

## Point-of-Sale (POS) system records

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When using POS systems, all transactions are recorded through a computer system. The system should record every sale and track all transactions. The system must record a description of what is being sold, the quantity, selling price, tax due, invoice number, date of sale, method of payment, POS terminal number, and POS transaction number.

All POS system users must maintain internal controls to ensure the accuracy and comprehensiveness of the transactions recorded in the POS system. The records must provide the opportunity to trace any transaction back to the original source. Some audit trail details include internal sequential transaction numbers, records of all POS terminal activity, and procedures to account for voids, cancellations, or other discrepancies in sequential numbering. The audit trail must be activated and must record all activity related to other operating modes, such as training mode, and all changes in the setup of the system.



## Sales Suppression Software Programs and Devices

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It is a crime for anyone to knowingly sell, purchase, install, transfer, or possess software programs or devices that are used to hide or remove sales, and to otherwise falsify records. Using these devices gives an unfair competitive advantage over business owners who comply with the law and properly remit collected taxes and fees. In addition to civil penalties and fines, there are significant criminal penalties for violators, including a potential felony conviction and/or fines up to fifty-thousand dollars (\$50,000).

### What if I have questions?

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You may call or email with any questions or to request guidance at any time. If you have any general questions, please see the “Contact Us” section below. Otherwise, please contact your assigned auditor.

### Contact Us

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#### State of Rhode Island Division of Taxation

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STATE OF RHODE ISLAND

## Division of Taxation

Department of Revenue



Understanding the Rhode  
Island Division of Taxation's  
Recordkeeping Requirements

## Recordkeeping Requirements

The Division's goal is to promote compliance with all state tax obligations. Imperative to this goal is fostering voluntary compliance with the tax laws.



Keeping detailed business records is a requirement for both federal and state tax purposes.

A sample of the required records, which are necessary to prepare accurate and complete tax returns and to comply during a tax audit include:

### Federal & State Income Tax returns

These returns are used for gross sales comparison.

### General Ledger & Trial Balances

These records are master documents that organize business transactions by account such as assets, expenses, and sales.

### Bank Statements

Bank statements must be maintained to demonstrate deposits and substantiate sales.

### Sales Receipts

Transactional sales receipts record the details of a transaction at the point of sale. This includes cash register tapes, invoices, guest checks, sales slips, or any other original sales document. Each transactional receipt should include the following information: date, sequential receipt number, description of sale, sales amount of each item, discounts and/or coupon amounts (if applicable), total sale amount, total tax amount (separately stating sales tax and meals and beverage tax), method of payment.

### Daily Sales Reports

These reports should summarize the total gross sales, total taxable sales, total nontaxable sales, total sales tax, and total meals and beverage tax collected. Sales should also be separated as to cash sales vs. credit sales. These reports must reconcile to transactional sales receipts for the corresponding day.

### Monthly Sales Reports

These reports should summarize the total gross sales, total taxable sales, total nontaxable sales, total sales tax, and meals and beverage tax collected. Sales should also be separated as to cash sales vs. credit sales. These reports must reconcile to transactional sales receipts and daily sales reports for the corresponding month. Monthly reports must reconcile to yearly sales.

### Credit Card Slips

Credit card slips must be maintained to validate credit card purchases.

### Voided, Comped, or Cancelled Sales

All voided, comped, and/or cancelled sales must be recorded.

### Monthly Merchant Statements & 1099-K forms

These statements show a detailed list of all electronic transactions for the month, along with any applicable processing fees.

### Monthly Statements from Third Party Delivery Companies

These monthly statements show a detailed list of all third-party sales.

### Exemption Certificates

Valid exemption certificates must be secured at the time of purchase and kept on file to validate exempt transactions.

### Purchase Invoices

Purchase records must support all expenses, including asset additions, and cost of goods sold.

### Payroll

Payroll records are examined to verify all wages were properly recorded and reported, all tax withheld was reported, and the tax was properly remitted.