



What is the Self-Audit Program?



- Taxpayer performs an audit on their books and records to make sure the 7% tax was paid to vendors on all purchases made by the business.
- This program is only open for use tax at this time.
- 9800 taxpayers that file corporate, withholding or both tax returns have been selected to participate. Anybody is eligible, provided they don't have a sales tax permit.
- The first mailing of 3300 letters went out on 11/3/15. The second mailing went out on 6/2/16 and the last on May 2017.



Taxpayer's Benefits:

- No penalty is assessed.
- 3 year audit period instead of the typical 6 years for non-filers.
- Discounted interest rates of 6% if completed on time or 12% if delayed.
- The Tax Division agrees not to audit the taxpayer for the self-audit period and tax type.



States Benefits:

- Taxpayers are brought into compliance.
- Tax and interest is paid at the time audit is completed.
- Taxpayers are better educated on use tax for future compliance.



Who is Eligible?

- Taxpayers who do not currently have a sales tax permit.
- No outstanding balances owed or delinquent returns.
- Taxpayer or related entities have not been audited within the past 5 years.
- If taxpayer is in bankruptcy or receivership, they are not allowed to participate in program.
- Taxpayers records are readily available and have the ability to go through them within a certain period (60, 90, or 120 days, requested by taxpayer on application).
- Must be able to make payment for tax at the time of completion. Taxpayer will be billed for interest.



Audit Process:

- Completed application is sent to tax division for review.
- A letter will be mailed to taxpayer approving or denying the application.
- If application is approved, a Revenue agent, will send an approval letter with a 3 year audit period, requested documents (depreciation schedule, source documents & Corporate returns & Purchase journals), Self-audit Use Tax Return (T-205-SA) and a time frame to submit self-audit.
- Submit completed self-audit and full tax payment within time frame requested.
- Upon receipt and acceptance by the division, an interest billing, confirmation letter, and copy of Consumer Use Tax Return for future compliance will be mailed to taxpayer.



Reasons for Denial:

- Taxpayer or related entities had an audit within the last 5 years.
- A letter/declaratory ruling was issued by the tax division for Use Tax.
- Taxpayer files use tax returns T-205's.
- Taxpayer has delinquencies or an outstanding balance.
- Taxpayer has filed for bankruptcy or receivership.
- Taxpayer has a sales tax permit.
- Each application will be reviewed on a case by case basis.



Important Forms:

- -Self-Audit Application
- -Flyer, explaining use tax and giving examples.
- -Self-Audit Use Tax Return (T-205-SA)



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