



STATE OF RHODE ISLAND
Division of Taxation
Department of Revenue

Rhode Island Tax News

Third Quarter, 2024

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In the Community



Operation Stand Down Rhode Island's Veteran Assistance Event

On September 19th and 20th, the Division joined partner agencies and community organizations to serve veterans at the 33rd annual Veteran Assistance Event hosted by Operation Stand Down Rhode Island (OSDRI).

Thank you to the team at OSDRI for the great work you do every single day and for allowing us to be a part of this incredible event again this year.

It goes without saying that we also extend our deepest thanks to veterans for your service. We are honored to be able to give back in this small way.





Diversity Business Exhibit

The Rhode Island Division of Taxation was invited to present at the 2024 Northeast Regional Diversity Business Exhibit in Providence.

It was a wonderful event with engaged and passionate attendees. The Division shared important tax resources with attendees and lead a presentation focusing on resources for business owners.

Upcoming Outreach and Events

The Division of Taxation keeps an up-to-date listing of upcoming and past outreach events and presentations on the [Taxpayer Experience Office page](#) of our website.

The past presentations generally contain a link to the presentation slides, so you can refer back to them as needed.

Below is a summary of some of our upcoming events. When dates are finalized, they will be posted on our website. Check back often and keep an eye out for "save the date" emails!

Taxpayer Experience Office page

Event	Date	Location
Presentation to CPE Associates	October 3, 2024	Rhode Island College
RI Division of Taxation Seminar for Tax Preparers	TBD Early December	CCRI Newport
RI Division of Taxation Seminar for Tax Preparers	TBD Early December	CCRI Warwick
RI Division of Taxation Seminar for Tax Preparers	TBD Early December	Online
Tax Compliance Day	TBD Early 2025	Rhode Island College

Updates

New Electronic Nicotine-Delivery System (ENDS) Tax

Statutory changes passed in Article 6 of the Governor's Fiscal Year 2025

Budget resulted in changes to Rhode Island's treatment of ENDS (commonly known as vape) products.

These changes include:

- Imposition of a tax on 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 (OTP) except for cigars, for sale at retail must be from a Rhode Island licensed distributor, manufacturer, or importer.
- Licensing and enforcement for ENDS is moving under the umbrella of the Division of Taxation.
 - 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.

To ease the transition, the Division of Taxation has created a dedicated ENDS webpage with FAQs, helpful links, and relevant contact information. Learn more about the regulation of ENDS on our website: <https://tax.ri.gov/tax-sections/sales-excise-taxes/ends-tax>.

[ENDS webpage](https://tax.ri.gov/tax-sections/sales-excise-taxes/ends-tax)

Increase to the Cigarette Tax

Effective at 12:01 a.m. on September 1, 2024 (measured as of September 3, 2024, due to the Labor Day holiday), the tax levied upon the sale of cigarettes increased from \$4.25 per package of 20 cigarettes to \$4.50.

This tax increase also applied to the cigarette inventory of each cigarette retailer and distributor in Rhode Island, as well as the cigarette tax stamp inventory of each cigarette distributor.

The prepaid sales tax on cigarettes also increased as of 12:01 a.m. on September 3, 2024, to \$0.88 per pack of 20.

Find the details in [Advisory 2024-22](#).

[Advisory 2024-22](#)



Every year, the Division issues a plain-language summary of Rhode Island tax changes that were enacted in that year's session of the Rhode Island General Assembly. This year, many of the changes were enacted in the budget bill for the 2025 Fiscal Year.

Find the details in 2024 [Summary of Legislative Changes](#).

[Summary of Legislative Changes](#)

Rhode Island's Public Delinquent Taxpayer Lists

The passage of the Governor's Fiscal Year 2025 Budget, HJR 7225, expanded the criteria for inclusion on RI's public delinquent taxpayer lists from the top 100 taxpayers to include all taxpayers that owe at least fifty thousand dollars (\$50,000).

Criteria for inclusion on each of these lists has been expanded to taxpayers that owe at least \$50,000.

The Division sent statutorily-required notices to those taxpayers that may appear on the lists.

Two fees have been eliminated for CY 2025:

The fees that have been eliminated for Calendar Year 2025 are:

- The fee for qualifying charitable, educational, and religious organizations to obtain or renew a sales tax exemption certificate.

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- The fee to file a Rhode Island Estate Tax return for decedents with dates of death on or after January 1, 2025.

Find the details regarding both of these items in the [Summary of Legislative Changes](#).

