



# Rhode Island Department of Revenue **Division of Taxation**

Presentation to RI Bar Association

March 3, 2023

# Presenters

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# Agenda

- About Us: Division of Taxation
- Resources
- Hearings/Administrative Adjudication
- Best Practices:
  - Non-Resident Real Estate Withholding
  - Letters of Good Standing
  - Estate Tax
  - Real Estate Conveyance Tax
  - Sales Tax Exempt Organizations-Certificates of Exemption
- Questions
- Closing remarks

# About Us

## The Division of Taxation: One of six agencies in the Department of Revenue

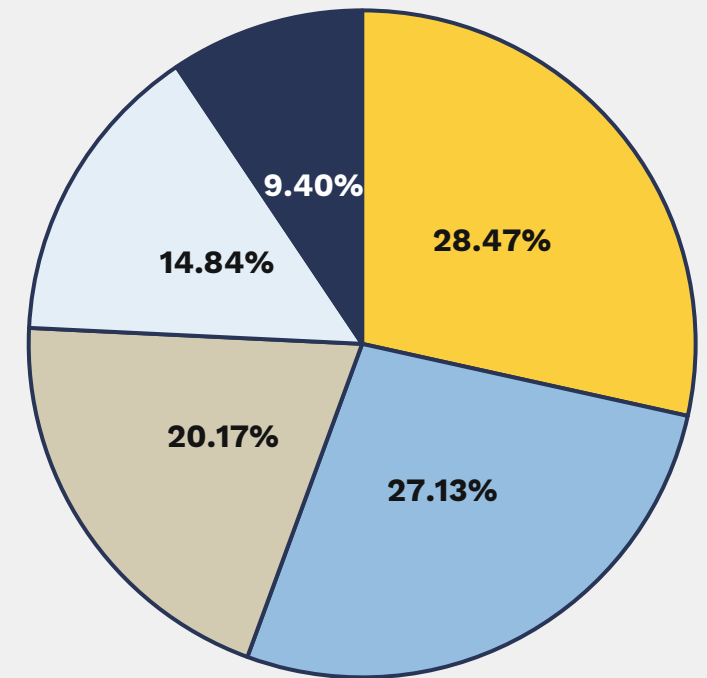
- The Rhode Island Division of Taxation employs **223 tax professionals**, administering more than **59 different taxes and fees**.
- Taxes represent **the most significant source of General Fund revenue** for Rhode Island – funds used to help pay for vital services including public safety, education, transportation, and recreation for all Rhode Islanders.
- Each year, the Division **collects and distributes more than \$5 billion** in funds to the State, municipalities, and other agencies (as of FY 22).

## Our Mission

- To foster voluntary compliance with the Rhode Island tax laws and instill public confidence through professional, impartial and ethical conduct.
- To administer and collect all taxes as required by Rhode Island law in the most efficient and cost-effective manner.
- To assist taxpayers by helping them understand and meet their tax responsibilities.

## Total State Tax Revenue Collected by the Division of Taxation for Fiscal Year 2022 (\$, In Millions)

FY22 Receipts: \$5B



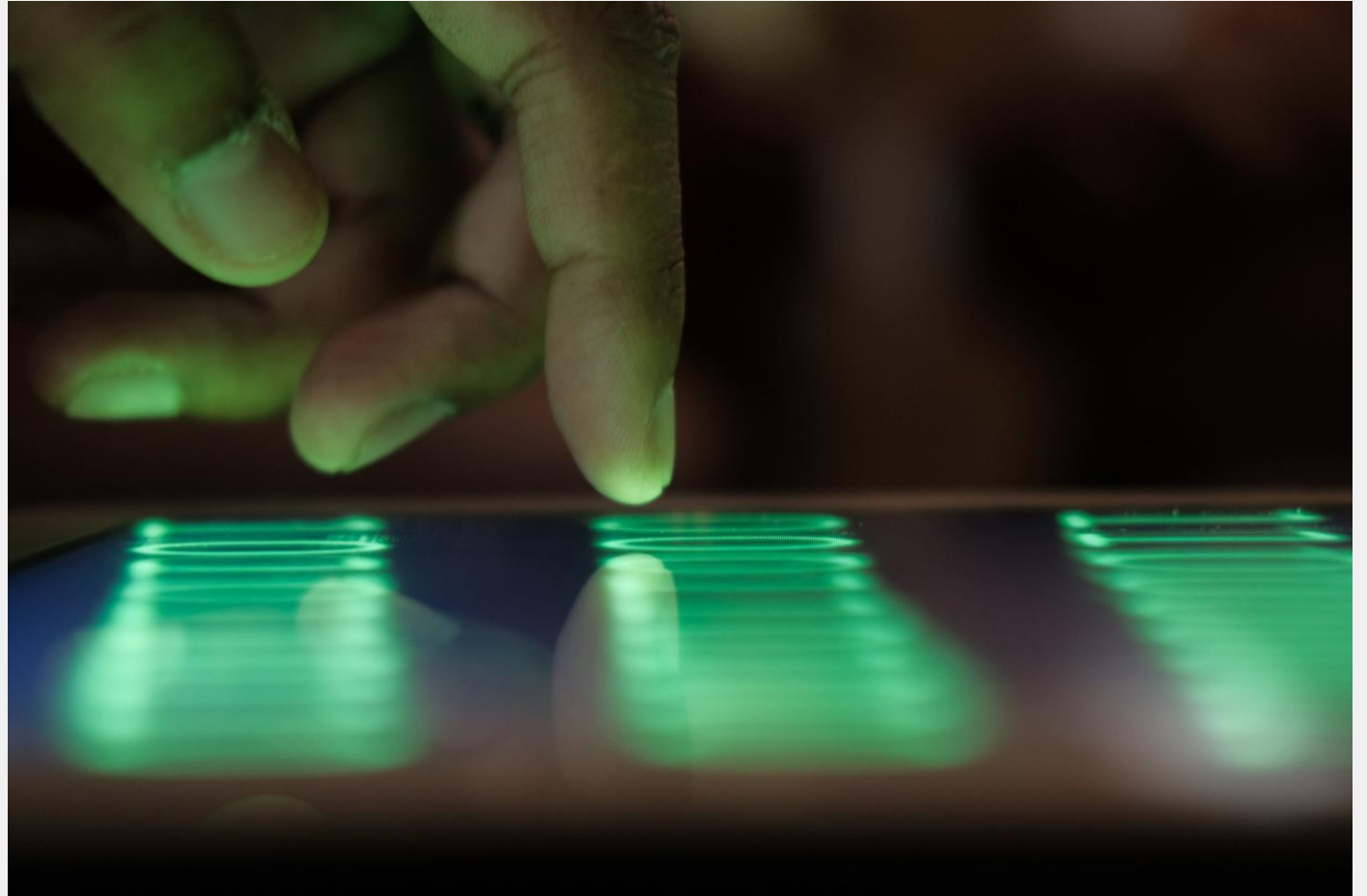
■ Withholding ■ Sales ■ Corp ■ PIT ■ Estate, M&B, Hotel & Other

