



Rhode Island Department of Revenue Division of Taxation

NOTICE OF RECENT LAW CHANGES

Tax on Electronic Nicotine-Delivery System Products and Changes to Current Tobacco Products Tax Requirements

This Notice is to inform you of recent legislation passed in Article 6 of the Governor's Fiscal Year 2025 Budget. The law is effective January 1, 2025, and the Division will provide more detailed information in the coming months, but wanted to make you aware of these changes generally.

The new law imposes a tax on electronic nicotine-delivery system (ENDS) products, commonly known as vape, at a rate that depends on the product. For prefilled, manufacturer-sealed and not refillable, products (also known as closed system products), the tax is \$0.50/mL of the e-liquid and/or e-liquid products. For all other ENDS products (also known as open system products), the tax is 10% of the wholesale cost of the product.

Purchases of ENDS products, and all other tobacco products except for cigars, for sale at retail must be from a Rhode Island licensed distributor, manufacturer, or importer.

For licensing, those with a current ENDS license from the Rhode Island Department of Health (DOH) will be able to continue operating under that license until the renewal period for a license with the Division of Taxation. Anyone with a Cigarette Dealer's License will be able to sell ENDS products under that license as of January 1, 2025. To streamline transitional licenses and in an effort to ensure compliance with the upcoming law changes, anyone seeking a new ENDS license, that does not already have a Cigarette Dealer's License, should apply for a Cigarette Dealer's License. For those with a current ENDS dealer license, or those seeking a new license with the Division of Taxation, without a physical Rhode Island location, you will need a physical place of business to qualify for a license to sell ENDS products.

On and after January 1, 2025, all licenses for the sale of cigarettes, tobacco products, and ENDS products will be consolidated under a single license application with the Division of Taxation. These licensees will be subject to renewal on or before February 1st, prior to the expiration of licenses on June 30th.

The Division will issue further communications regarding the statutory floor tax that is effective January 1, 2025, as well as other developments, including licensing.

Contact Information

For questions about this Notice, contact the Rhode Island Division of Taxation's Excise Tax Section by telephone at (401) 574-8955, by email: Tax.Excise@tax.ri.gov, or by mail: Rhode Island Division of Taxation, One Capitol Hill, Providence, R.I. 02908.

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