[Summary of Legislative Changes](#)

Tax Talk

Upcoming Pension Modification Change

The passage of the State Fiscal Year 2025 budget has provided for an increase to Rhode Island's Pension Income Modification.

This change increases the Pension and Annuity Income Modification from \$20,000 to \$50,000 for **Tax Year 2025**. The increase means that for filers married filing jointly, up to \$100,000 of annual pension income may be exempt from taxation.

This change does not alter the qualifying income thresholds.

Did you know that the Division of Taxation publishes an annually


updated guide to Rhode Island's Pension Income Modification?

The Tax Year 2024 version of the guide will be published in early 2025. Until then, you can familiarize yourself with Rhode Island's Tax Year 2023 Pension and Annuity Income Modification guide.

[Tax Year 2023 Pension and Annuity Income Modification Guide](#)

Interested in the Division's outreach programs?

The [Taxpayer Experience Office webpage](#) contains both an archive of past presentations and a list of upcoming outreach events.



Newsletter Archive

For your convenience, newsletters, including this one, are available in our online Newsletter Archive.

[Newsletter Archive](#)

Tax Tip Line



Do you have information about wrongdoing involving Rhode Island state taxes?

Rhode Island Division of Taxation's Special Investigation Unit staffers follow up on all tips. You can choose to leave your name and contact information or remain anonymous.

[401-574-TIPS \(8477\)](#) [Report Online](#)

Legal Corner

Administrative Decisions

An administrative decision is a final decision issued following an agency proceeding in which an individual or entity formally requests a hearing.

In 2024 Q2's Administrative Decisions, the issues addressed were:

[Administrative Decision 2024-07:](#)

It was determined that the Taxpayer owes use tax on a car purchase in 2019. It was determined that the Taxpayer was **not** a bona fide nonresident of Rhode Island at the time of the purchase of the Car.

[Administrative Decision 2024-08:](#)

The Hearing Officer found that the Taxpayer owed the Division's assessment for Tax Year 2019, as the IRS disallowed the Taxpayer's 2019 federal earned income credit. As a result, the Taxpayer was no longer entitled to the State's earned income tax credit. The Taxpayer did not file an amended return and owes the Division's assessment.

[Administrative Decision 2024-09:](#)

The Hearing Officer found that the Taxpayer owed cigarette and other tobacco

products (OTP) tax. The Taxpayer owes tax, interest, and as this was not the Taxpayer's first offense, a penalty of 13 times the retail value of the products and \$1,000.

[Administrative Decision 2024-10:](#)

It was determined that the Taxpayer owes OTP tax. The taxpayer owes tax, penalties, and interest. Both seizures at issue represented the Taxpayer's second offense in 24 months.

[Administrative Decision 2024-11:](#)

It was determined that the Taxpayer is not entitled to its claim for refund that includes its sales tax payments to the Division and its sales tax payments to vendors. The Taxpayer's claim for refund for tax it paid directly to the Division was found to be untimely, and the statute of limitations waiver signed by the Taxpayer for the audit did not extend the time to request a refund. The Taxpayer's claim for refund of tax paid to vendors is barred as the Taxpayer did not actually pay the tax.

[Administrative Decision 2024-12:](#)

The Hearing Officer found that the Taxpayer breached its stipulations with the Division. The Taxpayer agreed in a stipulation to make certain up-front payments and then 52 monthly payments. In an amended stipulation, the Taxpayer agreed that it still owed a balance of an agreed upon amount under the first stipulation and agreed to pay certain sums up front and to make monthly payments until the arrearage under the first stipulation was paid in full by July 15, 2024. The Taxpayer did not make monthly payments under the First Stipulation or under the amended stipulation.

[Administrative Decision 2024-13:](#)

It was determined that the Division properly denied Taxpayer's claim for refund pursuant to R.I. Gen. Laws § 44-19-26. The Taxpayer was not entitled to its refund claim, as the Taxpayer's request was made after the statutory deadline of three years from the fifteenth day after the close of the month for which the overpayment was made.

[Administrative Decision 2024-14:](#)

The Hearing Officer found that the Taxpayer owed cigarette and OTP tax. It was found that the Division properly assessed tax on seized cigarettes and OTP. The Taxpayer owes tax, interest, and penalties for the nonpayment of the tax on seized cigarettes and OTP.

[Administrative Decision 2024-15:](#)

It was determined that the Taxpayer's claimed refund for Calendar Year 2019 was properly denied by the Division as out of time.

[View Administrative Decisions Archive](#)



"I like to pay taxes. With them, I buy civilization."

— Oliver Wendell Holmes Jr.

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