State Of Rhode Island – Division Of Taxation

Sales and Use Tax

Regulation SU 03-22

Commercial Fisherman

The catching of fish or shellfish by commercial fishermen constitutes the production of tangible personal property for resale within the meaning of the Rhode Island sales and use tax law. Accordingly, any tangible personal property which is consumed in the production of commercial fishing will be exempt from the sales or use tax.

Examples of tangible personal property thus consumed in the process, and which may be purchased tax-free by commercial fishermen, are "twine items," a term customarily used to designate fish netting, ropes and similar items used in fish nets, trawls and traps.

Inasmuch as the freezing or chilling of the catch by the commercial fisherman is a prerequisite to commencing any operation relating to the distribution of such catch and thus constitutes part of the production process, dry or natural ice consumed in such process may also be purchased without payment of the tax.

When purchasing such so-called "twine items" and such ice, commercial fishermen must furnish their suppliers with a Commercial Fishermen's Exemption Certificate. The law defines "manufacturing" to mean and include production.

Other taxable items are those used in administration, which means all administrative work including general office operations, accounting, collection and sales promotion. Also taxable are items used in distribution, which means all operations subsequent to the production process, such as handling, storing, selling and transporting the property produced for resale.

This exemption herein referred to does not apply to items used by sports fishermen because they are not regularly engaged in commercial fishing.

The following are included in the list of exempt items which are consumed in commercial fishing operations.

Engine Parts: Filters, belts.

Fasteners: Belts.

Fuel: Kerosene, gas, diesel oil, lube oil, grease, L.P. gas.

Nets and Underwater Gear: Needles.

Tools: Shovels, ice clippers.

Propulsion: Flax packing.

Accessories and Miscellaneous: Bands, rubber and friction tape, distilled water, knives, picks, ice, scallop bags, forks. Parts of traps, nets, trawls, anchors, barrels, chairs, plastic floats, rings, shackles, swivels, wire cables and other similar items.

~~The purchase of engines and capitalized property will be subject to tax when purchased for vessels less than five (5) net tons.~~

~~R. GARY CLARK~~

~~TAX ADMINISTRATOR~~

~~EFFECTIVE: JANUARY 1, 2003~~

~~THS REGULATION AMENDS AND SUPERSEDES REGULATION SU 89-22 PROMULGATED DECEMBER 31, 1989.~~