

~~State of Rhode Island – Division of Taxation~~

~~Sales and Use Tax~~

~~Regulation SU 87-53~~

~~Gifts and Premiums~~

~~Tax applies to sales of tangible personal property to persons who make gifts of the property to others, as for example, property:~~

~~(a) given away for advertising purposes~~

~~(b) given away for sample use~~

~~(c) awarded as prizes, the winning of which depends upon chance or skill.~~

~~Tax does not apply to sales of tangible personal property to be given as a premium, together with tangible personal property sold by the purchaser of the premium. The transaction is regarded as a sale of both articles and the sale of the premium for such purpose is therefore a sale for resale, provided the obtaining of the premium is certain and does not depend upon chance or skill. Tax applies to the entire gross receipts received by the retailer from the purchaser of the goods and the premium, except where a premium, is delivered along with another exempt item, to a purchaser thereof. In such case, tax applies to the gross receipts from the sale of the premium, which will be regarded as the cost of the premium to the retailer, in the absence of any evidence that the retailer is receiving a larger sum. If there is no such evidence, and if the retailer has paid sales tax reimbursement to his or her vendors of the premiums, or use tax to his or her vendors or to the state, measured by the sale price of the premiums to him or her, no further tax is due from him or her.~~

~~R. GARY CLARK~~

~~TAX ADMINISTRATOR~~

~~DATE: May 1, 1987~~

280-RICR-XXX-XX-262

TITLE 280 - DEPARTMENT OF REVENUE

CHAPTER XXX - OLD REGULATIONS WHICH WERE NOT ASSIGNED

CHAPTER-SUBCHAP-PART

SUBCHAPTER XX - OLD REGULATIONS WHICH WERE NOT ASSIGNED

CHAPTER-SUBCHAP-PART

PART 262 - GIFTS AND PREMIUMS

Type of Filing: Repeal

Agency Signature

Agency Head Signature

Agency Signing Date

Department of State

Regulation Effective Date

Department of State Initials

Department of State Date