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## 42 C.F.R. § 413.98

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### Purchase discounts and allowances, and refunds of expenses.

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- (a) *Principle.* Discounts and allowances received on purchases of goods or services are reductions of the costs to which they relate. Similarly, refunds of previous expense payments are reductions of the related expense.
- (b) *Definitions—*(1) *Discounts.* Discounts, in general, are reductions granted for the settlement of debts.
- (2) *Allowances.* Allowances are deductions granted for damage, delay, shortage, imperfection, or other causes, excluding discounts and returns.
- (3) *Refunds.* Refunds are amounts paid back or a credit allowed on account of an overcollection.

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