



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

Tax Assessors' Quarterly Meeting
December 5, 2025

Leo Lebeuf
Taxpayer Experience Liaison
Rhode Island Division of Taxation

Agenda

- About Us: Division of Taxation
- Fraud Prevention Guidance
- Excise and Estate Updates
 - Real Estate Conveyance Tax
 - Hotel Tax and New Whole Home Short-term Rental
 - Short Term Parking
 - Non-Owner Occupied Property Tax
 - Other Items of Note
- Closing Remarks

About Us

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

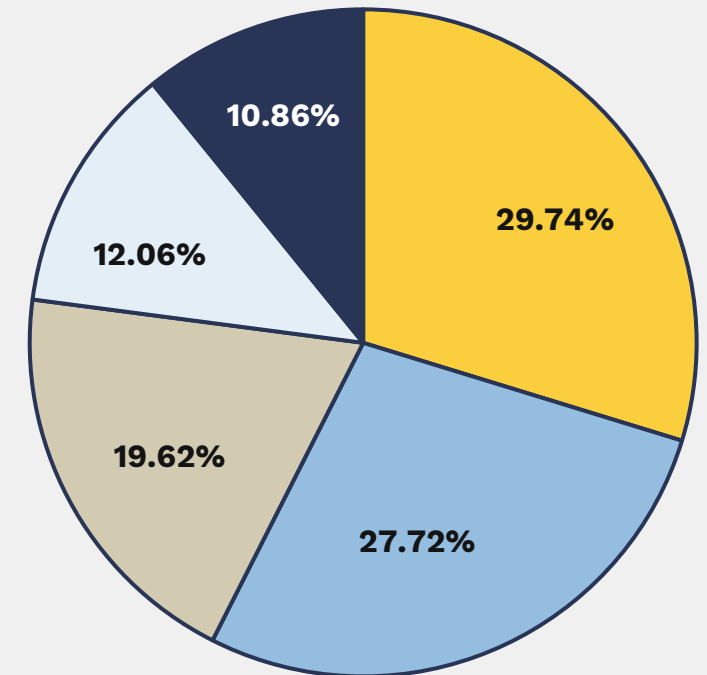
- The Rhode Island Division of Taxation employs **228 tax professionals**, administering more than **62 different taxes and fees**.
- Taxes represent **the most significant source of General Fund revenue** for Rhode Island – funds used to help pay for vital services including public safety, education, transportation, and recreation for all Rhode Islanders.
- Each year, the Division **collects and distributes more than \$5.45 billion** in funds to the State, municipalities, and other agencies (as of FY 25).

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.

