

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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October 7, 2004

Re: Sales taxability of cigarette buy-downs; Our File No. LR-04-137

Dear

I am writing in response to your request for guidance regarding the sales tax treatment of tobacco manufacturer's buy-down promotional discounts ("buy-downs"). Amounts which represent payments made by tobacco manufacturers to retailers based upon number and price of the tobacco products sold by the retailer to its customers during a promotional period are not considered to be a part of the gross receipts upon which sales tax is calculated. Should you have any questions or need additional information, please contact me.

This response applies only to the circumstances discussed in your correspondence of June 29, 2004. Pursuant to Commission Rule 710:1-3-73(e), this Letter ruling may be generally relied upon only by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and there has been no change in applicable law.

Sincerely,

OKLAHOMA TAX COMMISSION



Christy J. Caesar
Tax Policy Analyst