

**17 NCAC 07B .0122      COUPONS**

(a) Sales of coupons and coupon booklets to advertising agencies, promoters and other users or consumers for use in advertising programs aimed at the promotion of sales by retail merchants are subject to sales or use tax. When coupons issued pursuant to such programs are subsequently taken by retail merchants from their customers in connection with sales of their products, the retail merchant shall charge and remit sales tax on the net amount charged for the products after deduction of any credit by reason of the coupons. Such coupons are considered to be for the purpose of advertising discounts or special sales prices, such as the sale of two items for the price of one item, and are not considered to be a part of the sales price upon which the sales tax is due.

(b) When retailers issue coupons relating to products they sell and later receive the coupons from customers in connection with sales of their products, the retailer shall charge and remit sales tax on the net amount charged for the products after deduction of any credit by reason of the coupons. Coupons issued by retailers are considered to be for the purpose of advertising discounts or reductions in the suggested sales price of products and are not considered to be a part of the sales price upon which sales tax is due.

(c) When manufacturers issue coupons relating to their products and the coupons are subsequently taken by retailers from their customers in connection with sales of the manufacturers' products, the retailer shall charge and remit sales tax on the total sales price of the products before deduction of any credit or issuance of any refund by reason of any coupons. Manufacturers' coupons taken by retailers from their customers constitute payment, or part payment, of the sales price of the property upon which sales tax is due. Any amounts paid by the manufacturer to the retailer for the value of the coupons or for handling them are not subject to sales tax.

*History Note:      Authority G.S. 105-164.4; 105-164.6; 105-262; 105-264;  
Eff. September 14, 1977;  
Amended Eff. October 1, 1993; June 1, 1984.*