



STATE OF RHODE ISLAND

Division of Taxation

Department of Revenue

Electronic Nicotine-Delivery System Products Frequently Asked Questions For Licensed Dealers

Effective January 1, 2025, Rhode Island law imposes an excise tax on electronic nicotine-delivery system (ENDS) products. A tax is imposed on ENDS products at a rate of either (1) \$0.50 per milliliter of the electronic liquid contained within an ENDS product that is prefilled and not to be refilled, or (2) 10% of the wholesale cost of any other ENDS product.

A. Definitions:

“Dealer” means any person who sells cigarettes, other tobacco products, and/or ENDS products to a consumer in Rhode Island. A dealer may also be referred to as a “retailer”.

“Distributor” means any person, other than a dealer, who sells or distributes cigarettes, other tobacco products, and/or ENDS products within or into Rhode Island.

“Electronic nicotine-delivery system” or ENDS, means an electronic device that may be used to simulate smoking in the delivery of nicotine or other substance to a person inhaling from the device, and includes, but is not limited to, an electronic cigarette, electronic cigar, electronic cigarillo, electronic little cigars, electronic pipe, electronic hookah, e-liquids, e-liquid products, or any related device and any cartridge or other component of such device.

“Electronic nicotine-delivery system products” or ENDS products, commonly known as vapes or vape products, means any combination of electronic nicotine-delivery system and/or e-liquid and/or any derivative thereof, and/or any e-liquid container.

Also, **“E-liquid”** and **“e-liquid products”** mean any liquid or substance placed in or sold for use in an electronic nicotine-delivery system which generally utilizes a heating element that aerosolizes, vaporizes or combusts a liquid or other substance containing nicotine or nicotine derivative:

- (a) Whether the liquid or substance contains nicotine or a nicotine derivative;
or,
- (b) Whether sold separately or sold in combination with a personal vaporizer, electronic nicotine-delivery system, or an electronic inhaler.

“Sale” or **“sell”** means gifts, exchanges, and barter of ENDS products. The act of holding, storing, or keeping ENDS products at a place of business for any purpose shall be presumed to be holding the ENDS products for sale.

"Wholesale cost":

1. In the case of a Manufacturer or Importer, the price set for such products or, if no price had been set, the wholesale value of such products;
2. In the case of a Distributor, the price at which the Distributor purchases the products before the allowance of any discounts, trade allowances, rebate or other reduction;
3. In the case of a Dealer, the invoice price to the Dealer.

B. Frequently Asked Questions (FAQs) Regarding Tax Application

1. What is the ENDS tax?

A tax is imposed on any ENDS product at a rate of either (1) \$0.50 per milliliter of the electronic liquid (e-liquid) contained within an ENDS product that is prefilled and not to be refilled, or (2) 10% of the wholesale cost of any other ENDS product.

There are two primary types of delivery systems used to heat electronic liquid to produce a vapor that is then inhaled:

1. The "closed system," which consists of a single-use, disposable vapor product prefilled with electronic liquid or a vapor product and "pods" or "cartridges" that are prefilled, sealed by the manufacturer, and not to be refilled.
2. The "open system," which consists of any ENDS or vapor product that is to be refillable.

Both systems, and all the products used in those systems, are subject to the ENDS tax.

As defined above, "ENDS" means any combination of electronic nicotine-delivery system and/or e-liquid and/or any derivative thereof, and/or any e-liquid container, regardless of whether the liquid or substance contains nicotine.

Examples of ENDS Products Subject to Tax:

At the tax rate of \$0.50 per milliliter of the e-liquid or e-liquid products contained within:

- Manufacturer prefilled cartridges and pods, not to be refilled; and
- Manufacturer prefilled disposable/one-time use electronic cigarettes.

At the tax rate of 10% of the wholesale cost:

- Refillable e-liquid containers;
- Electronic liquid (e-liquid);
- Reusable electronic cigarettes, vape pens, electronic cigars, electronic cigarillos, electronic pipes, or electronic hookahs;
- Any other product that is used to produce a vapor, including the following:

- Advanced Personal Vaporizers (APV) or “mods” (modified electronic cigarettes), which are larger units that have replaceable batteries, and can either be mechanical, variable voltage, or variable wattage;
- Vapor “box mods,” which are vapor products shaped like a box that is typically wider than electronic cigarettes;
- Cartomizers, which are vapor products with a tank system that is filled with a polyfill material, used to soak with electronic cigarette liquid, which is then heated to produce vapor;
- Clearomizers, which are vapor products with a transparent tank system, without polyfill material, usually made of thin plastic, which is heated to produce vapor; and
- Atomizers, which are the part of an electronic cigarette that houses a coil and wick that is heated to produce vapor from electronic cigarette liquid.

