



WHAT IS THE “USE TAX”

Rhode Island followed the lead of several other states in enacting the Sales and Use Tax Act in 1947. Everyone is familiar with sales taxes. But many do not understand the “use tax” portion of this legislation.

Use taxes are often described as complementary to sales taxes. Use tax applies to purchases of goods from outside Rhode Island for storage, use or consumption in Rhode Island. The use tax puts in-state retailers on a level playing field with remote sellers.

Let’s assume you make a purchase of tangible personal property outside of Rhode Island’s taxing jurisdiction. The purchase might include (but is not limited to) items such as appliances, computers, books, cameras, jewelry, etc., (food and clothing are not taxable). If the purchase is destined for storage, use or consumption in Rhode Island, it is subject to the use tax.

The purchase could have occurred on a visit to a bordering state. A mail order or internet purchase could have been shipped directly to you. In any of these cases, if no sales tax was charged, you are required to pay use tax on the purchase.

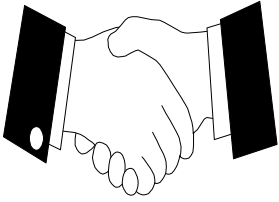
THE PROBLEM

The world has changed significantly since 1947. With ease of travel, purchases from neighboring states are an everyday event. Mail order and internet purchases have opened the world to us. When these transactions go untaxed, we are all affected. Look around and consider what your taxes provide. Schools, law enforcement, and healthcare are just some of the programs funded by sales and use taxes. We enjoy having these benefits. But remember, sales and use taxes help fund them.

In purchase transactions where no sales tax is charged, the use tax liability remains. It is up to each Rhode Island purchaser to pay the use tax they owe.

THE SOLUTION

Educating the public regarding its obligation to pay the use tax is the first step. Making it convenient to pay the use tax is the second step.

The Division of Taxation has made it easy for individuals to file and pay a consumer use tax. Individual consumers may pay the tax once a year when filing their personal income tax returns, by completing Form T-205P which is part of the resident individual income tax booklet. By using this form you can report all use tax due when filing your personal income tax download Form T-205 from this  for the prior calendar year and pay it return due April 15th. You can also website.

Please report all purchases of outside the State of Rhode Island for Rhode Island. By paying the use tax purchases, you do *your* part. People of conscience with a common purpose are capable of great things. tangible personal property purchased storage, use or consumption within on your untaxed out-of-state

START BY DOING YOUR PART TODAY!