

REG-1-024, Discounts and Rebates

024.01 A cash discount allowed by the retailer is a reduction in the sales price, and the tax is computed and paid on the sales price after allowance for the discount. These discounts must appear on the invoices, records, and accounts of the retailer and be substantiated to the satisfaction of the Nebraska Department of Revenue. A discount cannot be deducted from gross receipts if it is applied to a sale of property or services which is exempt from sales tax.

024.02 A cash discount may be offered by the seller to induce payment within a specified time. A volume discount may be offered by the seller to induce larger purchases. Sales tax is calculated on the sales price of the property less the cash or volume discount allowed at the time of the sale. If the discount is not allowed until a later time, these discounts are allowed as deductions on the seller's sales tax return only when there is sufficient evidence in the seller's records to indicate that the discounts have been given to the purchaser, the sales reported on the sales tax return are the amount of sales before discounts, and the purchaser was credited or refunded any sales tax associated with the discount.

024.03 A cash rebate or instant rebate is not deductible in arriving at the sales price.

024.03A A cash rebate is given to the purchaser directly by a manufacturer after the sales transaction is complete, and is contingent upon the purchaser submitting proof that the sales transaction has been finalized.

024.03B An instant rebate is allowed at the point of sale without any additional conditions or requirements placed on the buyer, but is also reimbursed by the manufacturer to the seller.

024.03C Because the sales tax is imposed upon the gross receipts of the seller (Reg-1-001, Nature of the Sales Tax), a subsequent rebate of a portion of the sales price by a third party does not reduce the seller's gross receipts upon which the sales tax is imposed.

024.04 Vouchers, other certificates, price reductions, or group discounts which are reimbursed by a third party are not cash or volume discounts and do not reduce the seller's gross receipts upon which sales tax is imposed. (Reg-1-037, Trading Stamps, Coupons, Vouchers, Certificates, and Group Discounts).

024.05 See Reg-1-020, Motor Vehicles, for rebates on motor vehicles and Reg-1-096, Motorboats, for rebates on motorboats.

(Neb. Rev. Stat. §§ 77-2701.16 and 77-2701.35. June 24, 2017.)