# State of Rhode Island – Division of Taxation

## Sales and Use Tax

### Regulation SU 87-105

**Tax Paid Purchases Resold**

A retailer who resells tangible personal property before making any use thereof (other than retention, demonstration or display while holding it for sale in the regular course of business) may take a deduction of the purchase price of the property if, with respect to its purchase, he or she has reimbursed the vendor for the sales tax or has paid the use tax. If such a deduction is taken by the retailer, no refund or credit will be allowed to the vendor with respect to the sale of the property.

The deduction should be taken on the retailer's return in which the retailer's sale of the property is included.

This procedure should be used in any of the following circumstances:

(1) The retailer when making the purchase intends to use the property rather than resell it but later resells it before making any use thereof.

(2) The particular property is of a kind not ordinarily sold or stocked by the retailer and not customarily covered by resale certificates given to his or her vendors and is the subject of an unusual sale, such as a sale for the accommodation of a customer, employees, etc.

(3) The particular property is generally for the use of the retailer, but a small portion is incidentally resold.

(4) Through error, sales tax reimbursement or use tax is paid by the retailer with respect to the purchase price of property purchased for resale in the regular course of business.

R. GARY CLARK

TAX ADMINISTRATOR

DATE: May 1, 1987