State Of Rhode Island – Division Of Taxation

Sales and Use Tax

Regulation SU 03-23

COMMERCIAL FISHING VESSELS IN EXCESS OF FIVE (5) NET TONS

The Rhode Island sales and use tax does not apply to the sale of and the storage, use or other consumption in this state of vessels which are in excess of five (5) net tons and which are used exclusively for commercial fishing. The exemption also applies to the nets, cables, tackle, and other fishing equipment appurtenant to or used in connection with the commercial fishing of said vessels. Property purchased for the use of such vessels and other watercraft including provisions, supplies, and material for the maintenance and/or repair of such vessels or watercraft is also exempt.

"Commercial fishing" means the taking or the attempting to take any fish, shellfish, crustacea, or bait species with the intent of disposing of them for profit or by sale, barter, trade, or in commercial channels.

In order to qualify for the exemption, the vessel and its fishing equipment as enumerated above must be used exclusively in commercial fishing as defined. Accordingly, the exemption does not apply to subsistence fishing (i.e., the taking for personal use and not for sale or barter), or sport fishing.

The exemption does include U.S.C.G. documented passenger carrying commercial fishing vessels which meet all the following criteria:

(1) A.U.S.C.G. license to carry passengers for hire;

(2) U.S.C.G. vessel documentation in the coastwise fishery;

(3) U.S.C.G. vessel documentation as to proof of Rhode Island home port status or a Rhode Island boat registration to prove Rhode Island home port status;

(4) The vessel must be used as a commercial passenger carrying fishing vessel. Such vessel must be able to demonstrate that at least fifty percent (50%) of its annual gross income derives from charters or provides documentation of a minimum of one hundred (100) charter trips annually; and

(5) The vessel must have a valid Rhode Island commercial fishing license.

The exemption herein referred to does not apply to vessels of five (5) net tons or less.

"Net tons" as used herein means gross tonnage, less certain deductions for space occupied by engines, crews quarters, etc., giving a rough measure of the capacity of the ship for cargo or passengers. The computation of net tonnage shall be the same as that provided on the Certificate of Registry, in pursuance of Chapter One, Title XLVIII "Regulation of Commerce and Navigation," Revised Statutes of the United States. (Cross reference: Commercial Fishermen)

R. GARY CLARK

TAX ADMINISTRATOR

EFFECTIVE: JANUARY 1, 2003

THIS REGULATION AMENDS AND SUPERCEDES SU 89-23 PROMULGATED DECEMBER 31, 1989.