



Rhode Island Department of Revenue Division of Taxation

Presentation to Electronic Nicotine Delivery Systems (ENDS) Distributors
December 17, 2024

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Taxpayer Experience Liaison

Agenda

- Introduction
- About Us: Division of Taxation
- ENDS transition to Division oversight and enforcement
- ENDS Tax
- Floor Tax
- Uniform Cigarette, OTP, and ENDS Distributor License
- FYI Dealer Requirements
- Required purchases from a licensed Distributor
- Electronic Filing Mandate
- Taxpayer Portal
- Filing Requirements & Frequency
- PACT Act
- Closing remarks
- Questions

About Us

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

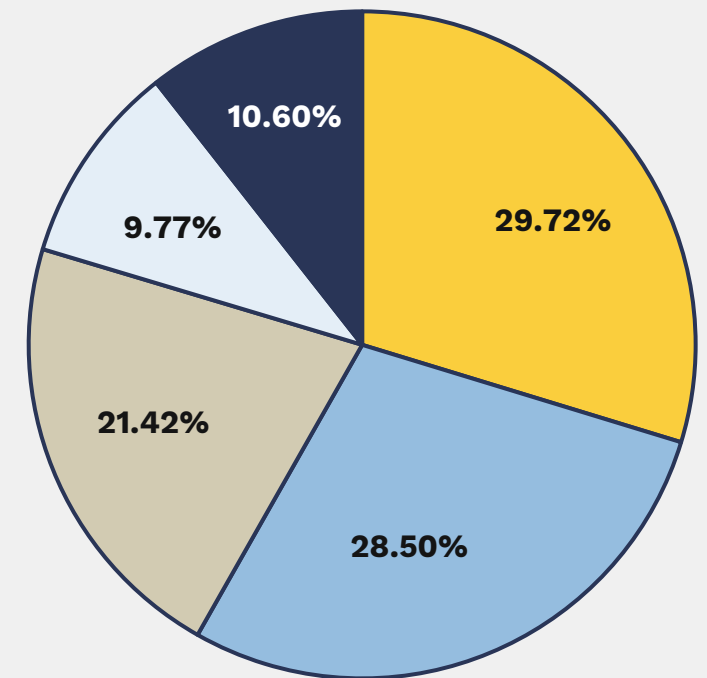
- The Rhode Island Division of Taxation employs **228 tax professionals**, administering more than **59 different taxes and fees**.
- Taxes represent **the most significant source of General Fund revenue** for Rhode Island – funds used to help pay for vital services including public safety, education, transportation, and recreation for all Rhode Islanders.
- Each year, the Division **collects and distributes more than \$5.14 billion** in funds to the State, municipalities, and other agencies (as of FY 24).

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.

