

Sales/Use/Indirect:

Pennsylvania Supreme Court Holds Two-Part Test Determines if Coupon Amount is Excluded from Purchase Price

Case Nos. J-64A-2022 and J-64B-2022, Pa. (2/22/23). Reversing the Pennsylvania Commonwealth Court’s ruling from 2020 involving the sales and use taxation of certain purchases using coupons, the Pennsylvania Supreme Court (Court) held that state law contains two separate and distinct requirements that must be met for an amount of a discount or coupon to be excluded from the purchase price, concluding that the taxpayer in this case failed to show it qualified for a purchase price reduction because it failed the second requirement. According to the Court, the amount excluded must be separately stated and identified (*i.e.*, both the amount of the discount and the fact that it is a discount or coupon must appear on the receipt) *and* the coupon must be described on the invoice or cash register tape. Determining that the taxpayer failed to meet the second prong of the test, the Court disagreed with the Pennsylvania Commonwealth Court that inclusion of “on-the-spot cash discounts” operates as a catchall such that all discounts or coupons qualify to establish a new purchase price. Please contact us with any questions.

URL: <https://www.pacourts.us/assets/opinions/Supreme/out/J-64A-B-2022mo.pdf>

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