



Rhode Island Department of Revenue

Division of Taxation

ADV 2021-19
SALES TAX

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS
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Reminder for farmers about sales tax obligations

Those who make retail sales of taxable items must collect and remit tax

PROVIDENCE, R.I. – The Rhode Island Division of Taxation today issued the following reminder for farmers: Farms that make retail sales of taxable items must collect and remit Rhode Island sales tax on those items.

“Rhode Island has a long and proud history of farming, and today’s farming community is strong and vibrant,” said Tax Administrator Neena Savage. “Sales of fruit, vegetables, and related items remain exempt from sales tax. However, farms that make retail sales of taxable items must collect Rhode Island sales tax on those taxable retail sales and remit that tax to us.”

All sales are taxable unless specifically exempt by law. There are a number of exemptions. For example, sales of fruits and vegetables are exempt from Rhode Island sales tax by law. Also exempt are sales of seeds and plants that are used to grow food and food ingredients.¹

However, the retail sale of items that are normally taxable -- such as plants, flowers, mulch, and soaps -- are subject to Rhode Island sales tax, even when sold by farms. The following examples illustrate some of the ways in which the rules work.

Example

Farm A sells fruits and vegetables, which are exempt from sales tax. Farm A also sells, at retail, flowers, plants, mulch, and soaps, which are taxable items. Farm A must charge Rhode Island’s 7% sales tax on the sale of those taxable items and remit the proceeds to the Division.²

EXEMPTION

A farm’s obligation to collect and remit Rhode Island sales tax on its taxable retail sales is separate and distinct from its farm exemption. (A farm exemption relieves the farm of its obligation to pay tax on its purchases of certain equipment and supplies used in farming operations.)

In other words, even if you have an exemption certificate, you still must collect and remit sales tax on all of your taxable retail sales.

¹ The term “food and food ingredients” is defined in [Rhode Island General Laws § 44-18-7.1\(l\)\(i\)](#).

² The examples in this Advisory assume that the farm has registered with the Division, obtained a sales permit, displays the sales permit, and makes the required deposits and filings with the Division.

Rhode Island also has a 1% meals and beverage tax, which, in general, applies to ready-to-eat meals and beverages sold at retail.³

Therefore, if a farm sells taxable meals and beverages, it must charge the 7% sales tax and the 1% meals and beverage tax on those sales, for a total of 8%.

The following example illustrates how the rules are applied.

Example

Farm B sells fruits, vegetables, and meats. Farm B also sells flowers to its retail customers. In addition, Farm B sells to its retail customers the following: cups of apple cider, hot coffee, and iced tea.

- ✓ The sale of fruits, vegetables, and meats is exempt from sales tax, and it is exempt from meals and beverage tax.
- ✓ The sale of the flowers is subject to the sales tax, but it is exempt from meals and beverage tax.
- ✓ The sale of the drinks is subject to the sales tax and the meals and beverage tax.

(See table below.)

ITEM	SALES TAX	MEALS AND BEVERAGE TAX	TOTAL TAX
Fruits	n/a	n/a	n/a
Vegetables	n/a	n/a	n/a
Meats	n/a	n/a	n/a
Flowers	7%	n/a	7%
Cup of apple cider	7%	1%	8%
Cup of hot coffee	7%	1%	8%
Cup of iced tea	7%	1%	8%

Note: Sale of fruits, vegetables, and meats is generally exempt from sales tax and meals and beverage tax. Abbreviation "n/a" means "not applicable".

How to register

A business may register with the Division of Taxation online or on paper to obtain a retail sales permit. To register online: <https://www.ri.gov/taxation/BAR/>. To register on paper, use the following form: http://www.tax.ri.gov/forms/2019/Excise/BAR_082019.PDF

³ For more about the meals and beverage tax, see [Rhode Island General Laws § 44-18-18.1](#) ("Local meals and beverage tax") and [Division Regulation 280-RICR-20-70-4](#) ("Local Meals and Beverage Tax"). The meals and beverage tax is applied statewide; the revenue is collected by the Division, which then distributes the proceeds to cities and towns. This Advisory is a plain-language summary of the rules. For more on the factors that will come into play before the determination of tax due is made, please see the regulation: <https://rules.sos.ri.gov/regulations/part/280-20-70-4>.

