

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

Public Notice of Proposed Rule-Making

RULE IDENTIFIER: ERLID 249

REGULATION TITLE: Demonstration and Display

TIMETABLE FOR ACTION ON THE PROPOSED RULE:

Public Notice Date: February 14, 2018

End of Comment Period Date: March 17, 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 Demonstration and Display.

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 March 17, 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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Concise summary of all non-technical requirements pursuant to R.I. Gen. Laws § 42-35-2(a)(1) for rules and regulations regarding Demonstration and Display.

The purpose of this regulation is repeal the regulation regarding Demonstration and Display. **This regulation shall take effect March 17, 2018.**

State of Rhode Island—Division of Taxation

Sales and Use Tax

Regulation SU 87-34

Demonstration and Display

A purchaser of tangible personal property who gives a resale certificate therefor, and who uses the property solely for demonstration or display while holding it for sale in the regular course of business, is not required to pay tax on account of such use. If the property is used for any purpose other than or in addition to demonstration or display, such as for the personal use of the retailer or of his or her employees, the purchaser must include in the measure of the tax paid the purchase price of the property. Tax applies to the subsequent retail sale of the property.

Tax applies to sales by dealers to their sales personnel of tangible personal property to be used for demonstration. It is presumed that any such tangible personal property will be used for purposes in addition to demonstration, and any resale certificates given for such property by sales personnel to dealers will be questioned, even if the sales personnel hold retailers' permits.

A dealer who rents property to his or her sales people is regarded as using the property for purposes other than demonstration or display, regardless of the use made of the property by these personnel. In such cases the dealer must include in the measure of the tax paid either the purchase price of the property or the amount of the rentals charged. The dealer must also include in the measure of the tax paid the gross receipts from the subsequent retail sale of such property.

R. GARY CLARK

TAX ADMINISTRATOR

DATE: May 1, 1987