



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Revenue
DIVISION OF TAXATION
One Capitol Hill
Providence, RI 02908-5800

IMPORTANT NOTICE

***TO: ALL RETAILERS OF CLOTHING,
INCLUDING FOOTWEAR***

Effective October 1, 2012, Rhode Island's 7 percent (7%) sales and use tax shall extend to articles of clothing, including footwear, with a sales price of more than \$250 per item.

For the period commencing October 1, 2012, sales and use tax at the rate as provided in Rhode Island General Laws (RIGL) §§ 44-18-18 and 44-18-20 shall be imposed on the sale at retail of clothing, including footwear, with a retail sales price of more than \$250 per item. However, only the incremental amount above the \$250 threshold shall be subject to the tax.

Example # 1: A consumer pays \$275 for a suit. The first \$250 is exempt; the tax shall apply only to \$25. Therefore, the retailer shall collect and remit \$1.75 in tax in this example.

Example # 2: A consumer pays \$300 for 10 shirts, each priced at \$30. No tax is due. (Tax applies only to individual items with a sales price of more than \$250 per item.)

Each article of clothing, including footwear, with a retail sales price of \$250 or less shall be exempt from tax.

The extension of the sales tax to include clothing and footwear in the circumstances described in this notice is the result of legislation approved by the General Assembly and signed into law by Governor Lincoln D. Chafee in June 2012. The Tax Division has proposed regulations to implement the provisions of the new law. The regulations are on the Tax Division's website: <http://www.tax.ri.gov/regulations/Proposed/>

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