

State of Rhode Island - Division of Taxation

Sales and Use Tax

Regulation SU 13-91

Records Requirements

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RULE 1. PURPOSE

This regulation implements Chapters 44-18 and 44-19 of the Rhode Island General Laws(RIGL). These Chapters provide for Sales and Use Taxes Liability and Computation and Sales and Use Taxes Enforcement and Collection in regard to records requirements.

RULE 2. AUTHORITY

This regulation is promulgated pursuant to RIGL § 44-1-1 et seq. and § 44-19-33. These regulations have been prepared in accordance with the requirements of RIGL Chapter 42-35 - Rhode Island Administrative Procedures Act.

RULE 3. APPLICATION

The terms and provisions of these rules and regulations shall be liberally construed to permit the Department of Revenue to effectuate the purposes of RIGL Chapters 44-18 and 44-19 and other applicable state laws and regulations.

RULE 4. SEVERABILITY

If any provision of these rules and regulations, or the application thereof to any person or circumstances, is held invalid by a court of competent jurisdiction, the validity of the remainder of the rules and regulations shall not be affected thereby.

RULE 5. RECORDS

(a) Each retailer as defined in RIGL §44-18-15 shall keep adequate and complete records of the business entity showing:

1. The gross receipts from the sales of tangible personal property and services, including both taxable and nontaxable items and any services necessary to complete a sale.
2. All deductions allowed by law and claimed in filing returns.
3. Total purchase price of all tangible personal property or services purchased for resale and the total purchase price of all such property or services purchased for use or consumption in this state.

(b) These records, but not limited to, shall include the normal books of account ordinarily maintained by the average prudent business person engaged in the activity in question, together with all bills, receipts, invoices, cash register tapes, all data collected or stored by means of electronic or magnetic media, or other documents of original entry supporting the entries in the books of account as well as all schedules or working papers used in connection with the preparation of tax returns.

(c) Magnetic and electronic media records, used as reproductions of general books of account, such as cash books, journals, voucher registers, ledgers, sales invoices, purchase invoices, credit memoranda, etc., are acceptable in lieu of original records, providing the following conditions are met:

1. Taxpayers shall set forth in writing the procedures governing the establishment of a magnetic or electronic system, and the individuals who are responsible for maintaining and operating the system with appropriate authorization from the Board of Directors, general partner(s), or owner, whichever is applicable.
2. The magnetic or electronic system shall be complete and shall be used consistently in the regularly conducted activity of the business.
3. Taxpayers shall establish procedures with appropriate documentation so the original document can be followed through the system.
4. Taxpayers shall establish internal procedures for inspection and quality

assurance.

5. Taxpayers are responsible for the effective identification, processing, storage, and preservation of the system, making it readily available for as long as the contents may become material in the administration of the sales/use tax law.

6. Taxpayers shall keep a record of where, when, by whom, and on what equipment the magnetic or electronic media was produced.

7. When a display is required on a magnetic or electronic media reader (viewer) or reproduced on paper, the material shall exhibit a high degree of legibility and readability. For this purpose, legibility is defined as the quality of a letter or numeral that enables the observer to identify it positively and quickly to the exclusion of all other letters or numerals. Readability is defined as the quality of a group of letters or numerals being recognizable as words or complete numbers.

8. A detailed index of all magnetic and electronic media data shall be maintained and arranged in a manner that permits the immediate location of any particular record.

9. All magnetic and electronic media in regards to processing duplication, quality control, storage, identification, and inspection shall meet industry standards as set forth by the American National Standards Institute, Association for Information and Image Management, or National Institute of Standards and Technology.

10. The taxpayer shall make available upon the Division of Taxation's request a reader/printer in good working order at the examination site for reading, locating, and reproducing any record maintained on magnetic or electronic media.

RULE 6. REQUIREMENT FOR RECORD RETENTION

(a) Records based on any of the above media shall be maintained for a period of at least three (3) years as provided in RIGL §44-19-27 unless the destruction or other disposal of the same shall be authorized by the Tax Administrator or his/her authorized representative in writing.

(b) Failure to maintain such records will be considered evidence of negligence or intent to evade the tax, and will result in the imposition of appropriate penalties as provided by statute.

RULE 7. EFFECTIVE DATE

This regulation shall take effect on May 1, 2013 and shall amend and supersede regulation SU 11-91 promulgated December 1, 2011.

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TAX ADMINISTRATOR