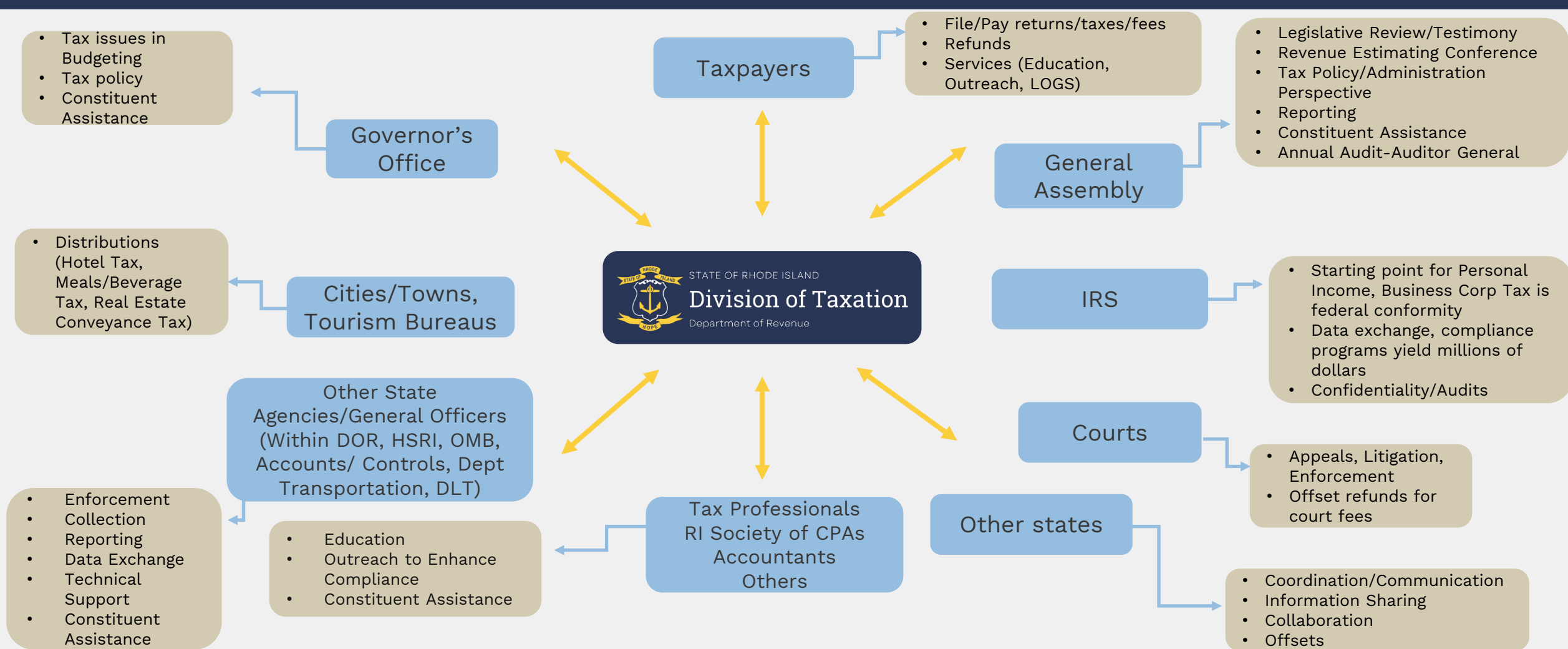
Total State Tax Revenue Collected by the Division of Taxation for Fiscal Year 2024 (\$, In Millions)

FY24 Receipts: \$5.14B



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

About Us: Key Stakeholders/Interactions



Division of Taxation: Mission

The Tax Administration Efficiency Continuum

VOLUNTARY COMPLIANCE

FORCED COMPLIANCE

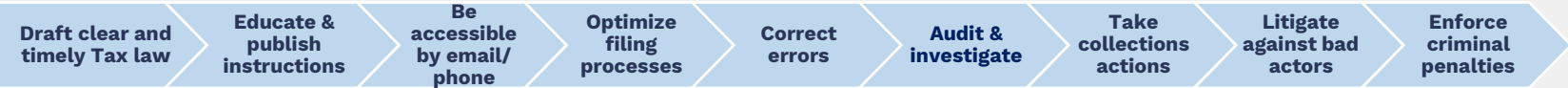
Less expensive, more efficient revenue generation

More expensive, less efficient, but necessary

The Taxpayer's Responsibilities



The Division of Taxation's Actions



▲
Creating a dedicated taxpayer experience team, expanding outreach to aid taxpayers, providing more direct access for taxpayers, creating educational material for common taxpayer issues

▲
Expanding the taxpayer service portal, creating digital signature options, upgrading technology, appointment system pilot

▲
Improving staff training, data analysis, improving forms and data retrieval

▲
Expanding the remote audit program, implementing best practices
 Developing industry guidelines

How are we improving taxpayer services, voluntary compliance?

Taxpayer Experience Office/Team

Electronic Nicotine Delivery Systems (aka ENDS or VAPES)

Article 6 of the Governor's [Fiscal Year 2025 Budget](#)


- A tax on electronic nicotine-delivery system (ENDS) products, commonly known as vapes, at a rate that depends on the product.
- Purchases of ENDS products, and **all other tobacco products** (except for cigars), for sale at retail must be from a distributor with a Rhode Island license.
- Flavored ENDS products are prohibited.