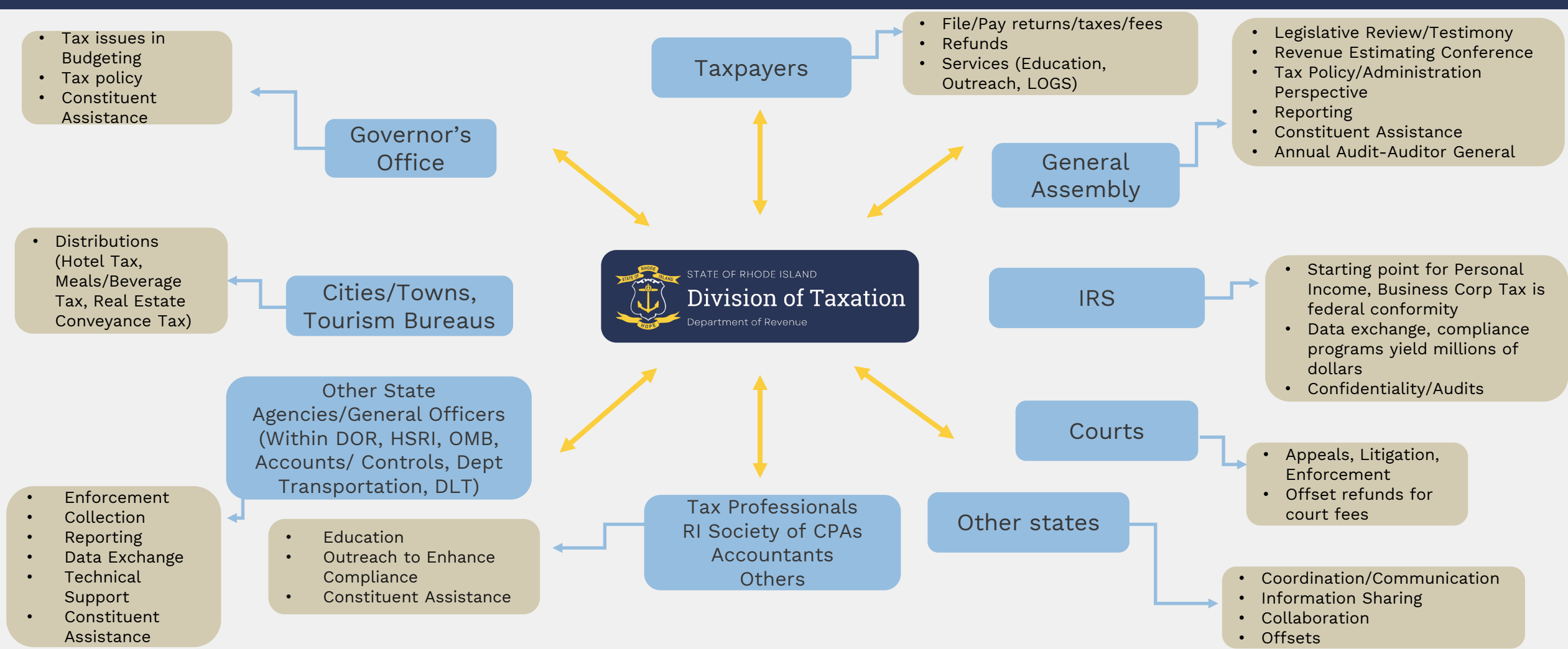
Total State Tax Revenue Collected by the Division of Taxation for Fiscal Year 2025 (\$, In Millions)

