

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

## **Sales and Use Tax**

### **Regulation SU 87-34**

#### **Demonstration and Display**

A purchaser of tangible personal property who gives a resale certificate therefor, and who uses the property solely for demonstration or display while holding it for sale in the regular course of business, is not required to pay tax on account of such use. If the property is used for any purpose other than or in addition to demonstration or display, such as for the personal use of the retailer or of his or her employees, the purchaser must include in the measure of the tax paid the purchase price of the property. Tax applies to the subsequent retail sale of the property.

Tax applies to sales by dealers to their sales personnel of tangible personal property to be used for demonstration. It is presumed that any such tangible personal property will be used for purposes in addition to demonstration, and any resale certificates given for such property by sales personnel to dealers will be questioned, even if the sales personnel hold retailers' permits.

A dealer who rents property to his or her sales people is regarded as using the property for purposes other than demonstration or display, regardless of the use made of the property by these personnel. In such cases the dealer must include in the measure of the tax paid either the purchase price of the property or the amount of the rentals charged. The dealer must also include in the measure of the tax paid the gross receipts from the subsequent retail sale of such property.

R. GARY CLARK  
TAX ADMINISTRATOR

DATE: May 1, 1987