Electronic Nicotine Delivery Systems (aka ENDS or VAPES) Tax

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

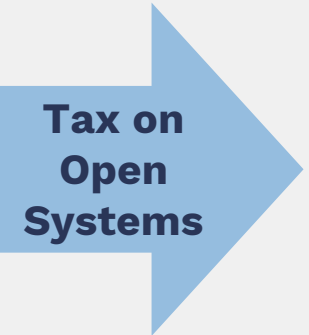
1. The “closed system,” which consists of a single-use, disposable vapor product prefilled with electronic liquid or a vapor product and “pods” or “cartridges” that are prefilled, sealed by the manufacturer and not to be refilled.
2. The “open system,” which consists of any ENDS or vapor product that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

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



**Tax on
Closed
Systems**

\$0.50 per milliliter of the electronic liquid contained within an ENDS product that is prefilled and not refillable.



**Tax on
Open
Systems**

10% of the wholesale cost of any other ENDS product.

Electronic Nicotine Delivery Systems (aka ENDS or VAPES) Floor Tax

- Article 6 includes a Floor Stock Tax on Existing Inventory as of 01/01/2025
 - Due to New Year's Day holiday, inventory should be taken as of end of business on 01/01/25
 - Inventory should be counted separately for “open” and “closed” systems
 - Forms will be mailed to each business end of December (RI-ENDS-FT-DI)
 - Misplaced/lost forms can be obtained by emailing tax.excise@tax.ri.gov
 - Inventory is required to be done by distributors and dealers
 - All floor stock forms with payment are due by 01/16/25

Electronic Nicotine Delivery Systems (aka ENDS or VAPES) and RI Licensed Distributors

Uniform License

A uniform Distributor License including Cigarette, OTP and ENDS is a statutory requirement, effective 01/01/2025.

- The license will be called the Uniform Cigarette, Tobacco, and ENDS Distributor License.
- Distributors will be required to submit the new Uniform Cigarette, Tobacco, and ENDS Distributor License application (Form CTE-APP)
 - The CTE-APP will be available on the Division's website at <https://tax.ri.gov/forms/business-tax-forms/sales-excise-forms>
 - As of December 1, 2024.

Electronic Nicotine Delivery Systems (aka ENDS or VAPES) and RI Licensed Distributors

Uniform License (cont.)

- All purchases of ENDS products must be made from a Rhode Island licensed distributor as of January 1, 2025.
 - All RI-licensed distributors selling ENDS are responsible for collecting and remitting ENDS tax on a monthly basis.
 - The January 2025 return (Form RI ENDS-1) and payment (remittance) is due in February 2025.
- The Rhode Island Licensed Distributor Listing on our website will be updated to reflect the new Uniform Cigarette, Tobacco, and ENDS Distributor License to ensure the taxpayer is purchasing ENDS products from a distributor with a Rhode Island license.
 - <https://tax.ri.gov/tax-sections/sales-excise-taxes/cigarette-tax>

Electronic Nicotine Delivery Systems (aka ENDS or VAPES) and RI Licensed Distributors

License Application Fees & Requirements

Two categories of Uniform Cigarette, Tobacco, and ENDS Distributor License:

1. Stamp Affixing License – Fee \$1,000.00

- For entities affixing cigarette stamps to any type of product. Also allows sales of OTP and ENDS products to dealers.
- If you are a Distributor applying for a Stamp Affixing license for the first time, you must provide affidavits from three manufacturers with national distribution stating that the manufacturer will supply the distributor if the license is granted.

2. Non-affixing license – Fee \$100.00

- For entities selling pre-stamped cigarettes, tobacco and/or ENDS products.

Electronic Nicotine Delivery Systems (aka ENDS or VAPES) and RI Licensed Distributors

License Application Fees & Requirements (cont.)

Two categories of Uniform Cigarette, Tobacco, and ENDS Distributor License:

- For both categories, distributors must meet additional requirements.
- To obtain or renew the new Uniform Cigarette, Tobacco, and ENDS Distributor License, distributors must sell cigarettes, OTP, and/or ENDS products for the purpose of resale only;
 - Provided that seventy-five percent (75%) of all products are sold by the distributor directly to at least forty (40) Rhode Island-licensed dealers.

Electronic Nicotine Delivery Systems (aka ENDS or VAPES) and RI Licensed Retailers

Effective 01/01/2025: There will be changes to licensing.