Once your application is accepted, the Division will mail you a retail sales permit. The permit is good for one fiscal year, from July 1 through June 30. (For example, a sales permit issued in July 2020 is good through June 30, 2021.) A sales permit must be renewed each year, for the following fiscal year.

How to remit

The sales tax that you collect must be “remitted” to (in other words, deposited with) the Division of Taxation. In general, the sales tax must be remitted on or before the 20th day of the month following the month in which the sale was made.⁴

Example

Farm C sells the following to its retail customers: flowers, plants, and soaps; cups of apple cider, hot coffee, iced coffee, and iced tea; and packets of vegetable seeds.

- ✓ Farm C collects 7% sales tax on its retail sale of flowers, plants, and soaps.
- ✓ Farm C collects 7% sales tax and 1% meals and beverage tax on its retail sale of cups of apple cider, hot coffee, iced coffee, and iced tea.
- ✓ Farm C deposits with the Division of Taxation, on a prescribed schedule, the tax that it collects. For example, for taxable sales made in April 2021, Farm C remitted the tax to the Division on or before May 20, 2021.
- ✓ Farm C does not charge sales tax on its sale of vegetable seed packets because they are exempt from sales tax.⁵

Sales tax obligations apply not only to certain farms but also to any person or entity that makes sales at retail of taxable items. For more information about Rhode Island’s sales and use tax, contact the Division’s Excise Tax area at (401) 574-8955 (the line is typically staffed from 8:30 a.m. to 3:30 p.m. business days) or email: Tax.Excise@tax.ri.gov.

To remit sales tax online, use the Division’s portal: <https://www.taxportal.ri.gov/>

- To gain access to the taxpayer portal as a first-time user, you must first obtain a PIN. If you are interested in using the taxpayer portal and obtaining a PIN, please contact the Division by phone at (401) 574-8484 or by email: taxportal@tax.ri.gov.
- Once you have your PIN, go to the portal’s home page and click on the “Create a New User” link in order to create a new user account and register as a user. (To go directly to the “Create a New User” section: <https://go.usa.gov/xsDd9>.) As part of the registration process, you’ll use your PIN to link your portal account with the Division.

⁴ For more about filing frequencies, see: <http://webserver.rilegislature.gov/Statutes/TITLE44/44-19/44-19-10.HTM>.

⁵ Under [Rhode Island General Laws § 44-18-30\(65\)](#), the sale of seeds and plants used to grow food and food ingredients as defined in [Rhode Island General Laws § 44-18-7.1\(i\)](#) is exempt from Rhode Island sales tax.

- To view the taxpayer portal's user guide: <https://go.usa.gov/xsDd5>. If you have questions about the taxpayer portal, contact the Division at (401) 574-8484 or email: taxportal@tax.ri.gov.

Sales tax can be remitted online or by check with a voucher. To remit sales tax by check, please use the applicable voucher: http://www.tax.ri.gov/taxforms/sales_excise/sales_use.php.

Annual reconciliation

Farms that make sales of taxable items at retail must file an annual return, known as an annual reconciliation. The annual reconciliation is due on or before each January 31 of each year.⁶ The annual reconciliation can be filed online. For more details about filing the annual return: <https://go.usa.gov/xHJ2e>.

Reminder about exemptions

A farm's certificate of exemption from sales tax ("Certificate of Exemption for Farm Equipment/Structure Construction Material") does not last forever. Such exemption certificates expire four years from date of issuance. There is no charge to renew. The form for applying and for renewing is the same. To view or download the form, use the QR code on this page or the following link: <https://go.usa.gov/xHuZz>.



More information

The following Division regulations provide more information about topics covered in this Advisory:

- <https://rules.sos.ri.gov/regulations/part/280-20-70-4>
- <https://rules.sos.ri.gov/regulations/part/280-20-70-16>
- <https://rules.sos.ri.gov/regulations/part/280-20-70-50>

The Rhode Island Division of Taxation 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>

⁶ The annual deadline is usually January 31, but that fell on a Sunday this year. Therefore, the deadline moved to the next business day: Monday, February 1, 2021.