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TITLE 280 – DEPARTMENT OF REVENUE

CHAPTER 20 – DIVISION OF TAXATION

SUBCHAPTER 70 – SALES AND USE TAX

PART 49 - Trucks, Trailers and Buses – Interstate Carriers

49.1 Purpose

This regulation implements R.I. Gen. Laws Chapters 44-18 and 44-19. These Chapters provide for sales and use taxes liability and computation and sales and use taxes enforcement and Collection in regard to trucks, trailers and buses – interstate carriers.

49.2 Authority

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

49.3 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 and 44-19 and other applicable state laws and regulations.

49.4 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.

49.5 Definitions

- A. “Busing company” means a company that transports passengers for hire.
- B. “For hire” means available for use or service in exchange for payment.
- C. “Interstate commerce” means commerce:

1. between a place in Rhode Island and a place outside of Rhode Island including a place outside the United States; or
 2. between two places in Rhode Island through another state or a place outside of the United States; or
 3. between two places in Rhode Island as part of transportation originating or terminating outside of Rhode Island or the United States.
- D. "Person" includes any individual, partnership, association, corporation, estate, trust, fiduciary, limited liability company, limited liability partnership, or any other legal entity.
- E. "Trucking company" means a company that carries goods of others for hire.

49.6 Trucks and Trailers – Interstate Carriers

- A. The purchase or rental/lease of a truck or trailer by a trucking company that transports goods for hire is not subject to sales and use tax provided such vehicle is to be used exclusively in interstate commerce.
- B. In order to qualify for the exemption, the purchaser is required to furnish a completed "Affidavit of Truck, Trailer or Bus Operated in Interstate Commerce" to the Registry of Motor Vehicles at the time of registration. In the case of a lease, the lessee must furnish the Affidavit form to the lessor at the time of signing the lease. A person who purchases a truck for the purpose of driving and leasing it to a trucking company to be used "exclusively in interstate commerce" qualifies for the exemption. The individual must complete the Affidavit form and furnish a signed lease from the carrier company indicating who the vehicle is being leased from, their motor carrier number and/or U.S. DOT number, and the year, make and vehicle identification number.
- C. A truck or trailer used partly or wholly in intrastate operations does not qualify for the exemption.
- D. If a vehicle qualifies for the exemption initially and at some later time is used for purposes other than "exclusively in interstate commerce," the purchaser will immediately be required to pay a sales/use tax to the Division of Taxation. In the case of a lease, the lessee will be required to notify the lessor that the exemption no longer applies so that lease billings from that point forward change from an exempt to a taxable status.

49.7 Buses – Interstate Carriers

- A. The purchase or rental/lease of a bus by a busing company that transports passengers for hire is not subject to sales and use on the condition that the bus is used eighty percent (80%) or more of the time in interstate commerce and provided that the bus company shall furnish a completed "Affidavit of Truck,

Trailer or Bus Operated in Interstate Commerce" to the Registry of Motor Vehicles at the time of registration attesting to the fact that the bus is used no less than eighty percent (80%) of the time in interstate commerce. In the case of a lease, the lessee must furnish the Affidavit form to the lessor at the time of signing the lease.

- B. A person who purchases a bus for the purpose of driving and leasing it to a busing company to be used no less than eighty percent (80%) of the time in interstate commerce qualifies for the exemption. The individual must complete the Affidavit form and furnish a signed lease from the carrier company indicating who the vehicle is being leased from, their motor carrier number and/or U.S. DOT number, and the year, make and vehicle identification number.
- C. A bus used less than eighty percent (80%) of the time in interstate commerce does not qualify for the exemption.
- D. If a vehicle qualifies for the exemption initially and at some later time is used less than eighty percent (80%) of the time in interstate commerce, the purchaser will immediately be required to pay a sales/use tax to the Division of Taxation. In the case of a lease, the lessee will be required to notify the lessor that the exemption no longer applies so that lease billings from that point forward change from an exempt to a taxable status.