- The current cigarette and ENDS dealer licenses across the Division of Taxation & Department of Health will be consolidated. These licenses will move under the Division of Taxation and be combined to form the Uniform Cigarette, Tobacco, and ENDS Dealer's License.
- The Uniform Cigarette, Tobacco, and ENDS Dealer's License will be required for any retailer that sells cigarettes, other tobacco products, and/or **ENDS products** in Rhode Island.
- Any new Uniform Cigarette, Tobacco, and ENDS Dealer's License applicant must complete a Business Application and Registration (BAR) form. More information: [Registration | RI Division of Taxation](#)

Electronic Nicotine Delivery Systems (aka ENDS or VAPES) and RI Licensed Distributors

Existing Licenses

- If the taxpayer currently holds a Cigarette or Tobacco Distributor's License, they do not need to apply for a new license. Their license will automatically convert.
 - These taxpayers will receive their new Uniform Cigarette, Tobacco, and ENDS Dealer's License when they renew by **April 1, 2025**.
- If the taxpayer currently holds an ENDS License from the Rhode Island Department of Health, RI DOH, license they do not need to apply for a new license. Their license will automatically convert to a current Division of Taxation license (valid through June 30).
 - These taxpayers will receive their new Uniform Cigarette, Tobacco, and ENDS Dealer's License when they renew by **April 1, 2025**.
- All annual renewals will be mailed in the spring and will require completion of the CTE-APP.

Electronic Nicotine Delivery Systems (aka ENDS or VAPES) and RI Licensed Distributors

Contraband

- Any distributor having ENDS products in their possession must maintain records on the premises and ensure permanency and accessibility for inspection by the Division of Taxation.
 - Statute: [RI Gen Laws § 44-20-40.1. Inspections](#)
- Effective 01/01/2025, dealers in possession of ENDS products purchased from anyone other than from a distributor with a Rhode Island license are in possession of **contraband**.
 - Such contraband will be seized in accordance with the Division's policies and procedures, and applicable statutes. The Division will assess the ENDS Tax and issue a suspension, fine, and/or penalty, in accordance with established guidelines.
 - RI Gen Laws § 44-20-15: Confiscation of contraband cigarettes, other tobacco products, electronic nicotine-delivery system products and other property.

Electronic Nicotine Delivery Systems (aka ENDS or VAPES) and RI Licensed Retailers

Flavored ENDS

- The sale, or offer for sale of, or the possession with intent to sell or to offer for sale, flavored ENDS products to consumers in Rhode Island is prohibited by law.
- “Flavored electronic nicotine-delivery system product” means any electronic nicotine delivery system product that imparts a characterizing flavor.
 - Tobacco and menthol do not qualify as “characterizing flavors” and are legal to sell.
 - All flavored ENDS (except tobacco and menthol), are **contraband**.
- Such contraband will be seized in accordance with the Division’s policies and procedures, and applicable statutes. The Division will assess the ENDS Tax and issue a suspension, fine, and/or penalty, in accordance to established guidelines.

Electronic Filing Mandate

- In accordance with Rhode Island's Electronic Filing Mandate, any entity that qualifies as a larger business registrant is required to use electronic means to file returns and remit taxes to the State of Rhode Island.
 - A "larger business registrant" is defined as any person who:
 - Operates as a business whose combined annual liability for all taxes administered by the Division of Taxation for the entity is or exceeds \$5,000; or
 - Operated as a business whose annual gross income is over \$100,000 for the entity.
- The most efficient way to satisfy the Electronic Filing Mandate's requirements is by filing and paying through the Division's Taxpayer Portal
 - <https://taxportal.ri.gov/>
 - For more information on the Electronic Filing Mandate, visit the Division's dedicated [Electronic Filing Mandate webpage](#)

Taxpayer Portal

- The Rhode Island Taxpayer Portal is a convenient way to file and pay taxes electronically.
- The Taxpayer Portal allows users to file tax returns as well as make payments.
 - Easy & free to use.
 - First-time Portal users must create an account and obtain a PIN
 - PIN Notices are **delivered by postal mail – please allow 5-7 business days to receive your PIN Notice.**
 - Instructions for using the Portal, including helpful videos, are available at www.taxportal.ri.gov.
- Taxpayers that have not previously filed or registered with the Division of Taxation will not have the ability to utilize the Taxpayer Portal for their first filing or payment.
- If you believe you are subject to the Electronic Filing Mandate and do not already have a Rhode Island Taxpayer Portal account, please reach out to the Division of Taxation's Taxpayer Portal Section (taxportal@tax.ri.gov, or (401)574-8484) to discuss options available to you.

