

# **State of Rhode Island - Division of Taxation**

## **Sales and Use Tax**

### **Regulation SU 87-28**

#### **Conveyor Systems and Elevator Installations**

Conveyor systems are tangible personal property with the exception of the foundations or underpinnings which are embedded, anchored or countersunk in concrete floors of a business establishment and which are used permanently therein and regarded as a structural component of the building to which they are annexed.

The above-mentioned foundations or underpinnings are in and of themselves improvements to real property. However, the elevated positions of the conveyor system are tangible personal property.

Examples of property which will be considered part of realty in conveyor installations are conduits permanently installed in the floors or walls through which the wiring is run and bolts permanently embedded in floors or walls to which the conveyor system is attached.

Elevators, hoists and conveying units are tangible personal property. A typical elevator installation includes a large number of components, integrated into the entire system. That portion constituting the cage or platform and its hoisting machinery is, accordingly tangible personal property. The balance of the installation, if attached to a structure or other real property, will generally constitute realty.

Following are examples of components constituting part of the cage or platform and its hoisting machinery, and which is tangible personal property:

Alarm bell, cab or car, car doors, car platform and sling, door hanger on cab, door openers, door operator on cab or car, door safety edge on cab, door sills on cab, electronic door protector, jack assembly (except oil return and outer casing), motors, power units and control boxes, pumps, pushbuttons on cab, wire and piping (if attached only to tangible personal property).

Following are examples of components constituting realty when attached to realty:

Car guides, casing section of jack assembly, guide rails, hanger supports, hoistway doors, hoistway door frames, hoistway door safety edge, hoistway door sills and jambs, hoistway door supports, hoistway entrance, pushbuttons on hoistway, rail brackets, sills, struts, sound insulating panels on realty, structural steel (unless part of cab, car, or other tangible personal property), valve strainer, wire and piping attached to realty.

The above examples are not intended to be all inclusive but merely to serve as guidelines in this area.

Measure of tax for tangible personal property.--When the contract does not specify the selling

price of those components constituting tangible personal property as herein defined, the selling price consists of either:

- (1) The purchase price paid by the installing contractor for the tangible personal property ready for installation, or
- (2) In the case of tangible personal property manufactured or purchased in component parts and assembled in whole or in part prior to or during installation,
  - (a) the prevailing price at which similar tangible personal property in similar quantities ready for installation would be sold to contractors, or, if such a prevailing price cannot be ascertained,
  - (b) the manufactured cost to the contractor-manufacturer.

Jobsite fabrication labor and its prorated share of manufacturing overhead must be included in the tangible personal property cost. Jobsite fabrication labor includes assembly labor performed prior to attachment of a component or of tangible personal property to a structure or other real property.

Measure of tax for materials incorporated into the realty.--The cost of materials purchased, or their components, is the measure of the tax. Shop or jobsite fabrication labor is not taxable if the product of such labor is materials installed by the fabricator. No markup or profit shall be added to the cost of materials or their components.

R. GARY CLARK  
TAX ADMINISTRATOR

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