



June 8, 2011

Benjamin G. Edelman, Assistant Professor
Negotiation, Organizations & Markets
Harvard Business School
Soldiers Field
Boston, MA 02163

Re: Letter of Technical Advice 11A-663
Sales & Use Tax - Online Discount Vouchers
Sections: 212.05 and 212.02, Florida Statutes (F.S.)
Rule: 12A-1.089, Florida Administrative Code (F.A.C.)

Dear Mr. Edelman:

Pursuant to Rule 12-11.003, F.A.C., taxpayers may seek informal written technical advice from the Department of Revenue. This advice is issued in the form of a Letter of Technical Advice (LTA). This LTA is being issued in response to your written request for informal guidance dated May 25, 2011, concerning the appropriate tax treatment of online discount vouchers. Please note that this LTA constitutes the opinion of the writer only and does not represent the official position of the Department.

As stated in your letter, you are inquiring as to the tax treatment of certain online restaurant discount vouchers. You state that in a typical scenario, a consumer pays the online coupon provider \$20.00 for a printable voucher worth \$50.00 at a participating restaurant. The consumer dines at the restaurant, ordering exactly \$50.00 worth of food or beverages, based on the regular posted sales price. The online provider reimburses the participating restaurant \$15.00 (\$20.00 less a \$5.00 service charge). Your question concerns whether the customer should pay sales tax on the full \$50.00 sales price of the menu item or on the amount actually paid by the customer (\$20.00) to the online provider.

Pursuant to Section 212.05, F.S., sales tax is imposed at the rate of 6 percent of the sales price on each item or article of tangible personal property when sold at retail in this state. The term "sales price," as defined in Section 212.02(16), F.S., means the total amount paid for tangible personal property, including any services that are a part of the sale, valued in money, whether paid in money or otherwise, and includes any amount for which credit is given to the purchaser by the seller, without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service cost, interest charged, losses, or any other expense whatsoever.

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As provided in Rule 12A-1.089, F.A.C., the sale of a gift certificate is not taxable. When the owner of the certificate redeems it for tangible personal property, tax is due on the sales price of the merchandise being purchased.

In this instance, the online voucher is treated the same as the purchase of a gift card in that the sale of the card itself is not taxable when acquired. However, when the voucher is redeemed, sales tax is based on the full retail sales price of merchandise acquired. Therefore, when the voucher in question is redeemed for a meal priced at \$50.00, sales tax is due on the full \$50.00.

As noted in the first paragraph of this letter, this LTA is being issued in response to the facts and circumstances of your specific situation, and it does not constitute the official position of the Department. Rather, this letter represents the opinion of the writer only.

If you wish an official binding statement, you may file a written request for a Technical Assistance Advisement. Rule Chapter 12-11, F.A.C., outlines the procedure to follow in making this request. This rule chapter of the Florida Administrative Code can be found at <http://www.myflorida.com/dor/law/>. Any request for a Technical Assistance Advisement should be sent to Technical Assistance and Dispute Resolution, Department of Revenue, P.O. Box 7443, Tallahassee, Florida, 32314-7443.

If you have any further questions with regard to this matter and wish to discuss them, you may contact me directly at (850) 717-7202.

Sincerely,



Richard R. Parsons
Tax Law Specialist
Technical Assistance and Dispute Resolution
(850) 717-7202

Control Number 104228