# About Us: Key Stakeholders/Interactions



# Fraud Trends

- IRS/States/Tax Software Industry collaborating on fraud detection and prevention and monitoring data/trends through the IDTTTF-ISAC and the Security Summit.
- [How Do You Report Suspected Tax Fraud Activity? | Internal Revenue Service \(irs.gov\)](#)
- [Dirty Dozen | Internal Revenue Service \(irs.gov\)](#)
- Criminals are becoming more creative, with better technology, and means to perpetrate fraud.

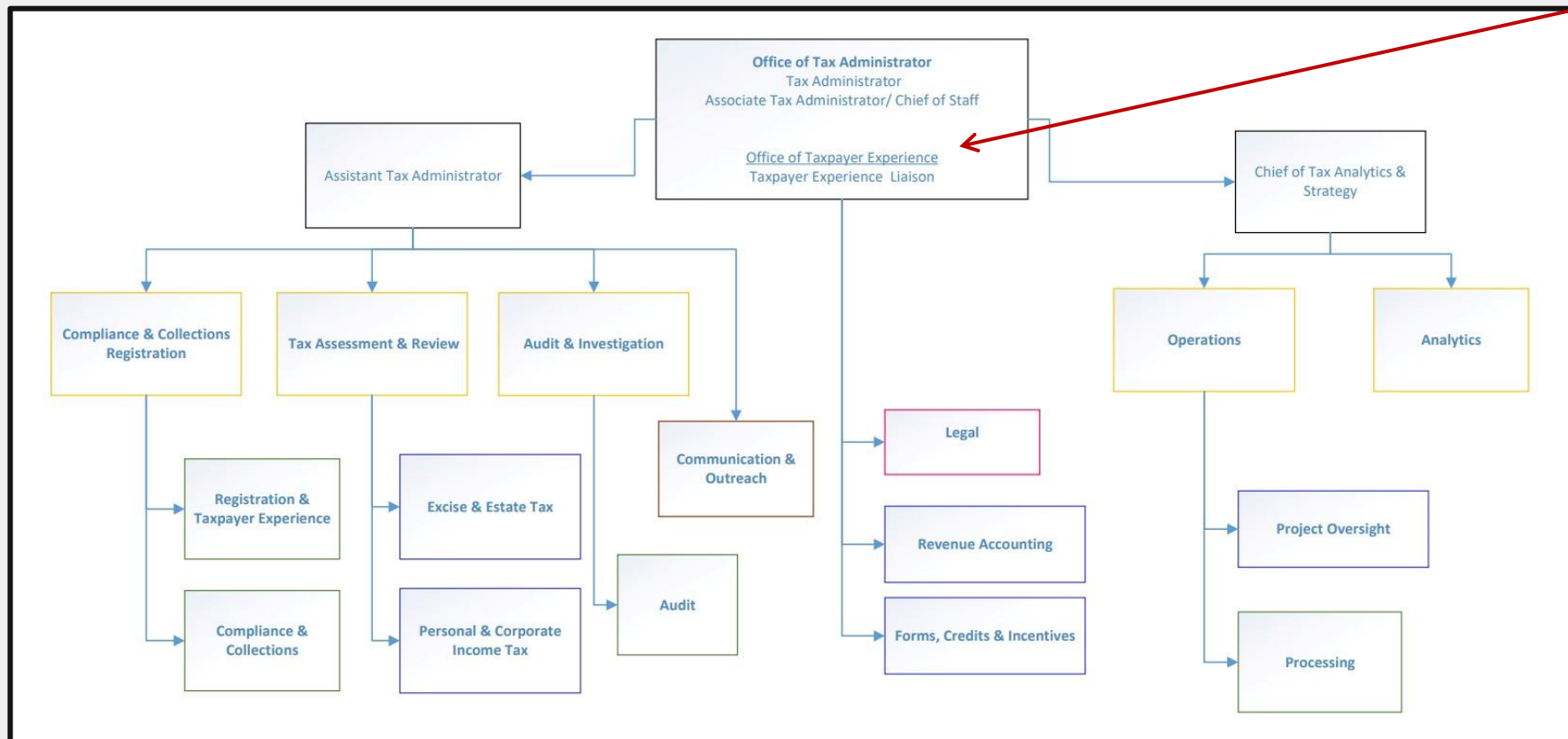


# How to Mitigate Fraud

- Consistently update software and operating systems with latest patches—outdated applications and operating systems are the most targeted vulnerabilities for ransomware.
- Train your staff about phishing, cyber security and to look carefully at emails before responding. Check and double check.
- Multifactor Authentication/Strong Passwords.
- Back up data on a regular basis; maintain it on a separate device and store it offline.
- Implement a disaster recovery plan.
- Check the Taxpayer Portal: [RI Taxpayer Portal](#).
- [How Do You Report Suspected Tax Fraud Activity? | Internal Revenue Service \(irs.gov\)](#) .
- Reach out to the RI Division of Taxation: [Contact Us | RI Division of Taxation](#)