FY25 Receipts: \$5.45B



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

About Us: Key Stakeholders/Interactions

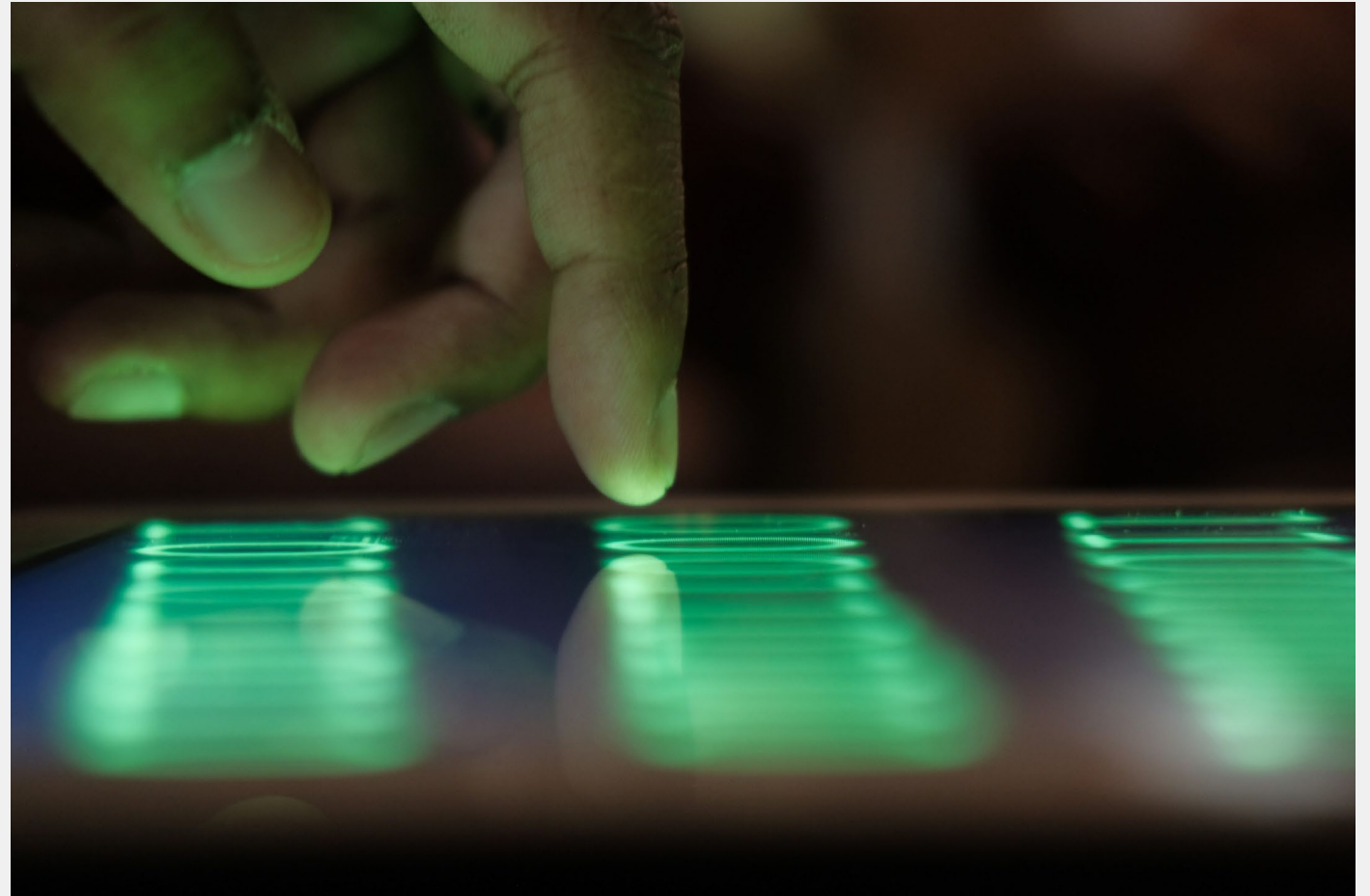


Preventing Fraud

Tips and Best Practices

Fraud Trends

- IRS/States/Tax Software Industry collaborating on fraud detection and prevention and monitoring data/trends through the IDTTRF-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.



Preventing Fraud

Fraud Guidance webpage: <https://tax.ri.gov/guidance/fraud-guidance>



STATE OF RHODE ISLAND

Division of Taxation

Department of Revenue

Fraud Protection

HOW-TO



Monitor your accounts

Monitor your financial statements, online accounts, and government correspondence for signs of fraud or identity theft.



Get an IP PIN

Get an identity protection PIN - learn how at <https://www.irs.gov/identity-theft-fraud-scams/get-an-identity-protection-pin>.



Strengthen your passwords

Use strong, unique, passwords for all online accounts. Do not reuse passwords.



Freeze your credit

Freeze your credit with all three bureaus; learn how at <https://www.usa.gov/credit-freeze>.



Use MFA verification

Enable multi-factor authentication on all of your online accounts.



Remain vigilant

Keep up these good habits. The danger of fraud does not lessen over time.

Preventing 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.
- ☑ Use multifactor authentication and 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](#).
- ☑ Visit [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](#).

Theriza Iafrate

Chief of Excise and Estate Tax Section

Summary of Statutory Changes for Excise Tax



Motor Fuel Tax Increase

Effective 07/01/25



Real Estate Conveyance Tax Increase

Effective 10/01/25



Parking Services Now Subject to Sales Tax

Effective 10/01/25



Expansion of the Definition of Other Tobacco Products (OTP) to Include Nicotine Products

Effective 10/01/25



Increase of Local Rate for Hotel Tax

Effective 01/01/26



Whole Home Short-term Rental Tax

Effective 01/01/26



Tax on Kratom

Effective 04/01/26



Tax on Non-Owner Occupied Properties >\$1M

Effective 07/01/26

Real Estate Conveyance Tax Increase

On and After October 1, 2025:

