

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

Public Notice of Proposed Rule-Making

RULE IDENTIFIER: ERLID 317

REGULATION TITLE: Returned Merchandise

TIMETABLE FOR ACTION ON THE PROPOSED RULE:

Public Notice Date: February 15, 2018

End of Comment Period Date: March 18, 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 Returned Merchandise.

The proposed regulation and concise summary of non-technical requirements and proposed new rules are available for public inspection at www.tax.ri.gov, in person at the Rhode Island Division of Taxation, or requested by e-mail at 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 March 18, 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.

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 Returned Merchandise.

The purpose of this regulation is repeal the regulation regarding Returned Merchandise.
This regulation shall take effect March 18, 2018.

State of Rhode Island—Division of Taxation

Sales and Use Tax

Regulation SU 87-96

Returned Merchandise

The amount upon which tax is computed does not include the amount charged for merchandise returned by customers upon rescission of the contract of sale if the full sale price, exclusive of handling charges paid therefor, is refunded either in cash or credit and the property is returned within 120 days from the date of sale or purchase. A deduction may, accordingly, be taken for returned merchandise, if the following conditions are fulfilled:

- (1) The sale is rescinded under the terms of the sale agreement, as in the case of a sale on trial, on satisfaction, on sale or return, or similar terms or pursuant to the election of the customer as in the case of a breach of warranty, and
- (2) The full sale price, including that portion designated to be on account of "sales tax," exclusive of handling charges paid therefor, is refunded or credited to the customer, and
- (3) The merchandise is returned within 120 days from the date of sale or purchase.

The term "returned merchandise" does not include repossession or recapture of merchandise by legal process, abandonment of contract, voluntary surrender of goods without entire refund or full credit for amount paid, or goods accepted in trade or barter.

R. GARY CLARK

TAX ADMINISTRATOR

DATE: May 1, 1987