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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO TAXATION - SALES AND USE TAXES - LIABILITY AND  
COMPUTATION

Introduced By: Senator V. Susan Sosnowski

Date Introduced: January 24, 2012

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-18-12 of the General Laws in Chapter 44-18 entitled "Sales and  
2 Use Taxes - Liability and Computation" is hereby amended to read as follows:

3 **44-18-12. "Sale price" defined.** -- (a) "Sales price" applies to the measure subject to  
4 sales tax and means the total amount of consideration, including cash, credit, property, and  
5 services, for which personal property or services are sold, leased, or rented, valued in money,  
6 whether received in money or otherwise, without any deduction for the following:

7 (i) The seller's cost of the property sold;

8 (ii) The cost of materials used, labor or service cost, interest, losses, all costs of  
9 transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;

10 (iii) Charges by the seller for any services necessary to complete the sale, other than  
11 delivery and installation charges;

12 (iv) Delivery charges, as defined in section 44-18-7.1(i);

13 (v) Credit for any trade-in, as determined by state law;

14 (vi) The amount charged for package tour and scenic and sightseeing transportation  
15 services; or

16 (b) "Sales price" shall not include:

17 (i) Discounts, including cash, term, or coupons that are not reimbursed by a third party  
18 that are allowed by a seller and taken by a purchaser on a sale;

1           (ii) The amount charged for labor or services, except for package tours and scenic and  
2 sightseeing transportation services, rendered in installing or applying the property sold when the  
3 charge is separately stated by the retailer to the purchaser; provided that in transactions subject to  
4 the provisions of this chapter the retailer shall separately state such charge when requested by the  
5 purchaser and, further, the failure to separately state such charge when requested may be  
6 restrained in the same manner as other unlawful acts or practices prescribed in chapter 13.1 of  
7 title 6.

8           (iii) Interest, financing, and carrying charges from credit extended on the sale of personal  
9 property or services, if the amount is separately stated on the invoice, bill of sale or similar  
10 document given to the purchaser; and

11           (iv) Any taxes legally imposed directly on the consumer that are separately stated on the  
12 invoice, bill of sale or similar document given to the purchaser.

13           (v) Manufacturer rebates allowed on the sale of motor vehicles.

14           (vi) [Consideration received by the retailer from the service provider in relation to the](#)  
15 [sale of the agreement for cellular telephone service.](#)

16           (c) "Sales price" shall include consideration received by the seller from third parties if:

17           (i) The seller actually receives consideration from a party other than the purchaser and  
18 the consideration is directly related to a price reduction or discount on the sale;

19           (ii) The seller has an obligation to pass the price reduction or discount through to the  
20 purchaser;

21           (iii) The amount of the consideration attributable to the sale is fixed and determinable by  
22 the seller at the time of the sale of the item to the purchaser; and

23           (iv) One of the following criteria is met:

24           (A) The purchaser presents a coupon, certificate or other documentation to the seller to  
25 claim a price reduction or discount where the coupon, certificate or documentation is authorized,  
26 distributed or granted by a third party with the understanding that the third party will reimburse  
27 any seller to whom the coupon, certificate or documentation is presented;

28           (B) The purchaser identifies himself or herself to the seller as a member of a group or  
29 organization entitled to a price reduction or discount (a "preferred customer" card that is available  
30 to any patron does not constitute membership in such a group), or

31           (C) The price reduction or discount is identified as a third party price reduction or  
32 discount on the invoice received by the purchaser or on a coupon, certificate or other  
33 documentation presented by the purchaser.

1 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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1           This act would provide that the sale price of a service agreement for cellular telephone  
2 service subject to the sales tax would not include consideration received by a cell phone retailer  
3 from a service provider.

4           This act would take effect upon passage.

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