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## RHODE ISLAND RESPONSE TO U.S. SUPREME COURT'S *WAYFAIR* DECISION

Until now, the U.S. Supreme Court's position was this: A state could require a retailer to collect and remit that state's sales tax only if the retailer had a physical presence in that state. Therefore, as a practical matter, many online retailers did not collect sales tax.

Last week's U.S. Supreme Court decision means that a state can require a retailer to collect and remit the state's sales tax – including online retailers that have no physical presence in the state.<sup>1</sup>

Rhode Island legislation enacted in 2017 generally gave online retailers a choice: collect and remit Rhode Island sales tax, or provide notices to consumers that they may owe the tax. As a result of the legislation enacted in 2017, a number of online retailers have registered with the Division of Taxation and have begun to collect and remit Rhode Island sales tax.

Online retailers who, in light of last week's U.S. Supreme Court decision, would like to register with the Division of Taxation, obtain a sales permit, and begin collecting and remitting Rhode Island sales tax, may use the Division's "Business Application and Registration" form: [http://www.tax.ri.gov/forms/2017/Misc/TX\\_BAR\\_092017.pdf](http://www.tax.ri.gov/forms/2017/Misc/TX_BAR_092017.pdf). Online retailers (or others) with questions about registering with the Division of Taxation and remitting Rhode Island sales and use tax should call (401) 574-8955. The Division is open to the public from 8:30 a.m. to 3:30 p.m. Eastern time business days.

## RHODE ISLAND REDUCES BURDEN OF COMPLIANCE

It should also be noted that Rhode Island, as a member state of the Streamlined Sales Tax Governing Board, has become a more attractive place to do business because, like other Streamlined states, Rhode Island has simplified its sales and use tax administration in order to substantially reduce the burden of tax compliance. (Rhode Island is one of 24 states nationwide that have adopted simplification measures in the Streamlined Sales and Use Tax Agreement.)<sup>2</sup>

We look forward to working with the Streamlined Sales Tax Governing Board, and with all of our stakeholders, to ensure that the results of last week's Supreme Court decision are fairly applied.

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<sup>1</sup> *South Dakota v. Wayfair, Inc., et al.* No. 17-494. Decided June 21, 2018.

<sup>2</sup> There are 23 full member states and one associate member state.

The Rhode Island Division of Taxation has assembled an internal working group to focus on the legal, tax, and operational impacts of the decision. That group, under the direction of Tax Administrator Neena Savage, is working closely with Department of Revenue Director Mark Furcolo and will be keeping the Governor's staff and General Assembly fully informed.

It is too early to tell what financial impact the decision may have on the State from a revenue standpoint for the coming fiscal year, for a variety of reasons.