- Tier 1 rate increase from \$2.30 to \$3.75 per \$500.
 - Tier 1 applies to the entire consideration paid.
- Tier 2 rate increase from \$2.30 to \$3.75 per \$500.
 - Tier 2 applies only to the consideration paid for Residential Real Property in excess of \$800,000.
- The Tier 1 and Tier 2 amounts are added together to determine the total conveyance tax due.
- The Tier 2 consideration threshold will be indexed for inflation.
- [ADV 2025-13](#)

Real Estate Conveyance Tax Increase

Rhode Island real estate conveyance tax: on and after October 1, 2025

Tax rate:	Applies to:
\$3.75 for each \$500.00 of the consideration paid	The entire consideration paid
\$3.75 for each \$500.00 of the consideration paid	The consideration paid for <u>Residential Real Property</u> in excess of \$800,000.00
If the consideration exceeds \$100.00, tax applies to the entire amount.	

Real Estate Conveyance Tax Increase

	9/30/2025 and prior	As of 10/01/25
Sales Price	\$ 1,200,000.00	\$ 1,200,000.00
Tax Rate per \$500	\$ 2.30	\$ 3.75
Tier 1 Tax Due	\$ 5,520.00	\$ 9,000.00
Tier 2 Amount	\$ 400,000.00	\$ 400,000.00
Tax Rate per \$500	\$ 2.30	\$ 3.75
Tier 2 Tax Due	\$ 1,840.00	\$ 3,000.00
Total Conveyance Tax	\$ 7,360.00	\$ 12,000.00

Real Estate Conveyance Tax Increase

Calculation of Tax Through 9/30/2025

- The tax rate is \$2.30 per \$500.00 (or fractional part) of consideration paid
 - Formula: $(\text{Total consideration paid} \div \$500) \times \$2.30 = \text{Tax Due}$
- An additional tax of \$2.30 per \$500 on sale of **Residential Real Property** for consideration paid over \$800,000 is due.
 - Residential property formula: $(\text{Total consideration paid} \div \$500) \times \$2.30$ plus $(\text{Consideration paid } \$800\text{K} \div \$500) \times \$2.30 = \text{Tax Due}$

Calculation of Tax as of 10/1/2025

- The tax rate is \$3.75 per \$500.00 (or fractional part) of consideration paid
 - Formula: $(\text{Total consideration paid} \div \$500) \times \$3.75 = \text{Tax Due}$
- An additional tax of \$3.75 per \$500 on sale of **Residential Real Property** for consideration paid over \$800,000 is due.
 - Residential property formula: $(\text{Total consideration paid} \div \$500) \times \$3.75$ plus $(\text{Consideration paid over } \$800\text{K} \div \$500) \times \$3.75 = \text{Tax Due}$

Real Estate Conveyance Tax Increase

On and after October 1, 2025, if the consideration paid for a property is \$800,500, the tax would be calculated as follows:

Tier 1 rate of \$3.75 per \$500 on the entire \$800,500 = \$6,003.75.

Tier 2 rate of \$3.75 per \$500 applies only to the \$500 over \$800,000 = \$3.75.

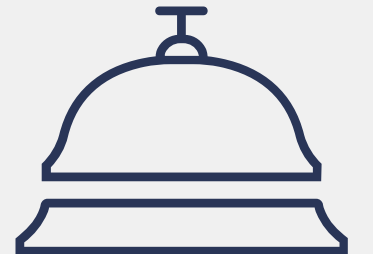
Tier 1 and Tier 2 are added together to determine the total conveyance tax due = \$6,007.50.

Examples - Rhode Island real estate conveyance tax: On and after October 1, 2025

Total Consideration Paid	Tax rate Tier 1 \$3.75/\$500 for entire consideration paid	Consideration paid over \$800,000	Tax rate Tier 2 Additional \$3.75/\$500 for consideration paid over	Total Tax Due
\$ 1,000,000.00	\$ 7,500.00	\$ 200,000.00	\$ 1,500.00	\$ 9,000.00
\$ 800,000.00	\$ 6,000.00	\$ -	\$ -	\$ 6,000.00
\$ 5,000,000.00	\$ 37,500.00	\$ 4,200,000.00	\$ 31,500.00	\$ 69,000.00
\$ 195,000.00	\$ 1,462.50	\$ -	\$ -	\$ 1,462.50
\$ 300,000.00	\$ 2,250.00	\$ -	\$ -	\$ 2,250.00
\$ 105,240,000.00	\$ 789,300.00	\$ 104,440,000.00	\$ 783,300.00	\$ 1,572,600.00

