State of Rhode Island – Division of Taxation

Sales and Use Tax

Regulation SU 95-89

Television Service, Telegraph, Water, Gas, Electricity, and Steam

A. Sales of natural and artificial gas, electricity, steam, water, and sales of telegraph, community antenna television, cable and subscription television services are subject to sales tax except in those cases wherein the purchaser is entitled to exemption as specifically provided in the sales and use tax law. "Subscription television" means television programming services provided to consumers for a fee via satellite transmission or any other means.

B. Residential Premises -- Exemptions

(1) Heating fuels of every type used in the heating of homes and other residential premises.

(2) Electricity, gas and water furnished for domestic use by occupants of residential premises.

"Residential use" shall mean that the exemption shall apply to multi-family residential premises including apartments, as well as single-family homes whether the heating fuel, electricity, gas or water is furnished to the landlord for all tenants or to the individual tenants.

Such exemption does not apply to motels, hotels, convalescent or nursing homes, or other commercial and industrial users.

Where the premises have both residential use and commercial or industrial use, and there is separate measurement of the heating fuel, electricity, gas or water, the amounts sold or used in the nonresidential premises are subject to tax.

However, where there is a combination of residential and other use of the premises, and there is no separate measurement of heating fuel, electricity, gas or water between the two uses, the sales tax shall apply to the full amount of the sale.

FOR EXAMPLE: (1) If a three decker house has four units, one of which is a store occupying part of the first floor, and uses gas therein, and there is no separate gas meter for such store, the whole amount of the gas bill is taxable to the landlord.

(2) If a resident of a one family home has a permitted hairdressing operation in one or two rooms and has no separate electric meter for the equipment used in the business operation, all electricity is taxable.

As stated above, the retailer must collect the sales tax in a multiple use situation where there is no separate measurement for such gas, water or electric meter or separate heating system. The owner of the premises, however, may apply to the Division of Taxation for a proportionate refund on furnishing adequate substantiation of the portion of domestic use by occupants of the residential premises.

R. GARY CLARK

TAX ADMINISTRATOR

EFFECTIVE DATE: JANUARY 1, 1995

THIS REGULATION AMENDS AND SUPERCEDES REGULATION SU 87-89 PROMULGATED MAY 1, 1987.