SELF-AUDIT FOR USE TAX

News about your taxes

A message for businesses and tax professionals from the

Rhode Island Division of Taxation

In Rhode Island's voluntary self-audit program, you examine your business's books and records to see if you owe Rhode Island's 7% use tax. For example, use tax would be owed if your business:

- bought computer equipment from an out-of-state vendor for which Rhode Island sales tax was not collected;
- purchased office supplies online and no Rhode Island sales tax was collected; or
- bought furniture in another state and paid that state's 5% sales tax. (In this case, you would owe the difference to Rhode Island in the form of use tax.)

Under the Rhode Island Division of Taxation's new self-audit program, a business audits its own books and records to see if the business has a previously undisclosed Rhode Island use tax liability.

To start, the business submits an application to the Tax Division, which oversees and manages the entire process. The Tax Division reviews the application to see if it meets the program's criteria.

If the application is approved, the self-audit is completed in accordance with the program's guidelines, and the business pays what it owes (the tax is 7 percent), the Tax Division can waive penalties and some interest.

There is an application to complete and other steps involved. For more information, contact the Tax Division's Field Audit section at (401) 574-8962 from 8:30 a.m. to 3:30 p.m. business days, or see the agency's website: http://go.usa.gov/3JexQ

The self-audit program is authorized under RIGL § 44-19-43. It was part of the budget bill enacted June 30, 2015 (H 5900 Substitute A as amended).

RHODE ISLAND DIVISION OF TAXATION

One Capitol Hill
Providence, R.I. 02908