



Rhode Island Division of Taxation

State of Rhode Island and Providence Plantations
Department of Revenue

Advisory

November 26, 2013

ADVISORY: ADV 2013-25

Sales tax break starts this Sunday for wine, spirits, and some works of art

Shoppers will save on taxes starting this Sunday when two major changes involving Rhode Island sales tax law take effect:

- If you buy wine and spirits from a liquor store in Rhode Island, you will not have to pay Rhode Island's 7 percent sales tax.
- If you buy original works of art or limited edition works of art anywhere in Rhode Island, you will not have to pay Rhode Island's 7 percent sales tax.

"These new provisions come just in time for the busy shopping season," said Rhode Island Tax Administrator David M. Sullivan. "They should help to spur sales and boost Rhode Island's economy," Sullivan said. The changes are the result of legislation approved by the General Assembly and signed into law by Governor Lincoln D. Chafee. The law was enacted in July 2013, but the two provisions involving the sales tax do not take effect until December 1, 2013.

Wine and Spirits: For a 16-month period – from December 1, 2013, through March 31, 2015 – wine and spirits sold at package stores and liquor stores ("Class A" licensees) in Rhode Island will be exempt from Rhode Island sales and use tax.

❖ *Beer and other malt beverages will still be subject to the sales and use tax.* ❖

Works of Art: Starting December 1, 2013, the entire state will be deemed an arts district. As a result, original and creative works by writers, composers, and artists that are sold in Rhode Island – whether at galleries or elsewhere – will be exempt from Rhode Island sales and use tax. (Under the old law, the exemption generally applied only to sales in designated areas in a limited number of cities and towns in the state, including Providence, Pawtucket, Newport, Warwick, Woonsocket, and Westerly.)

Starting this Sunday, Rhode Island becomes the first state in the nation to allow for a statewide sales tax exemption on the sale of original and limited edition works of art, according to the Rhode Island State Council on the Arts.

Arts district details

A “work of art” may include a book or other writing, a play, a musical composition, a painting, a print, a photograph, a sculpture, the creation of a film, the creation of a dance, and traditional crafts and fine crafts. Fine art photography will qualify. But commercial photography – such as wedding photos or photos taken as part of a commercial assignment – will not qualify.

As an artist, you will not qualify for the sales tax exemption automatically; you must take two steps:

- 1.) Register for a sales tax permit and pay the required \$10 permit fee. You can [register and pay the permit fee online](#) or use the [print version of the registration form](#) (known as the “Business Application and Registration” form, or BAR form).
- 2.) File an “Application for Sales Tax Exemption for Artistic Works.” The form is [available online](#) at the Division of Taxation and Council on the Arts websites.
 - Even if you already have a sales tax permit, you must apply for the exemption certificate.
 - The “Application for Sales Tax Exemption” is available only on paper; you must have an active sales tax permit to qualify for it.
 - You can submit the paper BAR form and the “Application for Sales Tax Exemption” form at once.
 - If you already have a sales tax permit and an artists’ exemption certificate, you must reapply for the exemption.

For more information . . .

The Rhode Island State Council on the Arts has created [a special section on its website](#) to provide details about the statewide arts district and the sales and use tax exemption for original works of art and limited edition works of art: www.arts.ri.gov/salestax.

For more information about the sales tax exemption for certain works of art, please see the Division of Taxation’s [recently posted regulation](#).

For more about the statewide arts district and what counts for purposes of the sales tax exemption, please see the FAQs on the following page, which are adapted from information provided by the Council on the Arts.

The Council on the Arts and the Division of Taxation have been sending representatives to various locations throughout the state in recent weeks to meet with groups of artists to discuss the new law and its impact, provide details, and answer questions.

The Division of Taxation’s Excise Tax section, which oversees the sales tax, can be reached at (401) 574-8955 from 8:30 a.m. to 3:30 p.m. business days.

Statewide Arts District: FAQs on Sales Tax Exemption

Q: How does the exemption work overall?

All original and “limited edition” works of art sold anywhere in Rhode Island will be exempt from state sales and use tax, starting December 1, 2013.

Q: What works of art are covered under the sales tax exemption?

The following works of art are covered:

- a book or other writing;
- a play;
- a musical composition;
- a painting, print, photograph, or other like picture;
- a sculpture;
- traditional and fine crafts;
- the creation of a film; and
- the creation of a dance.

For sales tax purposes, the most likely art forms will be visual arts and crafts.

Q: What about commercial works?

The focus of the law relates to fine arts, and specifically states that the exemption does not apply to any piece or performance “created or executed for industry-oriented, commercial, or related production.” So, fine art photography would qualify, but commercial photography (for example, wedding photography or photographs taken as part of a commercial assignment) would not qualify.

Traditional and fine crafts qualify. Such crafts are defined as art objects, either utilitarian or decorative, that are made by hand. Examples of traditional and fine crafts are textile art, woodworking, basket-making, jewelry making, furniture making, metal-smithing, ceramics, and pottery.

Q: Who may sell these works? And where?

The law covers the sale of art in Rhode Island. That sale can take place in traditional spaces, like an art gallery. It can take place in less traditional places, like artist studios and coffee shops or restaurants, or in temporary spaces devoted to the sale of art or dealing in art, such as “pop-up galleries” or art festivals. The work itself can be sold by the artist or by a business in Rhode Island representing the artist. The work must be sold in Rhode Island, but does not need to be the work of a Rhode Island artist in order to qualify for the sales tax exemption.

Q: What qualifies as a “limited edition work of art”?

The law provides an exemption to works of art, and not to work that is mass-produced or of a commercial nature. An “original work of art” is defined as “the creation of a solitary work, conceived and produced by the artist and author or under their direction, not intended for multiple or mass production.”

A “limited edition” work of art is defined as “the creation of a solitary work, conceived and produced by the artist or under their direction, which is intended for limited reproduction, signed and numbered by the artist.” The key phrase is “signed and numbered by the artist.” This implies that the work is produced “under [the] direction” of the artist, rather than mass-produced, and is a “limited reproduction”. A common example would be giclée prints, high-quality digital reproductions of original works of art. These prints would need to be created under the direction of the artist, intended for limited reproduction, and signed and numbered by the artist.

For poets and writers, the mass production and sale of their work through commercial bookstores would not be covered, but self-published and direct sales by authors would be exempt.

❖ *These FAQs are adapted from information provided by the Rhode Island State Council on the Arts.* ❖

Contact:

Neil Downing,
Chief Revenue Agent
Rhode Island Division of Taxation
Neil.Downing@tax.ri.gov
(401) 574-8115