

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

Public Notice of Proposed Rule-Making

RULE IDENTIFIER: ERLID 247

REGULATION TITLE: Damaged Goods

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 Damaged Goods.

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 Damaged Goods.

The purpose of this regulation is repeal the regulation regarding Damaged Goods. **This regulation shall take effect March 18, 2018.**

State of Rhode Island—Division of Taxation

Sales and Use Tax

Regulation SU 87-31

Damaged Goods

Sales Tax

If damage to goods in transit to the consumer occurs after the "sale" as defined in Section 44-18-7, General Laws 1956, as amended, is made, sales tax applies to the sale. If the damage occurs before the sale, sales tax applies as follows:

(a) If the goods are destroyed, tax does not apply to damages paid the retailer for their destruction.

(b) If the goods are not destroyed, and are sold at retail in their damaged condition, tax applies to that portion of the total amount paid to the retailer representing the price paid for the goods in their damaged condition.

Use Tax

Use tax does not apply with respect to goods destroyed before the purchaser makes any storage or use of the goods in this state. If the goods are damaged but are nevertheless stored or used in this state by the purchaser, tax applies to the total amount paid to the retailer.

R. GARY CLARK

TAX ADMINISTRATOR

DATE: May 1, 1987