Title 35 Mississippi State Tax Commission

Part IV Sales & Use

Sub Part 02 Gross Income

Chapter 02 Prizes, Premiums, Gifts, Coupons, Rebates, Discounts, Buy Downs, and Trading Stamps

100 Statutory Authority

101 Miss. Code Ann. Section 27-65-3 (h) defines gross proceeds to include amounts received by the seller from a third party if:

1. The seller actually receives consideration from someone other than the purchaser and the consideration is directly related to a price reduction or discount on the sale;
2. The seller is required to pass the price reduction or discount on to the purchaser;
3. The amount of the consideration that is attributable to the sale is fixed and determinable by the seller at the time of the sale; and
4. One of the following criteria is met:
   a. The purchaser presents a coupon, certificate or other documentation to the seller to claim the price reduction or discount and the coupon, certificate or other documentation is authorized, distributed or granted by a third party and the third party will reimburse the seller;
   b. The purchaser identifies himself or herself as a member of a group or organization entitled to a price reduction or discount (a preferred customer card available to any patron does not constitute membership in such a group); or
   c. The price reduction or discount is identified as a third party price reduction or discount on the invoices or receipt received by the purchaser or on a coupon, certificate of other documentation presented by the purchaser.

102 Miss. Code Ann. Section 27-65-3 provides that gross proceeds of sales also includes the value of property purchased at wholesale that is withdrawn or used by the business for use in the business or for any other purpose by the business or owner(s).

103 Miss. Code Ann. Section 27-67-7 levies a use tax on the use, storage or consumption of tangible personal property in this state.

104 (Reserved)

200 Prizes, Gifts, or Premiums

201 Persons purchasing property or withdrawing property from inventory to be given away, awarded as prizes in games and contests of chance or skill or distributed for advertising purposes are regarded as the user or consumer of the property and the regular retail sales or use tax applies.

202 The purchase price of goods ordinarily bought for resale but subsequently given away or used must be included in the gross sales of the purchaser and the regular retail tax paid. The value of a gift received from an out-of-state donor is subject to use tax.

203 When a person sells tangible personal property and simultaneously includes other tangible personal property as a premium or gift to the purchaser as a part of the same transaction, the selling price is deemed to include all items to which title passes as the time of sale.

204 (Reserved)

300 Coupons, Rebates, Discounts, and Buy-Downs

301 Coupons that may be used at any store location and that are reimbursed by the manufacturer of the merchandise are called manufacturer's coupons. Merchandise purchased in whole or in part by manufacturer's coupons is taxable on the full selling price because the amount of the discount is known, the purchaser has taken an affirmative action to claim the discount and the seller will be reimbursed by the manufacturer for the amount of the coupon. Price reductions given through the use of seller's loyalty cards or preferred customer discount cards are treated as manufacturer's coupon when the discount is identified on the cash register tape as a manufacturer's discount and the seller is reimbursed by a third party.

302 Coupons that can be used only at a particular seller, store or chain of stores are called store coupons. Merchandise purchased in whole or in part by store coupons is taxable on the selling price less any discount allowed for the coupon because the seller is not reimbursed by any third party for the amount of discount. Price reductions given through the use of seller's loyalty cards or preferred customer discount cards are treated as store coupons when the seller does not receive any reimbursement from a third party.

303 A rebate given by the seller is considered to be a discount deductible from the selling price when shown on the invoice and is exempt because the seller is not reimbursed by any third party for the amount of the rebate.

304 A rebate made directly by the manufacturer to the purchaser or to the seller, or assigned to the seller by the purchaser is taxable as a segment of the selling price because the amount of the rebate is known at the time of the sale, the rebate is identified as a manufacturer's rebate on documentation received by the purchaser and the rebate is directly related to the sale.

305 Any discount offered by a seller to all members of a particular group are taxable when the seller receives a reimbursement from a third party and the members of the group are required to identify themselves as a member of the group eligible for a discount.