# Taxpayer Experience Office/Team



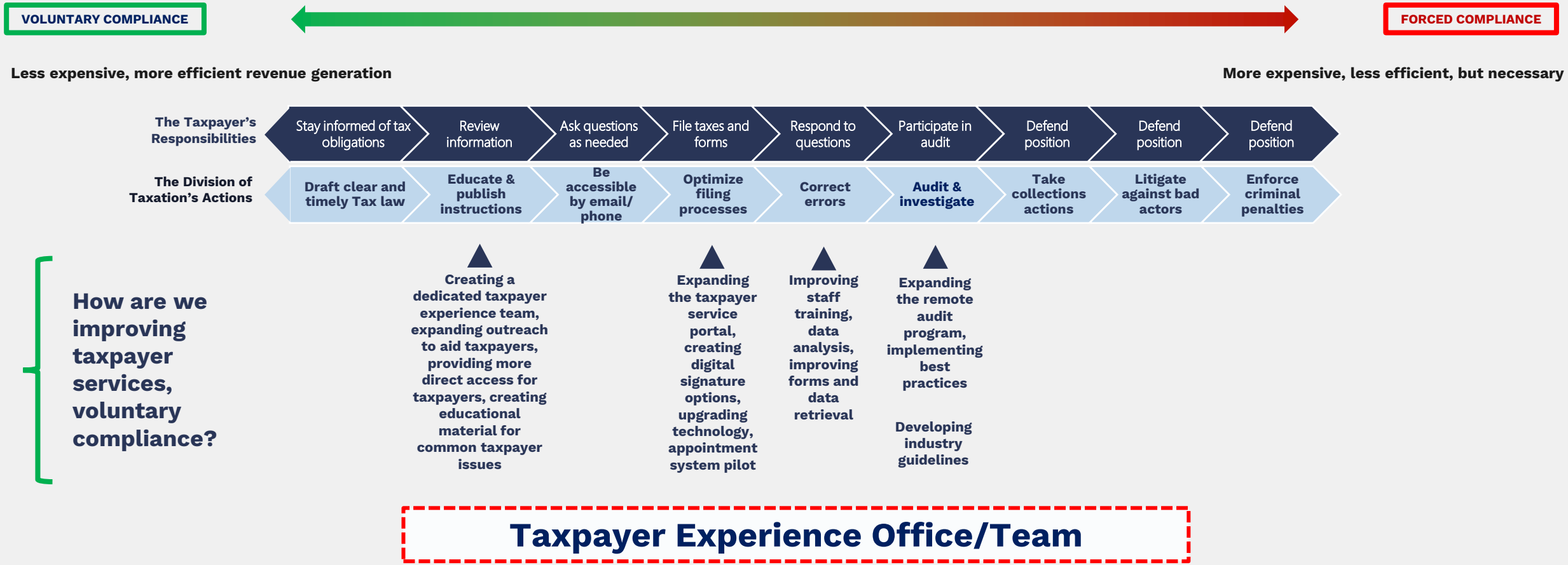
## Taxpayer Experience Office Team

- Tax Administrator
- Asst Tax Administrator
- **External Facing: Taxpayer Experience Liaison**
- **Internal Taxpayer Experience Team**  
(With Initial Focus on Collections/Compliance)
- Continue Improvements Across Agency at all Taxpayer Contact Points



# Division of Taxation: Mission

## The Tax Administration Efficiency Continuum



# Resources

Division of Taxation website: <https://tax.ri.gov>

- Rhode Island General Laws: (Primarily Title 44):  
[webserver.rilegislature.gov//Statutes/TITLE44/INDEX.HTM](http://webserver.rilegislature.gov//Statutes/TITLE44/INDEX.HTM)
- Regulations:  
<https://tax.ri.gov/guidance/regulations>
- Declaratory Rulings:  
<https://tax.ri.gov/guidance/declaratory-rulings>
- Administrative Decisions:  
<https://tax.ri.gov/guidance/administrative-decisions>

# Resources

The screenshot displays the official website of the State of Rhode Island's Division of Taxation, Department of Revenue. The header includes the state seal, the division's name, and a search bar. A navigation menu is visible with options like 'Online Services', 'Resources for...', 'Tax Sections', 'Forms', 'Guidance', and 'About Us'. The 'Guidance' menu is expanded, showing a list of resources: Overview, Administrative Decisions, Advisories, Declaratory Rulings, Information and FAQs, Newsletters, Notices, Publications, Regulations, Reports, COVID-19, Health Insurance Mandate, PPP Loan Forgiveness, and Special Programs. The main content area is titled 'Guidance' and contains a brief description of the RI Division of Taxation's role in providing public resources. A sidebar on the left lists the same guidance categories, with 'Information and FAQs' highlighted with a plus sign. A 'Show Alerts' button is located in the top right corner of the main content area.

Official State of Rhode Island website

Settings & Language

STATE OF RHODE ISLAND  
Division of Taxation  
Department of Revenue

Search the site

Online Services Resources for... Tax Sections Forms Guidance About Us

Agency Announcements

Home » Guidance

**Guidance**

- Administrative Decisions
- Advisories
- Declaratory Rulings
- Information and FAQs
- Newsletters
- Notices
- Publications

## Guidance

The RI Division of Taxation provides a variety of resources made available to the public, such as administrative decisions, declaratory rulings, publications, newsletters, notices, and reports.

### Administrative Decisions

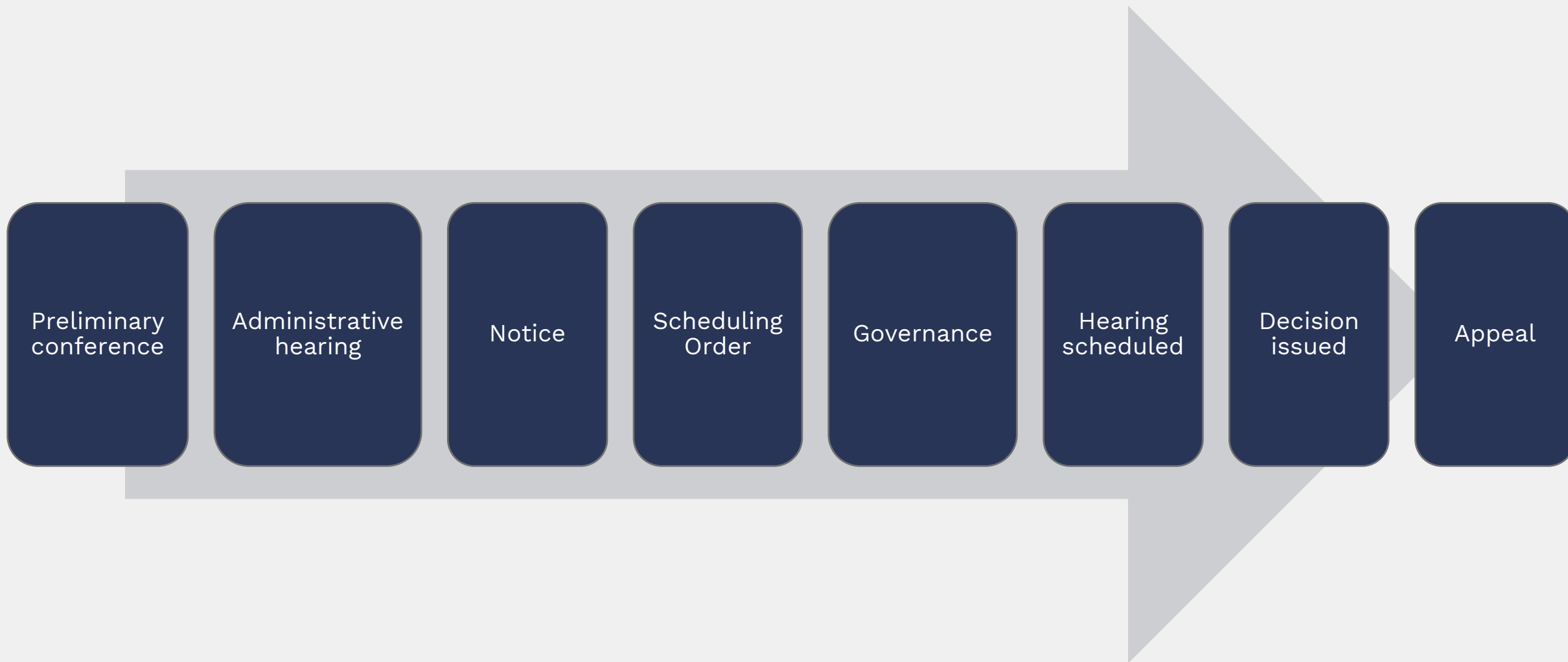
An administrative decision is a proceeding in which an individual or entity requests a hearing alleging a grievance of an action of the Tax Department. The individual or entity is first afforded an opportunity to have a preliminary review ("preliminary conference").

