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TITLE 280 – DEPARTMENT OF REVENUE

CHAPTER 20 – DIVISION OF TAXATION

SUBCHAPTER 70 – SALES AND USE TAX

Part 14 – Billboards and Signs

14.1 Purpose

This regulation implements R.I. Gen. Laws Chapters 44-18 *et seq.* and 44-19 *et seq.* These Chapters provide for Sales and Use Taxes Liability and Computation, and Sales and Use Taxes Enforcement and Collection, in regard to taxation of billboards and signs.

14.2 Authority

These rules and regulations are promulgated pursuant to R.I. Gen. Laws §§ 44-1-4 and 44-19-33. The rules and regulations have been prepared in accordance with the requirements of R.I. Gen. Laws §§ 42-35-1 *et seq.* of the Rhode Island Administrative Procedures Act.

14.3 Application

The terms and provisions of these rules and regulations shall be liberally construed to permit the Division of Taxation to effectuate the purposes of R.I. Gen. Laws §§ 44-18 *et seq.* and ~~§~~ 44-19 *et seq.* and other applicable state laws and regulations.

14.4 Severability

If any provision of these rules and regulations or the application thereof to any person or circumstances is held invalid by a court of competent jurisdiction, the validity of the remainder of the rules and regulations shall not be affected thereby.

14.5 Billboards and Signs

- A. Tax applies to retail sales of signs, showcards and posters, and to charges for painting signs, showcards and posters whether the materials are furnished by the painter or the customer.
- B. Where a billboard or sign manufacturer fabricates a sign and delivers it to the customer, who either installs it or has someone other than the manufacturer install such sign, the sale by the manufacturer of such a completed sign

constitutes the sale of tangible personal property and the tax applies. This category would also include signs that are wholly fabricated in the dealers' shops but delivered to the job site in two or three sections as a matter of convenience, provided, that either the customer or some person other than the sign fabricator affixes such sign to the building. The rental of such signs is a rental of tangible personal property and is therefore taxable.

- C. All signs which are fabricated by a sign company, whether they are completely fabricated prior to reaching the job site, or whether they are fabricated at the job site, or whether they are fabricated partially in the sign company's shop and partially at the job site, are considered as improvements to real property, provided that they are affixed by the sign company to the real estate in a permanent manner. The sign company in this situation is operating as a contractor and not as a retailer and is required to pay sales or use tax as a consumer on the purchase of materials and supplies.
- D. Roadside billboards and bulletins which are constructed on the site where they are to be permanently located and which rest on foundations or have their own supports anchored into the ground in a permanent manner, are considered as improvements to real property. The fact that the panels may be removable for painting or storm protection does not alter the situation.
- E. Lettering on walls, floors, doors, and windows of buildings are improvements to real property. Dealers who do this type of work are the ultimate consumers of materials and supplies so used and should pay tax on the cost thereof.
- F. Other signs -- All other types of signs, whether hand painted, printed or electric, are tangible personal property taxable at their selling price. Installation charges, if separately stated, are exempt.
- G. Except as otherwise stated above, sign companies must charge and collect the sales tax on the full selling price.
- H. Sales of signs to contractors for use on their jobs are taxable whether or not the job is for a tax-exempt organization.