State of Rhode Island – Division of Taxation

Sales and Use Tax

Regulation SU 87-2

Advertising Materials

"Advertising material" shall include displays, display containers, brochures not containing price lists, point of sale advertising and technical manuals or any tangible personal property which does not accompany the product to the ultimate consumer.

(A) Any pamphlet, brochure or other item, the nature of which includes something besides mere advertising material, and which is enclosed with or accompanies the product when it is sold at retail, and for which no separate charge is made, is regarded as being sold along with such product and the retail selling price charged the customer is deemed to include both such product and such printed material or other item.

Accordingly, resale or manufacturer's exemption certificates may be issued by manufacturers, producers, packers and others who purchase such printed material or other items to be used for such purposes.

For example, a manufacturer encloses a pamphlet with each piece of luggage manufactured. The pamphlet consists of several pages, some of which contain instructions for the customer on the proper use of the product, some being devoted to travel information, and other pages containing illustrative pictures of its complete line of luggage and describing the merits of its products. Since such pamphlet is not exclusively advertising material, the tax does not apply.

(B) Advertising material shipped by a local supplier to points outside of Rhode Island by order of a Rhode Island purchaser or which does not enter the state is not subject to the tax.

Advertising material purchased outside the state and delivered in the state and used herein is subject to the use tax and such tax should be paid directly to the state if not collected by a seller who holds a certificate of authority to collect the use tax.

(C) A person engaged in selling to storekeepers, merchants and other consumers any direct mail advertising material, advertising pieces, circulars, hand-outs, throw-aways, and similar advertising material, is regarded as a retailer. A sales tax permit must be obtained, and the tax must be added, collected and remitted on such items sold.

R. GARY CLARK

TAX ADMINISTRATOR

DATE: May 1, 1987