Local Hotel Tax Increase

- Rhode Island's local hotel tax rate will increase from 1% to 2%
- This tax applies to:
 - Hotels & short-term lodging rentals
 - Offered for rent for periods of 30 consecutive days or fewer
- Effective January 1, 2026



Whole Home Short-term Rental Tax

- The whole home short-term rental tax will be **5%**
- Rentals subject to the tax are rentals of entire residential dwellings such as:
 - Houses
 - Condos
 - Mobile homes
 - Other residential dwellings
 - Includes vacation rentals and/or rentals offered through online hosting platforms
- This tax applies to:
 - Short-term rental of a residential dwelling in its entirety
 - Offered for rent for periods of 30 consecutive days or fewer
- In addition to the 2% local hotel tax and the 7% sales tax
- Effective January 1, 2026
- [ADV 2025-16](#)

Sales Tax on Parking Services

- Starting October 1, 2025, short-term paid parking services will be subject to the 7% Rhode Island sales tax.
 - Added to the definition of services which are taxable.
 - For purposes of occupancy by a patron in exchange for a parking fee.
- In this instance, short-term parking is defined as any parking services where the duration of use by the vehicle is less than a month.
- Any parking services with a duration of a month or longer are not subject to sales tax.
- Examples include beach parking lots, event parking, and store parking garages.
 - Applies to parking services provided by businesses as well as state and local governments.
- [ADV 2025-14](#)

Non-Owner Occupied Property Tax

- Effective July 1, 2026.
- A new tax on residential real property with an assessed value over one million dollars (\$1M) if the property is not owner-occupied, as defined by law.
 - “Non-owner occupied” means that the residential property does not serve as the owner’s primary residence and is not occupied by the owner of the property for a majority of days during a given taxable year.
- Properties or buildings are exempted from the tax if they are rented for more than 183 days each year and:
 - Are subject to the Residential Landlord Tenant Act; or
 - Are subject to sales tax and/or hotel taxes.
- Assessed value is as of 12/31 of the prior year as assessed by the town.

Non-Owner Occupied Property Tax

- Tax will be \$2.50 per \$500 (or fractional part of \$500) of the assessed value over \$1,000,000. Tax will be paid in 4 equal installments paid throughout the tax year.
- **Calculation of Tax:**
 - The tax rate is \$2.50 per \$500 (or fractional part) of assessed value over \$1,000,000
 - Formula: $([\text{City/Town Assessed Value} - \$1,000,000] \div \$500) \times \$2.50 = \text{Annual Tax Due}$
 - For Quarterly Tax Due: $\text{Annual Tax Due} \div 4 = \text{Quarterly Tax Due}$
 - Installment due dates are 09/15, 12/15, 03/15, and 06/15