Show Alerts

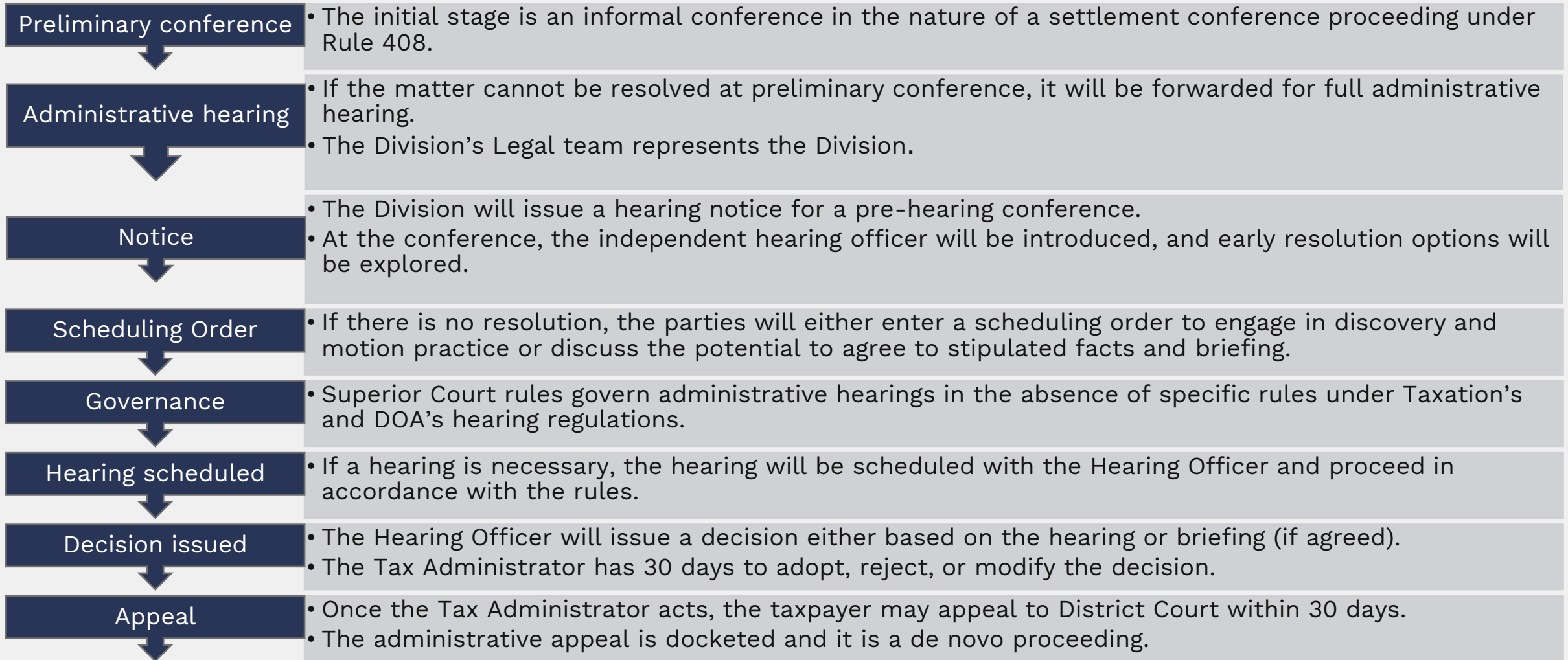
# Hearings

- [R.I. Gen. Laws 44-1-32](#)
  - The general hearing request statute
    - Various tax types have their own hearing request statutes
    - This is the applicable statute if hearings are not specifically provided for in other chapters

# Hearings



# Hearings



# Hearings

- Request for Hearing Procedure
  - [Administrative Hearing Procedures \(280-RICR-20-00-2\)](#)
  - Taxpayer must request a hearing in writing. The request for hearing shall contain in substance the following:
    1. A clear and concise statement of the nature of the tax or other material which is disputed, objected to, or otherwise sought to be contested and of the facts on which the taxpayer relies.
    2. A clear and concise statement of the taxpayer's objection to the assessment or determination with which he or she is aggrieved, and of contentions of law, if any, which the taxpayer desires to raise, including the application of any rule or regulation which may be involved;
    3. A prayer setting forth the relief sought; and
    4. The name and address of the taxpayer, any identifying number assigned to such taxpayer with reference to the particular tax in question, as well as the name and address of his or her attorney or accountant, if any.
- The request for hearing shall be filed in writing with the Tax Administrator and be signed by the taxpayer or by his or her attorney or accountant. Such filing shall be made within the statutory time limit either by making delivery by hand, or by regular mail, postage prepaid, addressed to the Tax Administrator at One Capitol Hill, Providence, Rhode Island, 02908-5800. Failure to conform to the requirements of § 2.7(D) of this Part or of the preceding § 2.7(C) of this Part, shall be grounds, at the discretion of the Tax Administrator, for dismissal of the request for hearing.