306 Buy down programs are those programs where a manufacturer enters into an agreement with a seller to provide the seller with a discount for each qualifying sale or purchase of a particular product. The retailer passes the discount through to the customer. The buy down received by the seller is not taxable unless the customer presents some type of

documentation to the seller to claim the discount or the discount is identified as a third party discount on the invoice received by the purchaser.

307 (Reserved)

400 Trading Stamps

401 The transfer of property through the exchange or redemption of coupons, trading stamps or other thing of value is a transaction in which title of property passes and constitutes a taxable sale. The regular retail rate of tax applies to the stated value of the stamps or coupons or the retail value of the merchandise received, whichever is greater, regardless of whether redeemed by the store originally issuing the stamps or by a merchandise redemption center.

402 Trading stamp firms maintaining a redemption store in Mississippi are not liable for sales tax on the cost of merchandise for resale. Trading stamp firms distributing or selling trading stamp programs in this State are liable for the regular retail rate of sales or use tax on the cost of stamps, stamp books, catalogues, signs, stamp trays, and other supplies for use in this State.

403 Trading stamps redeemed at points outside this State are subject to use tax, and if the tax is not collected and paid by the out-of-state redeemer, it accrues to the person in this State receiving the property.

404 (Reserved)

Title 35 Mississippi State Tax Commission

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Sub Part 02 Gross Income

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100 Statutory Authority

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2. The seller is required to pass the price reduction or discount on to the purchaser;
3. The amount of the consideration that is attributable to the sale is fixed and determinable by the seller at the time of the sale; and
4. One of the following criteria is met:
   a. The purchaser presents a coupon, certificate or other documentation to the seller to claim the price reduction or discount and the coupon, certificate or other documentation is authorized, distributed or granted by a third party and the third party will reimburse the seller;
   b. The purchaser identifies himself or herself as a member of a group or organization entitled to a price reduction or discount (a preferred customer card available to any patron does not constitute membership in such a group); or
   c. The price reduction or discount is identified as a third party price reduction or discount on the invoices or receipt received by the purchaser or on a coupon, certificate of other documentation presented by the purchaser.

102 Miss. Code Ann. Section 27-65-3 provides that gross proceeds of sales also includes the value of property purchased at wholesale that is withdrawn or used by the business for use in the business or for any other purpose by the business or owner(s).

103 Miss. Code Ann. Section 27-67-7 levies a use tax on the use, storage or consumption of tangible personal property in this state.

104 (Reserved)

200 Prizes, Gifts, or Premiums

~~1~~2001 ~~**Prizes.**~~ Persons purchasing property or withdrawing property from inventory to be given away, awarded as prizes in games and contests of chance or skill or distributed for advertising purposes are regarded as the user or consumers ~~thereof~~ of the property and the regular retail sales or use tax applies.

~~1~~2012 ~~**Gifts.**~~ The purchase price of goods ordinarily bought for resale but subsequently given away or used must be included in the gross sales of the purchaser and the regular retail

tax paid. ~~thereon~~. The value of a gift received from an out-of-state donor is subject to use tax.

~~1~~202~~3~~ ~~**Premiums.**~~ When a person sells tangible personal property and simultaneously includes other tangible personal property as a premium or gift to the purchaser as a part of the same transaction, the selling price is deemed to include all items to which title passes as the time of sale.

204 (Reserved)

300 Coupons, Rebates, Discounts, and Buy-Downs

~~1~~303~~1~~ ~~**Coupons.** Merchandise purchased in whole or in part by c~~Coupons that may be used at any store location and that are ~~redeemable~~ reimbursed by the manufacturer of the merchandise are called manufacturer's coupons. ~~for an~~ Merchandise purchased in whole or in part by manufacturer's coupons ~~amount indicated on the coupon~~ is taxable on the full selling price because the amount of the discount is known, the purchaser has taken an affirmative action to claim the discount and the seller will be reimbursed by the manufacturer for the amount of the coupon. Price reductions given through the use of seller's loyalty cards or preferred customer discount cards are treated as manufacturer's coupon when the discount is identified on the cash register tape as a manufacturer's discount and the seller is reimbursed by a third party.

