

State of Rhode Island and Providence Plantations  
Rhode Island Department of Revenue  
Division of Taxation

**Public Notice of Proposed Rule-Making**

**RULE IDENTIFIER: ERLID 226**

**REGULATION TITLE: Use Tax on Items Purchased from Out-of-State Suppliers ---Due Date of Tax**

**TIMETABLE FOR ACTION ON THE PROPOSED RULE:**

Public Notice Date: February 14, 2018

End of Comment Period Date: March 17, 2018

Pursuant to the provisions of R.I. Gen. Laws § 42-35-2(a)(1), and in accordance with the Administrative Procedures Act, R.I. Gen. Laws Chapter 42-35, the Division of Taxation hereby gives notice of its intent to repeal a regulation regarding Use Tax on Items Purchased from Out-of-State Suppliers ---Due Date of Tax.

The proposed regulation and concise summary of non-technical requirements and proposed new rules are available for public inspection at [www.tax.ri.gov](http://www.tax.ri.gov), in person at the Rhode Island Division of Taxation, or requested by e-mail at [Michael.Taylor@tax.ri.gov](mailto:Michael.Taylor@tax.ri.gov) or by calling Michael Taylor at (401) 574-8930.

In the development of the proposed regulation, consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) whether the regulation, in and of itself, would have significant economic impact on small businesses. No alternative approach, duplication, or overlap was identified based upon available information.

All interested parties are invited to submit written or oral comments concerning the proposed regulations by Thursday, March 16, 2018 to Michael Taylor, Rhode Island Division of Taxation, One Capitol Hill, Providence, RI – telephone number (401) 574-8930 or via e-mail at [Michael.Taylor@tax.ri.gov](mailto:Michael.Taylor@tax.ri.gov).

This rule is not expected to be controversial and shall be submitted as a direct final rule pursuant to R.I. Gen. Laws § 42-35-2.11. The proposed rule takes effect thirty (30) days after publication if no objection is received. If no objection is received, the rule becomes final. If an objection to the rule is received from any person not later than thirty (30) days after publication of the notice of the proposed rule, the proposed rule does not become final.

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Concise summary of all non-technical requirements pursuant to R.I. Gen. Laws § 42-35-2(a)(1) for rules and regulations regarding Use Tax on Items Purchased from Out-of-State Suppliers ---Due Date of Tax.

The purpose of this regulation is repeal the regulation regarding Use Tax on Items Purchased from Out-of-State Suppliers ---Due Date of Tax. **This regulation shall take effect March 17, 2018.**

State of Rhode Island—Division of Taxation

Sales and Use Tax

Regulation SU 87-113

Use Tax on Items Purchased from Out-of-State Suppliers—Due Date of Tax

Section 44-18-20 imposes an excise tax on the "storage, use, or other consumption in this state of tangible personal property. . ."

Unlike liability for the sales tax, which the retailer is obliged to pay to the state on or before the 20th day of the month following the month in which the sales are made, liability for the use tax does not arise until a certain event occurs—that is, until the property which has been purchased outside of Rhode Island is stored, used, or otherwise consumed in this state. Accordingly, in considering USE TAX liability, just how and when such property is paid for by the purchaser is not controlling.

(A) Completed items (e.g. a milling machine, lathe, television set, washing machine, etc.) are used or stored in Rhode Island by the local purchaser thereof upon their delivery into this state. The use tax on such items must therefore be paid on or before the 20th day of the month following the month during which such delivery occurs.

When several completed items have been purchased at the same time from an out-of-state supplier, regardless of how payment therefor is made, and where the cost of each such completed item is either designated or can be determined, and where such items are delivered into Rhode Island at various times over a period of months, then the use tax must be paid by the 20th day of the month following the respective months during which such items were successively delivered into this state. Each such item is regarded as a separate unit.

(B) Uncompleted items usually consist of various component parts delivered into Rhode Island and thereafter assembled before the local purchaser thereof can store, use, or otherwise consume such fully assembled item.

Therefore, regardless of the date of purchase and of the terms for payment, the purchaser would not be obliged to pay the use tax until the 20th day of the month following the month during which delivery into this state of the final shipment of the component parts and completion of the assembly, erection or installation of the machinery or equipment is made.

R. GARY CLARK

TAX ADMINISTRATOR

DATE: May 1, 1987