# Hearings

## Requests for Rehearing:

1. A request for rehearing which is submitted prior to the issuance of the final decision of the hearing officer and/or the Tax Administrator, should be made in writing, setting forth the substance of the additional evidence to be offered, and the reason for failure of the party to offer it at the prior proceedings.
2. A request for rehearing which is submitted after the issuance of the final decision must be made within thirty (30) days, after such issuance, and must state the grounds for the request, setting forth the substance of the evidence to be offered, and the reason for failure of the party to offer it at the prior proceeding.

# Best Practices: Non-Resident Real Estate Withholding

<b>Form 6252</b> Department of the Treasury Internal Revenue Service	<b>Installment Sale Income</b> Attach to your tax return. Use a separate form for each sale or other disposition of property on the installment method. Go to <a href="http://www.irs.gov/Form6252">www.irs.gov/Form6252</a> for the latest information.	OMB No. 1545-0228 <div style="font-size: 2em; font-weight: bold;">2022</div> Attachment Sequence No. 67
Name(s) shown on return		Identifying number
<b>1</b> Description of property _____ <b>2a</b> Date acquired (mm/dd/yyyy) _____ <b>b</b> Date sold (mm/dd/yyyy) _____ <b>3</b> Was the property sold to a related party? See instructions. If "Yes," complete Part III for the year of sale and 2 years after the year of the sale unless you received the final payment during the tax year . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No <b>4</b> Reserved for future use . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		
<b>Part I Gross Profit and Contract Price.</b> Complete this part for all years of the installment agreement.		
<b>5</b> Selling price including mortgages and other debts. <b>Don't</b> include interest, whether stated or unstated	<b>5</b>	
<b>6</b> Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions) . . . . .	<b>6</b>	
<b>7</b> Subtract line 6 from line 5 . . . . .	<b>7</b>	
<b>8</b> Cost or other basis of property sold . . . . .	<b>8</b>	
<b>9</b> Depreciation allowed or allowable . . . . .	<b>9</b>	
<b>10</b> Adjusted basis. Subtract line 9 from line 8 . . . . .	<b>10</b>	
<b>11</b> Commissions and other expenses of sale . . . . .	<b>11</b>	
<b>12</b> Income recapture from Form 4797, Part III (see instructions) . . . . .	<b>12</b>	

- Installment Sale Schedule - Federal Form 6252 must be attached to the election form.
- Any amount of unrecognized gain should be listed on line 6.
- <https://www.irs.gov/pub/irs-pdf/f6252.pdf>

# Best Practices: Non-Resident Real Estate Withholding

## Form Reminders

- Please ensure all forms are accurate and complete.
- If more than 2 nonresident sellers, please include an addendum with the other seller(s) information and signature(s).
- If there are any corrections to the Remittance from the original filed Election form, please include a coversheet noting the update, this will aid with delays in processing.
- If more than one buyer, please include all buyers on the Lien Discharge.
- Do not add sellers that were not reported on the original Withholding Certificate.
- Remittances based upon Net Proceeds with \$0 withholding due should include a closing statement, so we may verify no cash proceeds to the seller.

# Best Practices: Non-Resident Real Estate Withholding

## Submission Requests

- Please make every attempt to adhere to the 20-day rule, regarding submissions (per [280-RICR-20-10-1](#)).
  - Especially if mailing, most mail is received 3 to 5 days after mailed.
- Do not submit forms with a past date.
- Email Criteria – Steps to Expedite Service
  - Always include the name of the seller and the property address..
  - Remittances that require payment cannot be emailed
  - Complete forms entirely.

# Best Practices: Non-Resident Real Estate Withholding

## Expenses of Sale

General rule is this item does not exceed 10% of the sales price

- Examples of deductible expenses:
  - Realtor fees
  - Legal fees including fees for the title search and preparing the sales contract and deed
  - Recording fees
  - Title fees
  - Survey fees
  - Transfer or stamp taxes
  - Charges for installing utility services in connection with the sale

# Best Practices: Non-Resident Real Estate Withholding

## Expenses of Sale

- Some settlement fees and closing costs that cannot be included:
  - Fire insurance premiums
  - Rent for occupancy of the house before closing
  - Charges for utilities or other services related to occupancy of the house before closing
  - Any fee or cost that you deducted as a moving expense
  - Charges connected with getting a mortgage loan, such as:
    - Mortgage insurance premiums
    - Loan assumption fees
    - Cost of a credit report
    - Fee for an appraisal required by a lender
    - Fees for refinancing a mortgage

# Best Practices: Non-Resident Real Estate Withholding

## Inclusion in Cost Basis Calculation

- Initial purchase price or step-up basis at time of death.
- Improvements that add to the value of your home, prolong its useful life, or adapt it to new uses.
  - Additions – bedroom, kitchen, bathroom
  - Lawn & Grounds – landscaping, fence, driveway, pool
  - Exterior – roof, siding, storm windows/doors
  - Interior – built-in appliances, flooring, carpeting
  - Systems – heating, central air, furnace, duct work, wiring
  - Plumbing – septic, water heater, filtration system
  - Insulation – attic, walls, pipes
  - [https://www.irs.gov/publications/p523#en\\_US\\_2020\\_publink100010750](https://www.irs.gov/publications/p523#en_US_2020_publink100010750)



# Best Practices: Non-Resident Real Estate Withholding

## § 44-30-5. "Resident" and "Nonresident"

(c) Resident estate or trust. A resident estate or trust means:

(1) The estate of a decedent who at his or her death was a resident individual in this state.

(2) A revocable trust which becomes irrevocable upon the occurrence of any event (including death) which terminates a person's power to revoke, but only after the event, and only if the person having the power to revoke was a Rhode Island resident individual at the time of the event.

(3) A trust created by will of a decedent who at his or her death was a resident individual in this state.

(4) An irrevocable trust created by or consisting of property contributed by a person who is a resident individual in this state at the time the trust was created or the property contributed (A) while the person is alive and a resident individual in this state, and (B) after the person's death if the person died a resident individual of this state.

(5) In subdivisions (2), (3), and (4) of this subsection the trust shall be a resident trust only to the extent that the beneficiaries are Rhode Island resident individuals, subject to such regulations as may be promulgated by the tax administrator.