302 Coupons that can be used only at a particular seller, store or chain of stores are called store coupons. Merchandise purchased in whole or in part by store coupons ~~ordinarily found in newspaper advertisements redeemable only by a particular store or chain of stores~~ is taxable on the selling price less any discount allowed for the coupon because the seller is not reimbursed by any third party for the amount of discount~~.~~ Price reductions given through the use of seller's loyalty cards or preferred customer discount cards are treated as store coupons when the seller does not receive any reimbursement from a third party.

~~1~~304~~3~~ ~~**Rebates.**~~ A rebate given by the seller is considered to be a discount deductible from the selling price when shown on the invoice and is exempt because the seller is not reimbursed by any third party for the amount of the rebate.

304 A ~~R~~rebates made directly by the manufacturer to the purchaser or to the seller, or assigned to the seller by the purchaser ~~are~~ is taxable as a segment of the selling price because the amount of the rebate is known at the time of the sale, the rebate is identified as a manufacturer's rebate on documentation received by the purchaser and the rebate is directly related to the sale. ~~The gross receipts of the seller are not reduced by the allowance of this type of rebate.~~

305 Any discount offered by a seller to all members of a particular group are taxable when the seller receives a reimbursement from a third party and the members of the group are required to identify themselves as a member of the group eligible for a discount.

~~105 **Buy-downs**~~

~~1. Buy-down programs are typically offered as either a sales based buy-down or a purchase based buy-down and the tax treatment is dependent upon the type of buy-down or incentive payment offered.~~

~~2. Sales based buy-down or incentive payments are received by a retailer from a manufacturer or distributor and are based upon the number of sales of a particular product. These incentives are passed on to the consumer in the form of a reduced sales price and are a taxable component of the sale. These payments are considered to be a portion of the gross proceeds of sales as defined by Section 27-65-3 (h).~~

~~3. Purchased based buy-down or incentive payments are received by a retailer from a manufacturer or distributor and are based upon the purchase of a particular product or the number of particular product the retailer holds in its inventory. These payments are considered a reduction in purchase price of the retailer and are not taxable.~~

306 Buy down programs are those programs where a manufacturer enters into an agreement with a seller to provide the seller with a discount for each qualifying sale or purchase of a particular product. The retailer passes the discount through to the customer. The buy down received by the seller is not taxable unless the customer presents some type of documentation to the seller to claim the discount or the discount is identified as a third party discount on the invoice received by the purchaser.

307 (Reserved)

4~~1~~00~~6~~ Tradin g Stamps

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~~1~~. The transfer of property through the exchange or~~f~~ redemption of coupons, ~~or~~ trading stamps or other things of value is a transaction in which title of property passes and constitutes a taxable sale. ~~taxable under the Sales Tax Law.~~ The regular retail rate of tax applies to the stated value of the stamps or coupons or the retail value of the merchandise received ~~involved~~, whichever is greater, regardless of whether redeemed by the store originally issuing the stamps ~~m~~ or by a merchandise redemption center.

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~~2~~. Trading stamp firms maintaining a redemption store in Mississippi are not liable for sales tax on the~~ir~~ cost of merchandise for resale. Trading stamp firms distributing or selling trading stamp programs in this State are liable for the regular retail rate of sales or use tax on the cost of stamps, stamp books, catalogues, signs, stamp trays, and other supplies for use in this State.

403

~~3~~. Trading stamps redeemed at points outside this State are subject to use tax, and if the tax is not collected and paid by the out-of-state redeemer, it accrues to the person in this State receiving the property.

~~107~~404 (Reserved)