

State of Rhode Island - Division of Taxation

Sales and Use Tax

Regulation SU 87-39

Educational Institutions

A. Definitions:

1. "Educational institutions" means those institutions of learning which are engaged in giving courses of instruction to student bodies, i.e., schools, academies, colleges and universities. These, in turn, are regarded as institutions empowered by this state to confer diplomas, educational, literary or academic degrees, and which have a regular faculty, curriculum and organized body of pupils or students in attendance throughout the usual school year, and which keep and furnish to students and others records required and accepted for entrance to schools of secondary, collegiate or graduate rank.

2. A "textbook" means and includes books pertaining to educational course of instruction undertaken by students or faculty at elementary or secondary schools or at post-secondary institutions of higher education. "Textbooks" do not include such items as magazines, periodicals, pamphlets, circulars, audio or video cassettes, audio or video tapes, phonograph records or video or compact disks.

3. "Used textbooks" means and includes those textbooks previously purchased and/or used by students or faculty. As such "used textbooks" does not include textbooks which are damaged, shopworn or outdated or the subject matter of which may be obsolete.

B. Sales to

Sales of tangible personal property made to educational institutions not operated for profit are exempt from the sales or use tax.

C. Sales by

Educational institutions which make sales of new or used textbooks to members of their student and faculty bodies are not regarded as engaged in the business of making sales at retail within the meaning of the provisions of the Rhode Island sales and use tax act. Accordingly, sales by such institutions to students and faculty of textbooks and supplies used in connection with any of the courses offered by such institutions are not subject to the tax. However, the sale by such institutions of any other items of tangible personal property such as jewelry, china, pennants, candy and cosmetics are subject to the sales tax. The sale of such taxable items requires a permit to make sales at retail and the collection of the tax. The enumeration of the foregoing taxable items is made by way of illustration and not limitation.

Sales of used textbooks by any purveyor are exempt. Any vendor or purveyor selling used textbooks as exempt items must label the volumes "used textbooks" and must maintain adequate

inventory and sales records to separate such items.

Cross Reference: Meals--Meals Served to Students and Teachers.

R. GARY CLARK
TAX ADMINISTRATOR

DATE: December 1, 1987

THIS REGULATION AMENDS AND SUPERSEDES REGULATION SU 87-39
PROMULGATED MAY 1, 1987.