

State of Rhode Island and Providence Plantations
Rhode Island Department of Revenue
Division of Taxation

Public Notice of Proposed Rule-Making

RULE IDENTIFIER: ERLID 4307

REGULATION TITLE: Sales and Use Tax – Repairers and Reconditioners

TIMETABLE FOR ACTION ON THE PROPOSED RULE:

Public Notice Date: February 13, 2018

End of Comment Period Date: March 16, 2018

Pursuant to the provisions of R.I. Gen. Laws § 42-35-2(a)(1), and in accordance with the Administrative Procedures Act, R.I. Gen. Laws Chapter 42-35, the Division of Taxation hereby gives notice of its intent to repeal a regulation regarding Sales and Use Tax – Repairers and Reconditioners.

The proposed regulation and concise summary of non-technical requirements and proposed new rules are available for public inspection at www.tax.ri.gov, in person at the Rhode Island Division of Taxation, or requested by e-mail at Michael.Taylor@tax.ri.gov or by calling Michael Taylor at (401) 574-8930.

In the development of the proposed regulation, consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) whether the regulation, in and of itself, would have significant economic impact on small businesses. No alternative approach, duplication, or overlap was identified based upon available information.

All interested parties are invited to submit written or oral comments concerning the proposed regulations by Thursday, March 16, 2018 to Michael Taylor, Rhode Island Division of Taxation, One Capitol Hill, Providence, RI – telephone number (401) 574-8930 or via e-mail at Michael.Taylor@tax.ri.gov.

This rule is not expected to be controversial and shall be submitted as a direct final rule pursuant to R.I. Gen. Laws § 42-35-2.11. The proposed rule takes effect thirty (30) days after publication if no objection is received. If no objection is received, the rule becomes final. If an objection to the rule is received from any person not later than thirty (30) days after publication of the notice of the proposed rule, the proposed rule does not become final.

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Division of Taxation

Concise summary of all non-technical requirements pursuant to R.I. Gen. Laws § 42-35-2(a)(1) for rules and regulations regarding Sales and Use Tax – Repairers and Reconditioners.

The purpose of this regulation is repeal the regulation regarding Sales and Use Tax – Repairers and Reconditioners. **This regulation shall take effect March 16, 2018.**

State of Rhode Island—Division of Taxation

Sales and Use Tax

Regulation SU-07-92

Repairers and Reconditioners

Repairmen are retailers of parts and materials furnished in connection with repair work in which the value of the parts and materials is substantial in relation to the total charge.

This applies, for example, to repairers of motor vehicles, bicycles, machinery, refrigerators, musical instruments, radios, boats and furniture. The repairmen should segregate on the invoices to their customers and in their records the fair retail selling price of the parts and materials from the charges for labor of repair and installation and other services. If the labor and other services are not thus shown separately from the selling price of the property furnished, it will be presumed that the entire charge represents the sale price of the property. However, the retailer shall separately state such charges when requested by the customer. Failure by the retailer to comply with the customer's request to separately state the labor or service charges will subject the retailer to the penalty provisions set forth in chapter 6-13.1 entitled "Deceptive Trade Practices." In such event that labor or service charges are separately stated, such charges are not subject to the imposition of the sales/use tax.

If, however, the value of the parts and materials used in repair work is small in relation to the charges for the labor or other services performed and where no separate charge is made for such property, the repairman is the consumer of the property. This applies, for example, to repairers of tires (regrooving), tubes, fishing rods, watches, and jewelry.

If the method of repairing or reconditioning certain tangible personal property involves commingling property delivered to a repairman or reconditioner with similar property so that the customer receives repaired or reconditioned property which may not be the identical property delivered to the repairman or reconditioner but which is exactly the same kind of property as that so delivered, tax applies to the amount charged by the repairman or reconditioner for the repaired or reconditioned property.

DAVID SULLIVAN

TAX ADMINISTRATOR

EFFECTIVE DATE: January 2007

~~THIS REGULATION AMENDS AND SUPERSEDES REGULATION SU 89-92~~

~~PROMULGATED DECEMBER 31, 1989~~