



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Revenue
DIVISION OF TAXATION
One Capitol Hill
Providence, RI 02908-5800

NOTICE

***TO: INSURANCE COMPANIES, INSURANCE AGENTS, and MOTOR
VEHICLE DEALERS***

As a result of Legislation enacted by the 2011 Session of the Rhode Island General Assembly, please be advised that effective ***October 1, 2011***, the exemption from sales and use tax per RIGL 44-18-30(23) for an insurance proceeds settlement issued by an insurance company to a claimant in regards to a total loss of a motor vehicle, has been repealed. Insurance proceeds settlements issued after this date will no longer be allowed as a credit against the purchase price of an automobile.

It is noted that if an individual receives an insurance proceeds settlement from an insurance company for a claim related to a total loss of a motor vehicle prior to October 1, 2011, ***and*** purchases a replacement automobile prior to this date, the insurance proceeds would be considered exempt from tax. The event triggering the exemption is the purchase of a replacement automobile, and if such purchase is made prior to this date, the exemption would be allowed.

If you have any questions regarding this notice, please contact the Excise Tax Section at (401) 574-8955.

David Sullivan
Tax Administrator

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