

**M e m o r a n d u m****295.0430**

To: Mr. Robert Nunes

Date: May 9, 1973

From: T. P. Putnam

Subject: House Coupons

You have asked whether amounts paid by a manufacturer to a retailer of the manufacturer's product under the provisions of the attached agreement are includable in the retailer's gross receipts.

The pertinent provisions of the agreement are that the manufacturer authorizes the retailer to publish a "consumer coupon" in a newspaper or handbill advertisement, offering the bearer of the coupon a minimum of 14 cents off the regular price of the product. The manufacturer agrees to pay the retailer at the rate of 14 cents plus 3 cents handling cost for each coupon redeemed by the retailer. The retailer may, for example, publish a coupon designated as a 24 cent coupon. Upon redemption, the manufacturer will pay the retailer 14 cents plus a 3 cent handling charge.

In my opinion, these coupons fall in the same category as those published by the manufacturer. In those cases, we regard the amount paid by the manufacturer to the retailer, exclusive of payment for handling, as part of the retailer's gross receipts. The same result should follow here, i.e., the payment of 14 cents by the manufacturer to the retailer in redemption of the coupon published by the retailer should be included in the retailer's gross receipts.

TPP:lb  
Attachment