Advisory:

Committee backs Rhode Island on Streamlined Sales Tax pact

A committee that helps to oversee the Streamlined Sales and Use Tax Agreement (SSUTA) voted unanimously yesterday to find Rhode Island to be in compliance with the agreement as of August 1, 2012.

Each member state of the SSUTA must recertify that the state is in compliance with the SSUTA on or before August 1 of each year.

Yesterday’s vote – by the Compliance Review and Interpretations Committee (CRIC) – means that Rhode Island has cleared a key hurdle toward becoming recertified by the Streamlined Sales Tax Governing Board. “We are pleased with the results of yesterday’s vote, and we remain strong supporters of the SSUTA,” said Rhode Island Tax Administrator David M. Sullivan.

The committee asked the Rhode Island Division of Taxation to make certain minor changes in order to be recertified – including making a modest amendment to its regulations – and the Tax Division will comply, said Peter McVay, associate director of revenue services, who is leading Rhode Island’s effort to obtain recertification.

The agreement’s purpose is to simplify and modernize sales and use tax administration in order to substantially reduce the burden of tax compliance. One result of being in compliance and obtaining recertification is that a state can generate additional revenue. In this way, Rhode Island generates about $2 million a year.

A Rhode Island law enacted in June 2012 included a provision to extend the sales tax to certain clothing and footwear effective October 1, 2012 – a provision that generally is not allowed under terms of the SSUTA. However, the current SSUTA recertification review is as of August 1, 2012, before Rhode Island’s provision involving certain clothing and footwear took effect. Furthermore, there have been discussions about making a special allowance for Rhode Island’s sales tax treatment involving clothing and footwear, as has been done for other states.

A section of the Tax Division’s website includes detailed information about the SSUTA and Rhode Island’s involvement in it: [http://www.tax.ri.gov/streamlined/](http://www.tax.ri.gov/streamlined/)

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