<http://webserver.rilin.state.ri.us/Statutes/TITLE44/44-30/44-30-5.HTM>

# Best Practices: Non-Resident Real Estate Withholding

## 280-RICR-20-10-1: 1.14 Gifts

- Bona fide gifts of property (e.g. transfers where there is no consideration and no gain attributed to the transferor) do not fall within the purview of [R.I. Gen. Laws § 44-30-71.3](#) and therefore no withholding is required. In transfers by way of gifts the transferor may combine language in the deed stating that no documentary stamps are required with language stating that this transfer is by way of gift and no withholding is required under [R.I. Gen. Laws § 44-30-71.3](#).
- EXAMPLE: Transfer is by gift so that no documentary stamps are required and no withholding is required under [R.I. Gen. Laws § 44-30-71.3](#). If a deed contains a recitation of gift by the seller, the recording of such deed shall in all instances discharge the lien imposed by [R.I. Gen. Laws § 44-30-71.3\(c\)](#).

# Best Practices: Non-Resident Real Estate Withholding

## **Pass-Through Entity Tax (PTE)**

- If electing to complete nonresident real estate transaction, will need to contact our office prior for approval
- In addition to the approved withholding certificate, will be provided with a letter of approval from Taxation
- When payment is made it will need to be made with BUS-V in order to note the election of a PTE payment
- Link for forms:  
[http://www.tax.ri.gov/taxforms/pte\\_election.php](http://www.tax.ri.gov/taxforms/pte_election.php)

# Best Practices: Letter of Good Standing

- Entity must be compliant for all required tax returns, payments, and fees for all requests of Letters of Good Standing
  - Major Sale LOGS Requirements
    - An application for LOGS ([§ 44-11-29](#))
    - Proforma RI Tax Return with payment through date of sale. Must reflect the sale.
    - Copy of Proforma Federal tax return (Form 4797/Sch. D)
    - 1096PT/PTE return needed if there is a gain with Non-resident members
    - Purchase and Sales Agreement
    - All other taxes must be filed and all balances paid

# Best Practices: Estate Tax

## Estate Tax Update

- Form-RI-706 Estate Tax return
  - Combines the RI-100 and RI-100A into one form
  - As of 01/01/2022, all returns with Date of Death on or after 01/01/2015 including non-taxable estates prior to 01/01/2015
  - Taxable estate with DOD prior to 01/01/2015 should email [tax.estate@tax.ri.gov](mailto:tax.estate@tax.ri.gov) for Form 100A
  - Estates greater than \$1.3M need to complete entire return
  - Estates below \$1.3M need to complete pages 1 – 4 including Part 6, recapitulation schedule
  - \$50 filing fee still applies
  - Backup **must** be provided

# Best Practices: Real Estate Conveyance Tax

- Previous law: [R.I. Gen. Laws § 44-25-1](#) *et seq.*
- Under the previous law, for sales over \$100, the tax is equal to \$2.30 for each \$500.00 or fractional part thereof that is paid for the purchase of real estate or the interest in an acquired real estate company.
- Previous formula:  $(\text{Total Sales Price} \div \$500) \times \$2.30 = \text{Tax Due}$
- Starting 1/1/2022: an additional tax of \$2.30 per \$500 for amounts over \$800,000 is imposed on residential properties only.
- 1/1/2022 formula:  $(\text{Total Sales Price} \div \$500) \times \$2.30$  plus  $(\text{Amount over } \$800\text{K} \div \$500) \times \$2.30 = \text{Tax Due}$

# Best Practices: Real Estate Conveyance Tax

## REAL ESTATE CONVEYANCE TAX CALCULATION

Previous Formula	$(\text{Total Sales Price} \div \$500) \times \$2.30 = \text{Tax Due}$
Jan. 1, 2022 Formula	$(\text{Total Sales Price} \div \$500) \times \$2.30$ <b>plus</b> $(\text{Amount over } \$800\text{K} \div \$500) \times \$2.30 = \text{Tax Due}$

## REAL ESTATE CONVEYANCE TAX DISTRIBUTION

TAX	DISTRIBUTION
Of the \$2.30 per \$500 of Tax Due on the Total Sales Price	\$1.10 to municipality (retained) (47.83%)
was	\$0.60 for State Use
	\$0.30 for Distressed Communities Relief Fund
	\$0.30 to Housing Resources Commission
Effective Jan. 1, 2022, of the \$2.30 per \$500 of Tax Due on the amount greater than \$800,000	\$2.30 Housing Production Fund



# Best Practices: Real Estate Conveyance Tax

- The tax is imposed on the total consideration for the conveyance.
- Purchase price includes the value of any lien or encumbrance remaining at the time of sale, including mortgage liens.
- The person making the conveyance or vesting is responsible to pay the tax unless there is an agreement that the grantee pay the tax.
- Documentation is essential in establishing and supporting the proper tax imposed on acquired real estate company transactions.

# Best Practices: Real Estate Conveyance Tax

- Starting 1/1/2022: the new tax calculation also applies to change of ownership of “Acquired Real Estate Company” who owns residential properties.
- What is an Acquired Real Estate Company?
  - [Acquired Real Estate Company Advisory](#)
  - [R.I. Gen. Law § 44-25-1](#) amended was effective July 1, 2015.
  - Involves change in ownership of a company that is primarily engaged in holding, selling, or leasing real estate.
  - Must be a “real estate company” and an “acquired real estate company” as defined in [R.I. Gen. Law § 44-25-1](#) (e) and (f) in order to be subject to the tax.

# Best Practices: Real Estate Conveyance Tax

To expedite the review, approval and issuance of the certificate of payment:

- Per [R.I. Gen. Law § 44-25-1\(g\)](#) Must send a 5-day notice to the Division prior to closing on an acquired real estate company transaction.
- The purchase and sales agreement must be attached to all returns – supporting documentation will be requested if not provided.
- Any such grant, transfer, assignment, or conveyance or vesting which results in a real estate company becoming an acquired real estate company shall be fraudulent and void as against the state unless the entity notifies the tax administrator in writing of the grant, transfer, assignment, or conveyance or vesting as herein required in subsection (g) and has paid the tax as required in subsection (a). [R.I. Gen. Law § 44-25-1\(g\)](#)

# Best Practices: Real Estate Conveyance Tax

To expedite the review, approval and issuance of the certificate of payment (cont.):

- Send returns along with all supporting documentation to the attention of the Excise Tax Section.
- Once the clearance is issued for an acquired real estate company conveyance, the clearance must be recorded with the city or town where the property is located.
- Please feel free to contact us with any questions, please note that it is the Division's policy not to answer hypothetical scenarios. [Tax.Excise@tax.ri.gov](mailto:Tax.Excise@tax.ri.gov), 401-574-8955.

