

## Sales promotions and VAT 2/5/23

Cashback is one of consumer incentive programmes that are currently popular with manufacturers and wholesalers. This could involve a manufacturer (or a wholesaler) refunding a certain amount of money to the end consumer for buying goods they have manufactured (distributed). The refund may be a fixed price for a particular product or expressed as a percentage of the purchase value. A cashback may also occur as a discount coupon distributed by the manufacturer, which the end customer uses with the retailer, who then seeks reimbursement from the manufacturer. This procedure directly stimulates the end consumer's choice because the manufacturer's discount reaches him directly instead of being accumulated in the chain of traders. With many companies expanding their business beyond Latvia, a discount may also be granted to customers in other member states. This article explores whether a cashback made by the manufacturer (wholesaler) to the end customer affects the VAT payable by the manufacturer (wholesaler).

### Izlasiet visu īsziņu ne tikai virsrakstu, kļūstot par abonētāju

Kā abonētājs Jūs varat piekļūt ne tikai pilnām īsziņām, bet arī uzdot jautājumus PwC ekspertiem.

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