



Rhode Island Department of Revenue

Division of Taxation

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SALES AND USE TAX

ADVISORY FOR TAX PROFESSIONALS
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Division provides relief to retailers involving sales permits

Temporary permits will let businesses keep operating while coming back into compliance

PROVIDENCE, R.I. – The Rhode Island Division of Taxation understands the difficulty that many businesses, including small businesses and retailers, are facing amid the coronavirus pandemic (COVID-19). To that end, the Division today announced temporary relief for those retailers who have fallen behind in their obligations amid this unprecedented crisis.

For retailers whose sales permits would normally not be renewed on July 1, 2020, because they are not in compliance with Rhode Island state tax and filing requirements, the Division will automatically issue temporary 90-day sales permits.¹ That way, the retailers may continue to legally operate their businesses while they make arrangements to come back into compliance during the 90-day period.

The affected retailers do not need to contact the Division in any way: The relief is automatic. The Division is in the process of adjusting its records and systems accordingly, and will begin mailing the temporary permits soon, along with the mailing of a separate Notice that provides further details.

“We are taking this step in recognition of the challenges faced by many retailers, including small businesses, restaurants, and others,” said Rhode Island Tax Administrator Neena Savage. “It is one of several actions that the Division has taken to provide some measure of relief to many individuals, businesses, and others as we all work together, building on the progress that Rhode Island has made toward recovery,” she said.

Relief for taxpayers

The Rhode Island Division of Taxation has announced a series of measures in recent months aimed at providing relief for individuals, businesses, and others amid the pandemic. To learn about the measures, and for more information related to the pandemic, see the Division’s special webpage: <http://www.tax.ri.gov/COVID/>

Background and explanation

Permits to make sales at retail (also known as sales tax permits, or sales permits) typically are valid for an entire fiscal year, from July 1 through June 30. Retailers typically renew their permit each February, for a nominal \$10 fee. As part of the renewal process, the Division checks to see if the applicant is delinquent on Rhode Island state taxes and filing obligations.

¹ Authorized under Rhode Island General Laws § 44-19-3 (“Temporary permits”).

Assuming that the retailer is current on all Rhode Island state filing and tax obligations, the Division typically mails the new permit to retailers each June or early July. However, if a retailer is not current on all its Rhode Island state tax and filing obligations, the Division sends the retailer a series of Notices. If the retailer still has not complied with Rhode Island tax requirements, the Division blocks the renewal of the permit. The retailer cannot then legally make sales at retail until coming into compliance.

This year, due to the pandemic, the Division is taking a different approach for retailers who remain out of compliance: The Division will mail them a temporary sales permit – a 90-day permit – which will be effective from July 1, 2020, through September 30, 2020. This is intended to let the retailer continue to do business during the 90-day period and also come into compliance during that period.

“We will soon be sending a temporary sales permit to any retailer who is out of compliance,” Savage said. “Every retailer that is blocked will automatically receive the temporary sales permit. During the 90-day period for which the temporary sales permit is in effect, if the retailer comes back into compliance, we will mail a new permit, which will be in effect for the remainder of the fiscal year, through June 30, 2021,” she said.

“We recognize that this measure will not solve all of today’s economic challenges, but it will serve as a useful tool for a number of retailers adversely affected by the pandemic,” she said.

If the retailer still has not come into compliance when the 90-day period expires, that retailer’s sales permit will no longer be valid and that retailer will no longer be able to legally make sales of taxable goods or services until coming back into compliance. The Notice that the Division will be mailing will provide further details.²

“If anyone has any concerns related to this Advisory, or has questions about returning to compliance, the Division is committed to work with you. We encourage you to contact us,” Savage said. Email: Tax.Collections@tax.ri.gov, or call (401) 574-8941. (The phones are typically staffed from 8:30 a.m. to 3:30 p.m. business days.)

The Division has begun the process involving the mailing of the Notices, and the process involving the separate mailing of the temporary sales permits. Allowing time for internal processing of the mailings, and for external processing and delivery, the Notices should begin arriving at affected retailers between approximately June 13, 2020, and June 16, 2020. The separate letters, containing the temporary permits, should begin arriving in the mail shortly thereafter.

The sales permit block program

Like many other states, Rhode Island requires retailers to obtain a sales tax permit in order to do business. The permit generally authorizes a retailer to collect sales tax from customers and transfer the money to the State. That money is used to pay for vital State services, including public safety, education and road maintenance.

The Division’s sales permit block program is one of the tools that the Division employs to enforce the State’s sales tax laws. It also helps to level the playing field for the vast majority of retailers who meet their legal obligations in a timely fashion.

² Titled “Sales License Block -- 21 Day Notice”, regarding overdue Rhode Island taxes and license or registration.

Regular permits; payment coupons

This is the time of year in which the Division begins sending out sales permits to retailers who are in full compliance with State tax and filing obligations. The Division plans to begin mailing those permits, valid for the fiscal year beginning July 1, 2020, in late June or early July. If a retailer who is in full compliance does not receive the permit by July 1, 2020, the retailer may continue to use its existing permit until the new one arrives.

Most retailers pay their sales taxes electronically, which the Division encourages because it is fast, efficient, and saves time and money. Some continue to pay by mailing a check. For those who pay by check, the Division plans to begin mailing paper payment coupons later this summer, in time for those retailers to make their first required payments of the new fiscal year on August 20, 2020.

(Note: For a retailer that is in full compliance with State obligations, the Division will send the standard full-year sales permit by mail – regardless of whether that retailer remits tax electronically or by check. Retailers who remit by check will receive their payment coupons via a separate mailing.)

The Rhode Island Division of Taxation, part of the Rhode Island Department of Revenue, has normal operating hours from 8:30 a.m. to 3:30 p.m. business days. For more information, contact the Division of Taxation at (401) 574-8829 or see <http://www.tax.ri.gov/contact>