# Best Practices: Certificates of Exemption

## R.I. Gen. Laws 44-18-30(5)(i)

- *Charitable, educational, and religious organizations.* From the sale to, as in defined in this section, and from the storage, use, and other consumption in this state, or any other state of the United States of America, of tangible personal property by hospitals not operated for a profit; "educational institutions" as defined in subdivision (18) not operated for a profit; churches, orphanages, and other institutions or organizations operated exclusively for religious or charitable purposes; interest-free loan associations not operated for profit; nonprofit, organized sporting leagues and associations and bands for boys and girls under the age of nineteen (19) years; the following vocational student organizations that are state chapters of national vocational student organizations: Distributive Education Clubs of America (DECA); Future Business Leaders of America, Phi Beta Lambda (FBLA/PBL); Future Farmers of America (FFA); Future Homemakers of America/Home Economics Related Occupations (FHA/HERD); Vocational Industrial Clubs of America (VICA); organized nonprofit golden age and senior citizens clubs for men and women; and parent-teacher associations; and from the sale, storage, use, and other consumption in this state, of and by the Industrial Foundation of Burrillville, a Rhode Island domestic nonprofit corporation.

# Best Practices: Certificates of Exemption

## What is a qualified sale?

- Purchase must be made by the organization for its own purposes
- Payment must be made by the organization
  - Payment should be made by the exempt entity by form of credit card or check
  - A member belonging to an exempt organization must pay the tax when making purchases if the above condition are not met

# Sample of an “old” Certificate of Exemption


 STATE OF RHODE ISLAND  
**Division of Taxation**  
 Department of Revenue



# Best Practices: Certificates of Exemption

## R.I. Gen. Laws 44-18-30.1

- A fee of twenty-five dollars (\$25.00) shall be paid by all organizations applying for a certificate of exemption from the Rhode Island sales and use tax under § 44-18-30(5)(i). The certificate of exemption shall be valid for four (4) years from the date of issue. All fees collected under this section shall be allocated to the tax administrator for enforcement and collection of all taxes. All certificates issued prior to the effective date of this section shall expire four (4) years from the effective date of this section.

# Best Practices: Certificates of Exemption

## Form EXO-SUE

## Sales & Use Exemption for an Exempt Organization

<https://tax.ri.gov/tax-sections/audit/sales-tax-exempt-organizations>

State of Rhode Island Division of Taxation  
**Form EXO-SUE**  
Sales & Use Exemption for an Exempt Organization

22170499990101

Name of organization	Federal employer identification number		
Address	City, town or post office	State	ZIP Code
Mailing address (if different from above)	City, town or post office	State	ZIP Code

**APPLICATION/RENEWAL FOR CERTIFICATE OF EXEMPTION FOR AN EXEMPT ORGANIZATION FROM THE RHODE ISLAND SALES AND USE TAX**

Pursuant to R.I. Gen. Laws § 44-18-30.1, a certificate of exemption from the Rhode Island sales and use tax under § 44-18-30(5)(i) shall be valid for four (4) years from the date of issue. Accordingly, the certificate of exemption must be renewed prior to the expiration date of the certificate.

Contact name (if different from applicant): \_\_\_\_\_

Contact telephone number: \_\_\_\_\_

Contact email address: \_\_\_\_\_

**PART 1** Check the type of organization claiming exempt status:

☐ Hospital not operated for a profit ☐ Educational institution ☐ Church ☐ Orphanage

☐ Nonprofit organized sporting leagues ☐ Parent-teacher associations ☐ Interest-free loan associations

☐ Other institution or organization operated exclusively for religious or charitable purposes ☐ Organized nonprofit Golden Age and Senior Citizens Clubs ☐ State chapter of the following national vocational student organizations: DECA; FBLA/PBL; FFA; FHA/HERD; VICA

**PART 2**

1. If the organization is a branch or chapter, has the parent organization received an exemption from federal income tax?  
☐ Yes ☐ No If yes, attach a current letter from the parent organization certifying that the sub unit is a member.

2. Check the appropriate box to indicate the type of organization:  
☐ Corporation ☐ Other

**PART 3** The following documents are required and must be submitted along with this form:

i. \$25.00 non-refundable fee payable to the Rhode Island Division of Taxation;  
ii. Determination letter from the IRS, indicating federal identification number and confirming tax-exempt status;  
iii. Copy of articles of incorporation and bylaws; and  
iv. Additional documentation as requested.

Please note, the organization is responsible to file all state tax returns administered by the Division of Taxation as required by law. All tax, interest, and penalty balances due in relation to this obligation must be paid. Failure to comply may result in accruing interest and collection activity in accordance with Rhode Island law.

Under penalties of perjury, I declare I have examined this Form and statements made herein, and to the best of my knowledge and belief, it is true, accurate and complete. I also certify this organization is neither a lodge, social, fraternal, trade or professional organization, nor any other type of nonprofit organization not listed above.







Authorized officer signature	Print name	Date	Telephone number
_____	_____	_____	_____

Mail your completed application and payment to:  
RI Division of Taxation - Audit & Investigation Unit - One Capitol Hill - Providence, RI 02908  
If you have any questions, contact us by calling (401) 574-8962 or emailing Tax.Audit@tax.ri.gov

New  
05/2022

# Best Practices: Certificates of Exemption

## Sample of new, valid Certificate of Exemption

	<b>State of Rhode Island</b> <b>DIVISION OF TAXATION</b> One Capitol Hill Providence, RI 02908-5800		Phone: (401) 574-8962 TTY Via 711 Fax: (401) 574-8916
10/28/2021	<b>CERTIFICATE OF EXEMPTION</b>		
		Notice ID:	
<p>THIS IS TO CERTIFY THAT THE ABOVE-NAMED INSTITUTION HAS QUALIFIED FOR EXEMPTION PURSUANT TO THE PROVISIONS OF THE RHODE ISLAND SALES AND USE TAX ACT, CHAPTER 18, TITLE 44, OF THE GENERAL LAWS OF 1956, AS AMENDED, AND IS ACCORDINGLY EXEMPT FROM THE PAYMENT OF THE SALES TAX ON SALES MADE TO IT AND FROM THE USE TAX ON THE STORAGE, USE OR OTHER CONSUMPTION OF TANGIBLE PERSONAL PROPERTY BY IT.</p>			
			 NEENA S. SAVAGE TAX ADMINISTRATOR
CERTIFICATE NUMBER:			
DATE ISSUED:		10/28/2021	
EXPIRES:		10/29/2025	

# Best Practices: Certificates of Exemption



Dear Taxpayer,

The Division of Taxation is taking this opportunity to inform you that any sales tax exemption certificates you have on file, *may have expired on June 30, 2021* and will require an updated certificate.

