



Rhode Island Department of Revenue

Division of Taxation

ADV 2017-18
SALES AND USE TAX

ADVISORY FOR TAX PROFESSIONALS
JUNE 8, 2017

Individualized account numbers for holders of sales permits

Division of Taxation also preparing to send out sales tax coupon booklets and permits

PROVIDENCE, R.I. – In an effort to improve consistency and security, and to embrace best practices, the Rhode Island Division of Taxation has assigned individualized account identification numbers to retailers and other holders of sales permits.

The change, which officially takes effect July 1, 2017, is intended to result in greater ID protection and more security for retailers and other permit holders, particularly by limiting use of the retailer's federal Employer Identification Number or other such tax ID number.

In addition, the change will allow the Division of Taxation to post a retailer's or other permit-holder's information to the Division's new agency-wide computer system more efficiently and effectively. For example, the change will improve the speed and accuracy with which a retailer's payments of sales and use tax are credited to the retailer's account. This will prove especially helpful for retailers with multiple locations.

Many retailers have multiple bank accounts – and a separate account number for each. Many retailers also have different loans outstanding – and a separate account number for each. Similarly, each retailer will now have multiple account ID numbers with the Division of Taxation.

ELECTRONIC FILERS: LIMITED IMPACT

The overwhelming majority of retailers file electronically and they will see little impact. For example, electronic filers typically remit tax by using the Division of Taxation website for business tax filings: <https://www.ri.gov/taxation/business/index.php>. They will continue to use that site, and will continue to use their 11-digit Rhode Island Identification Number and password to log in at that site. They will continue to select, from a menu, the tax type for which they are filing (sales/use tax, or meals-and-beverage tax, for example).

The Division of Taxation is in the process of developing a portal through which businesses will be able to remit tax, make various payments, and take certain other steps online. Even after the portal is fully functional, however, users will see little impact from the new account ID number system: Users will simply create their own account for the portal, including their own login and password, and – once logged in – will select from a menu the tax type for which they are filing and remitting tax.

PAPER FILERS: LIMITED IMPACT

The impact on paper filers also will be limited. For example, the Division of Taxation plans to start mailing out sales tax coupon booklets soon. Each booklet will contain the retailer's sales permit, as well as coupons for remitting tax.

The permit will have its own account ID number, which the paper filer will use for purposes of annual permit renewal. However, the paper filer will be mailed a renewal form, which will have the account ID number on it. So the paper filer need take no extra steps. (This assumes that the paper filer uses the pre-printed form, instead of a blank form, to renew. If the paper filer uses a blank form downloaded from the Division website, all the filer need do is enter his or her new account ID number – the one on the permit.)

The paper filer will have a separate account ID number for remitting tax. However, that account ID number will already be printed on each coupon. Therefore, the paper filer need take no extra steps; he or she should simply remit the appropriate pre-printed coupon with payment. (Even if the paper filer uses a blank form downloaded from the Division website, all the filer need do is enter his or her new account ID number – the one assigned for remitting tax.)

YOUR NEW ACCOUNT ID NUMBERS

If you hold a Rhode Island sales tax permit, the Division of Taxation will soon send you a mailing which will include your new account ID numbers. The mailing will go to permit-holders who:

- have renewed their sales tax permits for the year which begins July 1, 2017;
- paid the required \$10 permit renewal fee; and
- are not delinquent on their Rhode Island state taxes.

If you have not renewed your permit, use the renewal form that was mailed to you or use the blank form available at the Division website (see screenshot below).

Assuming that you have paid the required \$10 annual permit renewal fee, and that you are current on your State of Rhode Island taxes, you will receive your new sales permit as well as your new account ID numbers. Following is a link to the blank form:

http://www.tax.ri.gov/forms/2016/Excise/SalesUse/STREN_1D_m.pdf

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DIVISION OF TAXATION - ONE CAPITOL HILL - PROVIDENCE, RI 02908

RETAIL SALES PERMIT
RENEWAL APPLICATION
Due on or before
February 1, 2017

STREN

16127099990101
TAX YEAR
JULY 1, 2017 - JUNE 30, 2018
Sales Tax Renewal Fee \$10.00

Please mail this form with remittance separately.
Do not mail with a return.

Mail this form and remittance payable to:
Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908

STILL HELPFUL TO KEEP TRACK

Whether the retailer files electronically or on paper, it will still be important for the retailer (and for the retailer's bookkeeper, accountant, or other adviser) to keep track of the new Division of Taxation account ID numbers, much like the retailer keeps track of multiple bank account or loan ID numbers now.