Taxpayer Portal

Notes:

- If your tax professional requests a PIN Notice for you, they must have a Power of Attorney (POA) (Form RI-2848) on file with the Division – this POA form must specify that you may request the PIN Notice on your behalf.
- For specific questions regarding Division's Taxpayer Portal, or for Portal assistance, please contact the Division's Taxpayer Portal Section by email at taxportal@tax.ri.gov, or at (401) 574-8484 between 8:30 a.m. and 3:30 p.m. on business days.

Electronic Nicotine Delivery Systems (aka ENDS or VAPES) and RI Licensed Distributors

Filing Requirements & Frequency

The following taxes and forms may apply to your business. The list below is not inclusive of all taxes and fees for which your business may be responsible. The taxes below indicate taxes directly related to the sale of cigarettes, OTP, and/or ENDS products by licensed distributors.

•**Cigarette Tax** - Cigarette Tax forms are due by the 10th of each month. The cigarette tax is remitted at the time of payment for the cigarette tax stamp purchases.

RI Form T-11 Requisition for Cigarette Tax Stamps

RI Form T-11A Requisition for Cigarette Tax Stamps: Rolling Papers

RI Form T-17 Monthly Report of In-State Cigarette Distributors

RI Form T-18 Monthly Report of Non-Resident Cigarette Distributors

RI Form CRP Monthly Report of In-State Cigarette Distributors

RI Form CRP-NR Monthly Report of Non-Resident Cigarette Distributors

RI Form CIG-DCB Cigarette Tax Credit Bond for Cigarette Distributors to buy Stamps on Credit

RI Form CIG-NRDB Non-Resident Cigarette Tax Bond (Required by all Non-Resident Distributors)

Electronic Nicotine Delivery Systems (aka ENDS or VAPES) and RI Licensed Distributors

Filing Requirements & Frequency (cont.)

The following taxes and forms may apply to your business. The list below is not inclusive of all taxes and fees for which your business may be responsible. The taxes below indicate taxes directly related to the sale of cigarettes, OTP, and/or ENDS products by licensed distributors.

- **Cigarette Prepaid Sales Tax** – Distributors are responsible for the prepaid sales tax for cigarettes. The prepaid sales tax on cigarettes is \$0.88 per pack of 20. The prepaid sales tax amount is collected from licensed cigarette distributors in conjunction with the collection of the cigarette tax payment as part of the cigarette stamp purchase.

- **OTP Tax** - OTP Tax is to be remitted by the 10th of the month following the purchase for resident distributors or sale into RI for a non-resident distributor.

RI Form OTP-1

- **ENDS Products Tax** - ENDS Tax is to be remitted by the 10th of the month following the month of purchase for resident distributors or the sale into RI for a non-resident distributor.

RI Form ENDS-1

- **License Renewal** – The Uniform Cigarette, Tobacco, and ENDS Distributor License is renewed annually

RI Form CTE-APP

Electronic Nicotine Delivery Systems (aka ENDS or VAPES) and RI Licensed Distributors

Filing Requirements & Frequency (cont.)

The following taxes and forms may apply to your business. The list below is not inclusive of all taxes and fees for which your business may be responsible. The taxes below indicate taxes directly related to the sale of cigarettes, OTP, and/or ENDS products by licensed distributors.

• **Sales and Use Tax** – Applies to sales made directly to consumers, does not apply to sales for resale. If any sales are made at retail, you will also need a sales permit.

Sales Tax is to be remitted monthly by the 20th of the month following the month of sale.

RI Form STR

This permit is renewed annually by February 1st.

