

State of Rhode Island - Division of Taxation

Sales and Use Tax

Regulation SU 99-143

Tax Exemption of Sales by Writers, Composers and Artists

The sale of a "work," defined as an original and creative work, whether written, composed, created or executed for "one-of-a-kind, limited" production, which falls into one (1) of the following categories:

1. a book or other writing;
2. a play or the performance of said play;
3. a musical composition or the performance of said composition;
4. a painting or other like picture;
5. a sculpture;
6. traditional and fine crafts;
7. the creation of a film or the acting within said film;
8. the creation of a dance or the performance of said dance.

shall be exempt from the sale and use tax when sold by a writer, composer or artist who created such work and resides in an economic development zone ("zone") and who sells the work from the writer, composer or artist's place of business located within the zone. The sale of a "work" by an art gallery located within the zone is also exempt from the sales and use tax.

A "work" shall not include any piece or performance created or executed for industry oriented or related production.

Economic development zone ("zone") shall mean the statutory defined area designated in R.I.G.L. 44-30-1.1.

Residing in The Zone

A writer, composer or artist shall be deemed to be residing in the zone if he/she:

- (a) is domiciled in the state, or
- (b) is not domiciled in the state but maintains a permanent place of abode in this state and is in the state for an aggregate of more than one-hundred eighty-three (183) days of the taxable year,
- (c) meets the requirements of either (a) or (b) above and physically occupies a place of abode

within the economic development zone.

Application for Exemption

Sales by Individuals - For a sale of a work to be exempt, an eligible writer, composer or artist must prior to the sale of the work, apply to the tax administrator for a Certificate of Exempt Sale on a form prescribed by the tax administrator. In determining the eligibility of the work for exemption the tax administrator may require the submission of all books, documents or other evidence relating to the creation of the work.

Sales by Art Galleries - For the sale of a work to be exempt by an art gallery, the operator of the art gallery must apply to the tax administrator for a sales tax exemption.

The tax administrator may also require a writer, composer, artist, or the operator of an art gallery to submit an annual certified accounting of the numbers of works sold, the type of work sold and the date of sale. Failure to file such a report may, in the sole discretion of the tax administrator, terminate any further eligibility of the writer, composer, artist or art gallery.

Compliance Under the Sales/Use Tax Law

At the time of application, every writer, composer, artist or art gallery making any retail sales, whether or not such sales are exempt, shall hold a valid permit to make sales at retail and shall comply with all the administrative, collection and remittance requirements of the sales and use tax law.

The exemption number assigned to the artistic work by the Division of Taxation must be shown on the customer invoice. This exemption number must also be shown on the line designated as "other" deductions on Form T-204, Sales and Use Tax Return, to substantiate the deduction taken from the gross sales being reported.

Use Tax Exemption

Any person storing, using or otherwise consuming in this state any work or works which is deemed to be exempt from the sales tax pursuant to this section shall not be liable for the use tax on such work or works.

R. GARY CLARK
TAX ADMINISTRATOR

DATE: January 1, 1999

THIS REGULATION AMENDS AND SUPERCEDES REGULATION 97-143
PROMULGATED JANUARY 1, 1997 AND 98-143 PROMULGATED JANUARY 1, 1998.