The Rhode Island General Assembly passed a law in 2017 that provides for certificates of exemption under R.I. Gen. Laws § 44-18-30(5)(i), for charitable, educational, and religious organizations, to be valid for four (4) years from the date of issuance. The law further provides that all certificates of exemption issued prior to July 1, 2017, the effective date of the law, expire four (4) years from July 1, 2017.

As a result, for any certificate of exemption *issued prior to July 1, 2017*, the certificate *expired on June 30, 2021*.

All Rhode Island retailers must obtain a copy of a valid sales tax exemption certificate at the time of sale to an exempt organization. In order to ensure validity of the exemption certificate, retailers must review the expiration date and confirm that the exemption certificate has not expired. If the exemption certificate has expired, the exemption must not be honored.

As a helpful resource, the Division has posted an advisory, which can be found on its website at <https://tax.ri.gov/tax-sections/audit/sales-tax-exempt-organizations>.

A sample of a valid sales tax exemption certificate is shown on the back of this notice.

If you have any questions, contact the Division's Audit & Investigation Section at (401) 574-8962, or email: [Tax.Audit@tax.ri.gov](mailto:Tax.Audit@tax.ri.gov).

Thank you.

Division of Taxation



12/14/2021

SAMPLE EXEMPT ORGANIZATION  
123 MAIN STREET  
PROVIDENCE RI 02909



## CERTIFICATE OF EXEMPTION

Notice ID: 10011670209

Phone: (401) 574-8962  
TTY/Via 711  
Fax: (401) 574-8916

THIS IS TO CERTIFY THAT THE ABOVE-NAMED INSTITUTION HAS QUALIFIED FOR EXEMPTION PURSUANT TO THE PROVISIONS OF THE RHODE ISLAND SALES AND USE TAX ACT, CHAPTER 18, TITLE 44, OF THE GENERAL LAWS OF 1956, AS AMENDED, AND IS ACCORDINGLY EXEMPT FROM THE PAYMENT OF THE SALES TAX ON SALES MADE TO IT AND FROM THE USE TAX ON THE STORAGE, USE OR OTHER CONSUMPTION OF TANGIBLE PERSONAL PROPERTY BY IT.

A handwritten signature in black ink, appearing to read "Neena S. Savage".

NEENA S. SAVAGE  
TAX ADMINISTRATOR

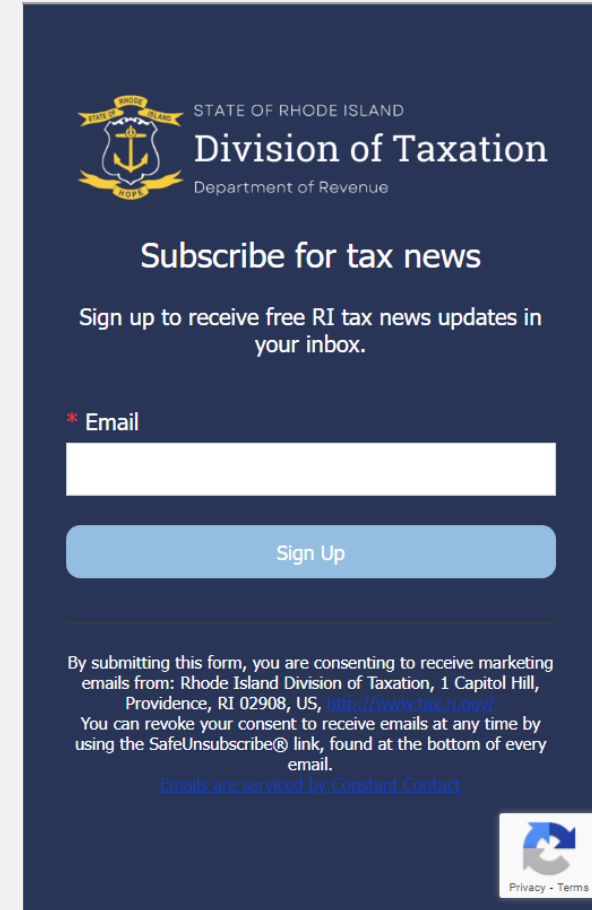
CERTIFICATE NUMBER: 233877934

DATE ISSUED: 12/14/2021

EXPIRES: 12/15/2025

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- Contact us
  - <https://tax.ri.gov/about-us/contact-us>
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  - Important updates
- Twitter
  - [@RhodeIslandTax](https://twitter.com/RhodeIslandTax)



The screenshot shows a dark blue sign-up form for the Rhode Island Division of Taxation. At the top left is the state seal, followed by the text "STATE OF RHODE ISLAND", "Division of Taxation", and "Department of Revenue". The heading "Subscribe for tax news" is centered. Below it, a message states: "Sign up to receive free RI tax news updates in your inbox." A label "\* Email" is positioned above a white text input field. A blue "Sign Up" button is located below the input field. A paragraph of legal text follows, stating that by submitting the form, the user consents to receive marketing emails from the Division of Taxation, located at 1 Capitol Hill, Providence, RI 02908, US, with a link to the website. It also mentions that consent can be revoked at any time using a "SafeUnsubscribe@" link. At the bottom right, there is a small icon for a privacy policy and a link to "Privacy - Terms".

STATE OF RHODE ISLAND  
Division of Taxation  
Department of Revenue

Subscribe for tax news

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\* Email

Sign Up

By submitting this form, you are consenting to receive marketing emails from: Rhode Island Division of Taxation, 1 Capitol Hill, Providence, RI 02908, US, <http://www.tax.ri.gov/>. You can revoke your consent to receive emails at any time by using the SafeUnsubscribe® link, found at the bottom of every email.  
[Emails are serviced by Constant Contact](#)

Privacy - Terms

# Questions?

# Thank you



STATE OF RHODE ISLAND

## Division of Taxation

Department of Revenue

### Contact Us

401-574-8829

[Tax.Assist@tax.ri.gov](mailto:Tax.Assist@tax.ri.gov)

One Capitol Hill

Providence, RI 02908