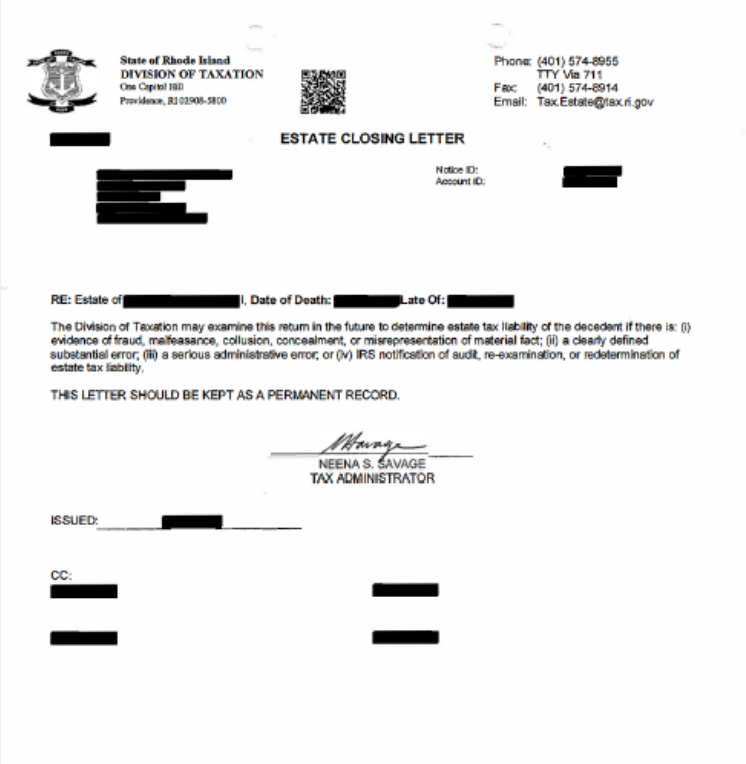
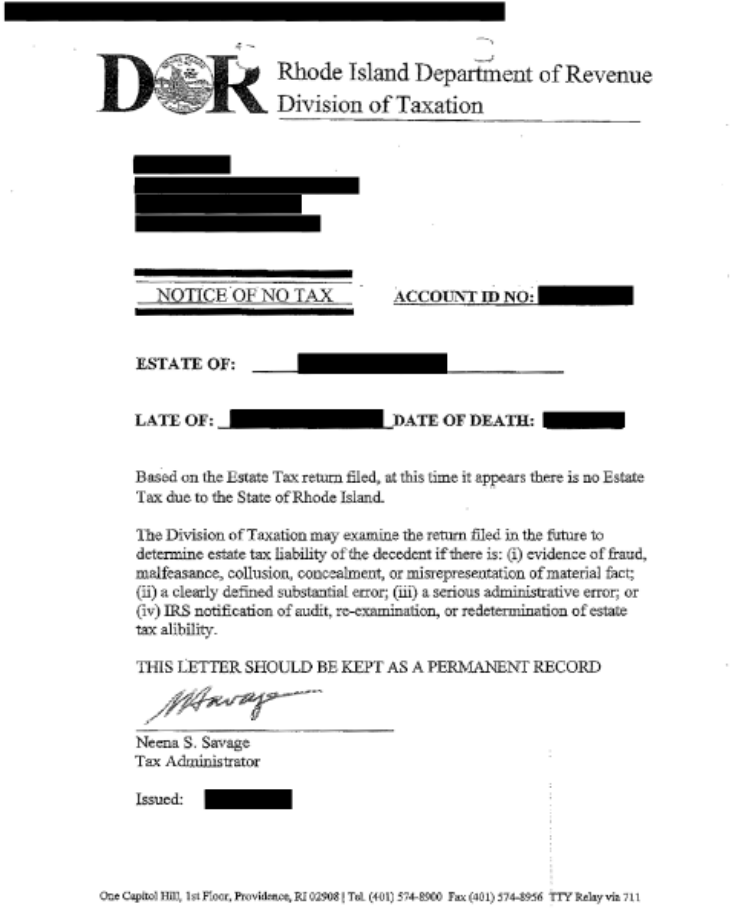
Non-Owner Occupied Property Tax

Information needed from cities and towns:

Tax Assessment Values

- Division sent email notice to all cities and towns for this data request
 - Request sent in fall 2025
- Data Needed by February 28th of each year
 - Assessed Values as of 12/31 of previous calendar year
- Updates to assessed values:
 - How often, when, and by who are updates made?
- Data Formats available
 - Custom report for needed data available?
 - Could provide layout of needed data
- Obtainable directly from Vendors?

Estate Tax Closing Letters Updated



Reminder: No deed should be updated without a T-77 release

Excise and Estate Tax Section Contact Information

Estate Tax


- Phone: 401-574-8829 Option #8
- Email: Tax.Estate@tax.ri.gov

Sales & Excise Tax

- Phone: 401-574-8955
- Email: Tax.Excise@tax.ri.gov

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Questions



Thank you



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