETA numbers for those ETAs that were rewritten.

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