



Rhode Island Division of Taxation: Presentation for Funeral Directors

January 28, 2019

Warwick, R.I.

Rhode Island Division of Taxation



Meeting agenda

❖ Greetings/Welcome

Tax Administrator Neena Savage or
Asst. Tax Administrator Michael Canole

❖ Basics of sales/use tax, and how to comply

Chief Revenue Agent Theriza Iafate / Excise

❖ Audits, including self-audits

Patrick Gengarella, Chief, Audit & Assessment

❖ Q&A and contact information

Rhode Island Division of Taxation



Rhode Island sales/use tax

- Funeral services

- ❖ What's taxable (partial list)

- ❖ Urns

- ❖ Vaults (aka "liner" or "box")

- ❖ Prayer cards

- ❖ Guest books

- ❖ Office and Administrative supplies



Rhode Island sales/use tax

- Funeral services

- ❖ What's not taxable

- ❖ Coffins

- ❖ Caskets

- ❖ Burial clothes

- ❖ Hair and Makeup service (only the tangible personal property is subject to use tax)

Rhode Island Division of Taxation



Rhode Island sales/use tax

- Exemption for coffins/caskets:
 - ❖ Exemption applies only if consumer buys it from the funeral director



Rhode Island sales/use tax

- Rhode Island General Laws § 44-18-30:

Gross receipts exempt from sales and use taxes.

There are exempted from the taxes imposed by this chapter the following gross receipts:

Coffins, caskets, and burial garments. From the sale and from the storage, use, or other consumption in this state of coffins or caskets, and shrouds or other burial garments that are ordinarily sold by a funeral director as part of the business of funeral directing.



Rhode Island sales/use tax:

Lump sum vs. itemization

- Lump sum:
 - ❖ If funeral home invoices consumer on a lump-sum basis, funeral home is acting as service provider.
 - ❖ Therefore, funeral home does not charge sales tax. Instead, funeral home pays use tax on its purchases – calculated based on actual cost.

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Rhode Island sales/use tax:

- Lump sum:
 - ❖ Funeral home pays use tax on its purchases – calculated based on actual cost.
 - ❖ Use Form T-205

	State of Rhode Island and Providence Plantations Form T-205 Consumer's Use Tax Return		
		16125599990101	
Name	Federal employer identification/social security number		
<input type="text"/>		<input type="text"/>	
Address	For the period of:		
<input type="text"/>		<input type="text"/>	

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Rhode Island sales/use tax:

Lump sum vs. itemization

- Itemize:
 - ❖ If funeral home bill for consumer is itemized, showing all charges broken out, funeral home must register with Division of Taxation, charge sales tax, and remit sales tax revenue to Division.
 - ❖ But tax applies only to items that are taxable. Most items/services are not taxable.

(continued on next slide)

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Rhode Island sales/use tax:

- Register online: [Online registration BAR form](#)

A screenshot of the Rhode Island Business Registration website. The header features the State of Rhode Island seal and the text "State of Rhode Island Business Registration DIVISION OF TAXATION - EMPLOYER TAX SECTION". Below the header, a blue bar contains the word "Welcome.". The main content area has a white background with the text "Welcome to the RI Division of Taxation Combined Online Registration Service". A light blue box contains the heading "IMPORTANT NOTICE:" followed by the text "This online registration process has been designed to register **NEW BUSINESS ONLY!** To make changes or correction (Option 1)."

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Rhode Island sales/use tax:

- Register via paper form: Paper format BAR form

 State of Rhode Island Division of Taxation One Capitol Hill STE 36 Providence, RI 02908-5829 WWW.TAX.RI.GOV	BUSINESS APPLICATION and REGISTRATION		FOR OFFICE USE ONLY
	Fees and Instructions: Sales permit is renewable at fiscal year ending June 30th	IF YES Include	AND Complete Additional



Rhode Island sales/use tax:

Lump sum vs. itemization

- Itemize (continued):
 - ❖ Rhode Island 7% sales tax is calculated on price that funeral home charges to customer.
 - ❖ Funeral home must issue resale certificate to vendors who provide taxable items (such as prayer cards, urns, vaults).
 - ❖ No double charging (e.g., funeral home pays use tax to vendor, then charges sales tax to customer).

Rhode Island Division of Taxation



Rhode Island sales/use tax:

- Sign up so you can remit online:
[Online remittance of Sales Tax](#)

A screenshot of the State of Rhode Island Business Taxes Division website. The header includes the state seal and the text "State of Rhode Island Business Taxes DIVISION OF TAXATION". Below the header is a "Sign up" section with a progress bar showing steps: Start, Account, Company, Contacts, Password, Payment method, Verify, and Done. The "Start" step is highlighted. Below the progress bar, the text reads "Information you will need in order to sign up for electronic tax filing and payments:" followed by a list of requirements.