All ENDS products are also subject to Rhode Island sales and use tax.

Special Rules for Bundled Items:

ENDS distributors with a Rhode Island license may sell ENDS products that are bundled together in one package. These packages can contain a combination of items that are subject to tax at the \$0.50 per milliliter rate, and other items subject to tax at 10% of the wholesale cost.

An example of a bundled package is an ENDS starter kit, which typically contains one or two electronic cigarettes, a charger, and a pack of prefilled pods. Although such kits are typically sold to a retail customer for a single price, a Rhode Island licensed ENDS distributor may separately assess, based upon the relative value of the items in the kit, the portion of the sales price that is attributed to items subject to the \$0.50 per milliliter tax and items subject to the 10% wholesale cost and calculate the appropriate rate of tax on that portion of the sales price. If the distributor sells both open system and closed system products and does not separately state the sales, tax will be calculated on the wholesale cost of the entire kit at the 10% rate.

Examples of Products Not Subject to the ENDS Tax:

Products related to ENDS that are not subject to the tax include the following items:

- Separately sold batteries;
- Separately sold charging units;
- Separately sold product cases intended solely for protection of the product; and
- Separately sold product accessories such as electronic cigarette decals or “skins”, and other items used only to enhance the appearance of the ENDS product.

All of the products listed above are subject to Rhode Island sales and use tax.

2. Who must collect, file, and pay the ENDS tax?

Each distributor with a Rhode Island license.

3. Do I need a license to sell ENDS?

Yes, a Cigarette Dealer License is required to sell ENDS products.

If you currently hold a Cigarette Dealer License, you do not need to apply for a new license to sell ENDS products.

If you do not hold a Cigarette Dealer License, you may apply here: www.ri.gov/taxation/BAR/.

4. Do I need to purchase ENDS products from a distributor with a Rhode Island license?

Yes, all purchases of ENDS products must be made from a distributor with a Rhode Island license as of January 1, 2025.

You may review the [Rhode Island Licensed Distributor Listing](#) on our website to ensure you are purchasing ENDS products from a distributor with a Rhode Island license.

ENDS products purchased by a licensed dealer from anyone other than a distributor with a Rhode Island license are contraband.

5. To sell ENDS products in Rhode Island, does a dealer also need a retail sales permit from the Division of Taxation?

Yes.

6. Who is exempt from the ENDS tax and/or sales and use tax on ENDS products?

No one – all ENDS products sold at retail are subject to sales and use tax.

There is no exemption for the ENDS product tax.

7. Are there any other taxes imposed on ENDS dealers/retailers?

Yes, ENDS products sales are subject to sales and use tax.

Sales Tax: filed monthly and is imposed on the total sales price, including any fees associated with the sale.

Other taxes may apply depending on other aspects of the business and the specific circumstances of each transaction.

8. Are any other licenses/permits required for ENDS dealers/retailers?

In addition to a Cigarette Dealer License, a sales tax permit is also required.

Sales Tax Permit: valid from July 1 through June 30 and is renewable annually (must be requested by February 1). There is no cost associated with this permit.

9. What proof is needed for a retailer to demonstrate that the ENDS tax has been paid?

Any retailer having ENDS products in their possession must maintain records on the premises and ensure permanency and accessibility for inspection by the Division. The records should include sales invoices from a distributor with a Rhode Island license.

10. Are the sales of flavored ENDS products prohibited?

Yes. The sale, or offer for sale of, or the possession with intent to sell or to offer for sale, flavored ENDS products to individuals in Rhode Island is prohibited. “Flavored electronic nicotine-delivery system product” means any electronic nicotine delivery system product that imparts a characterizing flavor.

Examples of characterizing flavors include, but are not limited to, any fruit, mint, chocolate, honey, or spice or which impart a cooling or numbing sensation.

The taste or aroma of tobacco or menthol is not considered a characterizing flavor.

11. What are the minimum age requirements?

Under federal and state law, it is illegal for retailers to sell any tobacco product—including ENDS products and cigarettes—to anyone under age 21. The law applies to all retailers and stores, with no exceptions.
