



Rhode Island Division of Taxation

Issue Date: October 24, 2011

State of Rhode Island and Providence Plantations

Department of Revenue

Sales tax advisory for retailers

The Rhode Island Division of Taxation has put in place a number of key changes regarding the administration of the sales tax.

The changes affect the coupons that retailers use to remit sales tax to the Tax Division.

In addition, the Tax Division has implemented an annual reconciliation process in place of the old quarterly reconciliation process.

The following provides some background as well as a summary of the changes.

▪ Coupons

Under the old system, the Tax Division typically mailed sales tax booklets once a year to retailers. Each booklet typically contained the retailer's sales tax permit, along with coupons (technically known as sales and use tax returns) for making sales tax payments, sections on which to make the required reconciliation, mailing labels, and other helpful items, all in one place.

However, due to uncertainty about what changes in sales tax law would emerge in June 2011, and what impact those changes would have on the coupon booklets, the Tax Division decided to hold off on ordering a printing of the booklets, and arranged instead to make a separate series of mailings. In June 2011, the agency mailed annual sales tax permits to about 32,000 retailers. In August 2011, the agency began mailing supplies of payment coupons on flat sheets of perforated paper.

- There is one set of [coupons for monthly filers](#).
- There is another set of [coupons for quarterly filers](#).
- To use a coupon, simply separate it at the perforation between the coupons.

For each retailer that registered with the Tax Division after July 2011, the Tax Division plans to mail a sales tax coupon booklet in December 2011. Each booklet will include a supply of coupons covering the filing period through June 2012, as well as a [form for making an annual reconciliation return](#) and instructions.

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Also, for the year that starts July 1, 2012, the Tax Division plans to return to the old system of issuing the all-inclusive coupon booklets.

▪ **Electronic payment**

There is no need for sales tax coupons if you pay sales tax electronically, via electronic funds transfer. To get the ball rolling, fill out the [authorization agreement for electronic funds transfers](#). You may choose from two payment methods – ACH credit or ACH debit. Electronic funds transfer is required for some taxpayers. For more information, call the Tax Division's EFT section at (401) 574-8484.

▪ **Annual reconciliation**

If you hold a sales tax permit, you must make a detailed sales tax accounting – a reconciliation. As part of the process, you list total sales, deductions, and other items.

Under the old system, the reconciliation was done quarterly.

Under the new system, the reconciliation must be done annually.

There's a special form on which to make the annual reconciliation. The Tax Division mailed the form in early fall to holders of sales tax permits. You may [obtain an annual reconciliation form on the Tax Division website](#). Following are some key points to keep in mind regarding the annual reconciliation:

- The first such annual reconciliation is due on or before January 31, 2012.
- If you are a quarterly sales-tax filer, you still must file your quarterly sales tax return and make your quarterly sales tax payment. But the quarterly reconciliation is no longer required. Please file the annual reconciliation instead, by January 31, 2012.
- You must complete and file the annual reconciliation return on paper, even if you pay sales tax electronically.
- If your annual reconciliation shows that you owe to the Tax Division a sales tax balance of less than \$1, you are not obligated to pay it; the agency will treat it as merely a rounding issue. (If you owe more than that, please see the instructions on the annual reconciliation form.)
- If your annual reconciliation shows an overpayment, no matter the amount, you may apply it against your tax balance for future periods. As an alternative, you may file a [claim for a refund](#), but please bear in mind that processing could take a number of weeks.

If you have any questions, please call the Tax Division's Excise Tax section at (401) 574-8955 (select option 2).

- David M. Sullivan
Rhode Island Tax Administrator