State of Rhode Island
Business Taxes
DIVISION OF TAXATION

Sign up

Start Account Company Contacts Password Payment method Verify Done

Information you will need in order to sign up for electronic tax filing and payments:

- Contact information for the person making the payment and filing
- Bank account number and routing number, if filing ACH Debit
- Type of tax or taxes you wish to pay if filing ACH Credit

Rhode Island Division of Taxation



Rhode Island sales/use tax:

- Remit online after you've signed up:
[Online filers log-in page](#)

The screenshot displays the 'RI Business Tax Filings' sign-in page. At the top left is the State of Rhode Island seal. The header text reads 'State of Rhode Island Business Taxes DIVISION OF TAXATION'. Below this is a blue bar with 'RI Business Tax Filings'. The main content area is titled 'Sign in' and contains two input fields: 'Rhode Island Identification No. *' (with a note '(11-digit number)') and 'Password *' (with a note '(case sensitive)'). An orange 'SIGN IN' button is located at the bottom of the form.



Rhode Island sales/use tax

- Your tax professional
 - ❖ Tax pro does your corporate taxes
 - ❖ Tax pro does your employer taxes
 - ❖ Tax pro does your personal income taxes
 - ❖ Ask him/her about sales/use taxes
 - ❖ Can also help in representation (Form 2848 – POA)



Rhode Island sales/use tax

- Audits

- ❖ Our main Audit section oversees:

- Field Audit

- Office Audit

- Special Investigation Unit



Rhode Island sales/use tax

■ Audit selection

- ❖ We use various means to determine what, when, and whom to audit
- ❖ Like IRS and many other states, we use tip line, past audit results, re-audits, industry audits.
- ❖ We also may use invoices found at other audits; taxpayer referrals and internal reports



Rhode Island sales/use tax

- Audits

- ❖ If we find one or more common issues after auditing multiple companies in the same industry, we may decide to audit most or all of the companies in that industry



Rhode Island sales/use tax

- Audits

- ❖ We do more than 1,300 audits per year
- ❖ We do field audits (on-site audits) not only in Rhode Island, but all across the country
- ❖ We also do “correspondence” audits (office audits, by mail)



Rhode Island sales/use tax

- Statute of limitations
 - ❖ How far back can we go?
 - ❖ What are the limits?
 - ❖ What might you owe
 - Tax
 - Penalty
 - Interest



Rhode Island sales/use tax

- Your response to audit findings
 - ❖ Ask your tax professional for guidance
 - ❖ You can pay in full
 - ❖ You can pay in installments
 - ❖ You can appeal



Rhode Island sales/use tax

- Self-audits
 - ❖ Voluntary
 - ❖ Also called “managed audits”
 - ❖ You examine your business’s books and records to see if you owe tax
 - ❖ If self-audit is approved, and you pay what you owe, we can waive penalties and some interest.

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Rhode Island sales/use tax

- Self-audits

- ❖ See our self-audit webpage for details

- <http://www.tax.ri.gov/Tax%20Website/TAX/self%20audit/index.php>

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Rhode Island sales/use tax

- Self-audit webpage

A screenshot of the Rhode Island Division of Taxation website. The header includes the RI.gov logo, the text "R.I. Government Agencies | Privacy Policy | Search", and the State of Rhode Island Division of Taxation logo with "DEPARTMENT OF REVENUE". Below the header is a navigation bar with social media icons for Facebook and Twitter, and links for "Contact Us", "Related Links", and "Search Taxation:". The main content area shows a breadcrumb trail "Home > Self-Audits" and a section titled "Self-Audits" with two bullet points: "Welcome to the Rhode Island Division of Taxation's self-audit program!" and "With a self-audit, you examine your own books and records to see if you owe Rhode Island's 7% use tax." A left sidebar contains navigation links: Home, Administrative Decisions, Advisories, and Combined.

RI.gov R.I. Government Agencies | Privacy Policy | Search

State of Rhode Island
Division of Taxation
DEPARTMENT OF REVENUE

Facebook Twitter | [Contact Us](#) | [Related Links](#) | [Search Taxation:](#)

[Home](#) > [Self-Audits](#)

Self-Audits

- Welcome to the Rhode Island Division of Taxation's self-audit program!
- With a self-audit, you examine your own books and records to see if you owe Rhode Island's 7% use tax.

[Home](#)
[Administrative Decisions](#)
[Advisories](#)
[Combined](#)



Rhode Island sales/use tax

■ Legislation

- ❖ We don't make the law; we implement the law
- ❖ Legislation to exempt urns has now been introduced in each of the last six legislative sessions and has not been enacted
- ❖ If legislation is ever enacted, it's typically effective "upon passage" – or at a later, specified date
- ❖ As a general rule, tax legislation is not retroactive

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Rhode Island sales/use tax

- Questions?

(401) 574-8955
One Capitol Hill
Providence, R.I.

Note: This presentation is an informal summary of sales/use tax provisions as they apply to funeral homes and funeral services. This presentation is for general information purposes only and is not a substitute for Rhode Island General Laws, or for Rhode Island Division of Taxation regulations, rulings, or notices.