For example, if you are a retailer:

- A different account ID number will apply for each function related to your account, such as remitting sales/use tax, filing the annual sales tax reconciliation, and renewing your sales permit.
- A different account ID number will apply for any tax type or fee you need to remit, such as meals-and-beverage tax, hotel tax, hard-to-dispose materials tax, and prepaid wireless tax.
- If you are a retailer with multiple locations, each location will have its own account ID number.
- Your sales permit itself will have its own account ID number, which will appear on the new permit you will soon be mailed, covering the year which begins July 1, 2017. (You will use the account ID number shown on your sales permit only for purposes of renewing the sales permit. You will use a separate account ID number to remit sales/use tax.)

ACCOUNT ID EXAMPLES

Following are some examples of how the new account ID number system will work.

Example # 1

Suppose that ABC Jewelry Inc. is a retailer with one location, in Providence, and sells only jewelry. For the year which begins July 1, 2017, and for later years, ABC Jewelry Inc. will, solely for excise tax purposes, have three separate account ID numbers, one for each of the following:

- sales permit
- sales tax remittance
- annual sales tax reconciliation

Example # 2

Suppose that Sally Smith of North Kingstown is an artist who sells one-of-a-kind or limited-edition artwork and holds a sales tax exemption certificate for the sale of her work. For the year which begins July 1, 2017, and for later years, Sally will, solely for excise tax purposes, have three separate account ID numbers, one for each of the following:

- sales permit
- sales tax remittance
- annual sales tax reconciliation

Example # 3

XYZ Restaurant Inc. has two restaurant locations: one in Cranston, the other in Warwick. XYZ Restaurant Inc. must collect and remit sales tax as well as meals-and-beverage tax. Thus, for the year which begins July 1, 2017, and for later years, XYZ Restaurant Inc. will, solely for excise tax purposes, have separate account ID numbers for a number of items. However, how many separate account ID numbers will depend on whether XYZ Restaurant Inc. files separate returns for each of its locations, or if XYZ Restaurant Inc. files for excise tax purposes on a consolidated basis.

If XYZ Restaurant Inc. files separate returns for each location

Cranston location:

- sales permit for Cranston site
- sales tax remittance for Cranston site
- meals-and-beverage tax remittance for Cranston site
- annual sales tax reconciliation
- litter permit

Warwick location:

- sales permit for Warwick site
- sales tax remittance for Warwick site
- meals-and-beverage tax remittance for Warwick site
- annual sales tax reconciliation
- litter permit

If XYZ Restaurant Inc. files on a consolidated basis:

- sales permit for Cranston site
- sales permit for Warwick site
- litter permit for Cranston site
- litter permit for Warwick site
- sales tax remittance for both sites consolidated
- meals-and-beverage tax remittance for both sites consolidated
- annual sales tax reconciliation for both sites consolidated

SALES TAX COUPON BOOKLETS

By the end of June 2017, the Division will begin mailing sales tax coupon booklets. The booklets are for the approximately 5,100 retailers who remit their monthly or quarterly sales tax by check; a coupon must accompany each payment. (Because the majority of the approximately 30,000 permit-holders file electronically, they do not need coupon booklets.)

Each coupon booklet will also contain the new sales permit covering the year which begins July 1, 2017. (As noted earlier in this Advisory, each sales permit will contain a unique account ID number. Also as noted earlier in this Advisory, each sales tax coupon booklet will contain a unique account ID number, which will be printed on the coupons. The sales permit account ID number is for purposes of renewing the permit. The account ID number on the sales coupons is for remitting tax.) If you renewed your permit, but do not receive your booklet by July 1, 2017, you may continue using the old one until the new one arrives.

OTHER POINTS

Following are some other points to keep in mind:

- If you are an electronic sales tax filer, and your account is not blocked because of delinquent taxes, and you have renewed your sales permit and paid the associated \$10

annual renewal fee, the Division will mail your new permit in July or August. You will not receive a sales tax coupon booklet. However, you will soon receive a mailing so you can see your new account ID numbers.

- A cigarette tax license/permit must be obtained by those who wish to sell tobacco and other tobacco products. Each location must obtain its own license and therefore will have its own new account ID number. Cigarette dealer's license permits are to be mailed in late June.
- For hotels and for those who rent out residential dwellings, there will be a different account ID number for each hotel / residential dwelling filing account.
- Each nine-digit account ID number will have a total of nine numbers. In most cases, your account ID number will be shown as nine numbers separated by hyphens or dashes, such as the following: 9-9999-9999. (In certain instances, the account ID number may be shown as nine numbers in succession, with no hyphens or dashes.)
- The Division will soon be mailing out coupon booklets for the hotel tax, tax on hard-to-dispose material, meals-and-beverage tax, and prepaid-wireless tax.

CONTACT INFORMATION

For more information about Rhode Island sales tax, use tax, sales permits, or related matters, contact the Division of Taxation's Excise Tax section at (401) 574-8955 from 8:30 a.m. to 3:30 p.m. Eastern Time business days, or email Tax.Excise@tax.ri.gov. The Division of Taxation office is located at One Capitol Hill in Providence, R.I., diagonally across from the Smith Street entrance to the State House.

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