

Question

Are rebates subject to sales tax?

Answer

Sales tax is due on the full selling price, regardless of the rebate, because the customer will be reimbursed for the amount of the rebate.

Instant rebates are treated like coupons. If the instant rebate is issued by the manufacturer, the full selling price is subject to sales tax because the retailer will be reimbursed by the manufacturer. If the instant rebate is issued by the retailer, the reduced selling price is subject to tax.