- **ENDS Floor Tax** - Required as of 01/02/25
RI-ENDS-FT-DI Distributor Floor Tax Form
Required to file and pay by 01/16/25

Please note, unlike with the recent Cigarettes Tax increase, the ENDS floor tax will be assessed at the full tax rate in statute:

\$0.50 for prefilled and not refillable (closed system)

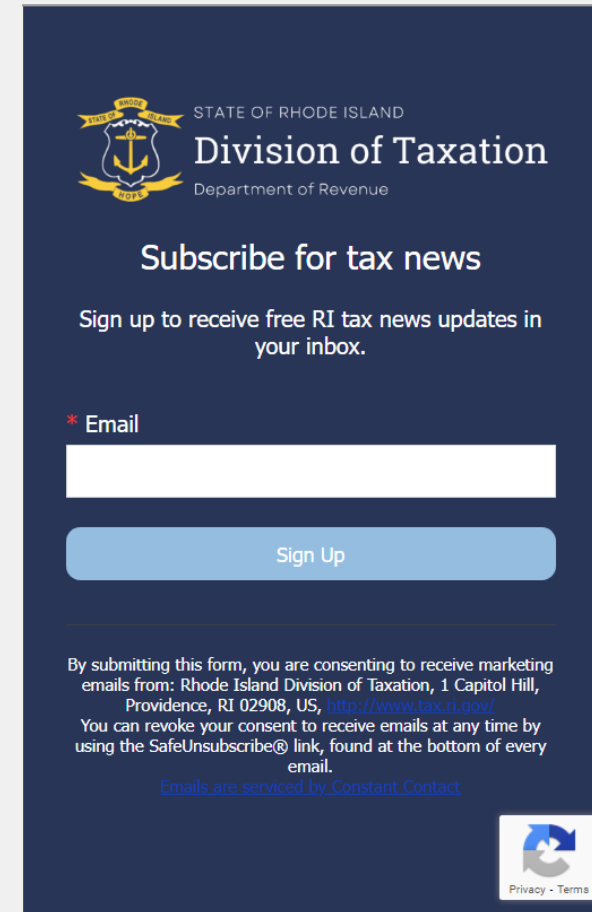
10% of wholesale cost for refillable and other ENDS products (open system)

Questions



Stay Up To Date

- Sign up for our emails
 - Tax news delivered to your inbox
 - Quarterly newsletters
 - Important updates



The image 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" and "Division of Taxation" in a large font, with "Department of Revenue" in a smaller font below it. The main heading is "Subscribe for tax news". Below this is the text "Sign up to receive free RI tax news updates in your inbox." There is a white input field for an email address, preceded by an asterisk and the word "Email". Below the input field is a blue "Sign Up" button. At the bottom, there is a paragraph of terms and conditions: "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." Below this is a link: "Emails are serviced by Constant Contact". In the bottom right corner, there is a small icon of a recycling symbol and the text "Privacy - Terms".

Resources

U.S. Department of Justice Bureau of Alcohol, Tobacco, Firearms and Explosives resource:

- Prevent All Cigarette Trafficking (PACT) Act Guide to Compliance (select image to the right to open as a PDF)



RI Division of Taxation resources:

- RI Division of Taxation website: <https://www.tax.ri.gov>
- RI Taxpayer Portal: <https://taxportal.ri.gov/>
- RI Division of Taxation Notices to ENDS Distributors:
 - [Notice 2024-07 ENDS Licensing for Distributors](#)
 - [Notice 2024-08 ENDS Requirements for Distributors](#)
- ENDS information webpage: <https://tax.ri.gov/tax-sections/sales-excise-taxes/ends-tax>
- ENDS Dealers FAQs: [ENDS Dealer FAQs](#)
- ENDS Distributors FAQs: [ENDS Distributor FAQs](#)
- Excise Tax Section (sales tax, ENDS tax, cigarette tax, etc.) email: Tax.Excise@tax.ri.gov
- Email newsletter mailing list registration: [RI Tax News](#)
- Other helpful documents:
 - [ENDS Legislative Changes Bifold](#)
 - [ENDS Trifold August 2024](#)
- Rhode Island Laws regarding Cigarettes, Other Tobacco Products (OTP), and Electronic Nicotine Deliver Systems/products
 - [R.I. Gen. Laws § 44-20](#)

Thank you



STATE OF RHODE ISLAND

Division of Taxation

Department of Revenue

Contact Us

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