

280-RICR-20-70-15

TITLE 280 – DEPARTMENT OF REVENUE

CHAPTER 20 – DIVISION OF TAXATION

SUBCHAPTER 70 – SALES AND USE TAX

Part 15 - Delivery Charges

15.1 Purpose

This regulation implements R.I. Gen. Laws Chapters 44-18 *et seq.* and 44-19 *et seq.* These Chapters provide for Sales and Use Taxes Liability and Computation, and Sales and Use Taxes Enforcement and Collection, in regard to taxation of delivery charges.

15.2 Authority

These rules and regulations are promulgated pursuant to R.I. Gen. Laws §§ 44-1-4 and 44-19-33. The rules and regulations have been prepared in accordance with the requirements of R.I. Gen. Laws §§ 42-35-1 *et seq.* of the Rhode Island Administrative Procedures Act.

15.3 Application

The terms and provisions of these rules and regulations shall be liberally construed to permit the Department of Revenue to effectuate the purposes of R.I. Gen. Laws Chapters 44-18 *et seq.* and 44-19 *et seq.* and other applicable state laws and regulations.

15.4 Severability

If any provision of these rules and regulations or the application thereof to any person or circumstances is held invalid by a court of competent jurisdiction, the validity of the remainder of the rules and regulations shall not be affected thereby.

15.5 Delivery Charges

- A. “Delivery charges” are included in the “sales price” of property and therefore subject to sales tax if the property sold is taxable. If the property sold is exempt, delivery charges are not subject to sales tax.

- B. “Delivery charges” means charges by the seller of personal property or services for preparation and delivery to a location designated by the purchaser of personal property or services including, but not limited to, transportation, shipping, postage, handling, crating, and packing.
- C. “Delivery charges” shall not include the charges for delivery of “direct mail” if the charges are separately stated on an invoice or similar billing document given to the purchaser of “direct mail.”
- D. Taxable and Exempt Property Included in Shipment: If a shipment includes both exempt property and taxable property, the seller should allocate the delivery charges by using:
 - 1. Percentage based on the total sales prices of the taxable property compared to the total sales prices of all property in the shipment; or
 - 2. Percentage based on the total weight of the taxable property compared to the total weight of all property in the shipment.
- E. The seller must tax the percentage of the delivery charge allocated to the taxable property but does not have to tax the percentage allocated to the exempt property.

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