



Rhode Island Division of Taxation

State of Rhode Island and Providence Plantations
Department of Revenue

December 17, 2012

ADV 2012-37

Advisory:

Sales tax – annual reconciliation

The Rhode Island Division of Taxation has begun mailing out annual sales tax reconciliation forms.

The form serves as a kind of annual report for retailers: On the form, retailers account for their sales, deductions, and certain other items – including the amount of sales tax remitted.

The return (on Form T-204R-Annual) is due on or before January 31, 2013. It can be filed on paper, but retailers may find it more convenient to file online through the ACH debit process: <https://www.ri.gov/taxation/business/index.php>

The annual sales and use tax reconciliation is separate from your quarterly or monthly sales and use tax return. There is no change to the schedule for making sales and use tax payments and for filing sales and use tax returns. So if you are a quarterly filer, for example, you will still file your quarterly sales tax return and make your quarterly sales tax payment.

- Your fourth-quarter payment and quarterly sales tax return are due January 31, 2013.
- If you're a monthly filer, December's payment and return are due January 22, 2013.

Changes to form

This year's annual reconciliation form includes a few changes. For example:

- Schedule A on page 2 is where to list gross sales. But it also sets aside lines for specific items, known as categories, that have been recently added to the overall list of items that are subject to the state's 7 percent sales and use tax -- such as pet-care services, taxi and certain other ground transportation services. (These specific lines are used by the Tax Division for internal accounting purposes.)
- There's a line on which to enter credit from the prior year. Use Line C3, on the cover of the form.
- Use Line C4, on the cover of the form, to enter sales tax paid to another state. (If, for example, you bought something from Massachusetts and paid that state's 6.25 percent sales tax, you owe Rhode Island the difference, of 0.75 percent in this example. Enter on Line C4 the amount of sales tax paid to the other state. But be sure to enter the full cost of the item on the back of the form, on Schedule A, Line 2.

(Continued on next page)

Frequently asked questions

Following are answers to some frequently asked questions regarding the annual sales and use tax reconciliation return.

Q: Do I still file a sales tax return for the month of December, or the quarterly return for the period ending December 31?

The annual reconciliation return is in addition to the sales tax return. They are two separate things. File the sales tax return by its normal due date by reporting the amount of sales tax due with payment. File the separate annual reconciliation by January 31. Remember: The Tax Division last year switched to an annual reconciliation instead of a quarterly reconciliation.

Q: What's the best starting point for working on the annual sales tax reconciliation form?

The Tax Division strongly recommends that you complete the back page first -- in other words, Schedules A and B -- before you complete the first page. (Some retailers last year started with the first page -- and wound up filing incomplete or erroneous turns.)

Q: I don't have any sales to enter on Schedule A's Line 1a through Line e.

That's okay. Many retailers will wind up entering a zero on Schedule A's Line 1a through Line 1e simply because they have had no sales of those particular goods or services -- but they will have sales to list on Schedule A, Line 1f.

Q: I received a sales tax annual reconciliation form -- but it's for retailers of alcoholic beverages.

The main sales tax annual reconciliation form is being mailed to about 28,500 retailers. A separate mailing is going to about 1,500 retailers who sell alcoholic beverages at retail -- including taverns, bars, liquor stores, and others. If you received the form for retailers of alcoholic beverages, (Form T-204A-Annual), please start with the second page, then complete the first page. In Schedule A, make sure you list on Line 1a only alcoholic beverage sales; put all other sales on Line 1b. (For instance, a liquor store would enter sales of beer and wine on Line 1a, sales of small bags of salty snacks on Line 1b.)

Q: Can I file my annual sales tax reconciliation online?

Yes. You may [use the state website to file your annual sales tax reconciliation online](#) if you are currently registered to use the website to make electronic payment of sales and use tax via the ACH debit option. If you're not registered, you can still sign up to create your own Rhode Island business tax electronic funds transfer (EFT) filing account. [Click here to start the registration process](#). The online filing feature is only for filers who choose the ACH debit option. You can use the online filing feature if you have a zero balance or balance due. If you have a balance due, the system will prompt you for payment. If you're due a refund, you can still use the online filing feature -- you'll be given a credit, to be applied against future sales tax obligations, but if you want a refund, you'll have to formally file for a refund using the Tax Division's [Claim for Refund form](#).

Q: What if I have more questions about the annual reconciliation?

Please call the Tax Division's Excise Tax section at (401) 574-8955 (select option 2).

Contact:

Neil Downing
Chief Revenue Agent
Rhode Island Division of Taxation
Neil.Downing@tax.ri.gov
(401) 574-8115