



## Sales Tax Information Regarding Coupons

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Retailers accept two types of coupons from their customers for a reduction in the total cost or price of an article. These coupons are classified as either manufacturer's coupons or store coupons.

**MANUFACTURER'S COUPON** - Is issued by the manufacturer of an article and allows a customer a reduction in the total cost or price of the article, when the coupon is presented to the retailer. Because the retailer will be reimbursed by the manufacturer for the amount of the reduction, the sales tax is applied to the full price of the article before the amount stated on the manufacturer's coupon is deducted.

**STORE COUPON** - Is issued by the retailer where the article is purchased. The store coupon also allows a customer a reduction in the price of the product, when the coupon is presented to the retailer. However, because the coupon is issued by the retailer and there is no reimbursement to the retailer from any outside sources, the amount stated on the store coupon is deducted first, from the original price of the article, and the sales tax is applied to the reduced price.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT LOVELAND TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE LMTC (LOVELAND MUNICIPAL TAX CODE) AND APPLICABLE RULES AND REGULATIONS.