

2017 -- H 5247

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO TAXATION - SALES AND USE TAXES

Introduced By: Representatives Phillips, Marshall, Bennett, Costantino, and Lima

Date Introduced: January 26, 2017

Referred To: House 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.**

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

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

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

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

13 (iv) Delivery charges, as defined in § 44-18-7.1(i); provided, that effective January 1,  
14 2018, delivery charges shall not be subject to a sales or use tax, and shall not be used to calculate  
15 the sales price for purposes of collecting a sales or use tax;

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

17 (vi) The amount charged for services, as defined in § 44-18-7.3.

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

19 (i) Discounts, including cash, term, or coupons that are not reimbursed by a third party

1 that are allowed by a seller and taken by a purchaser on a sale;

2 (ii) The amount charged for labor or services rendered in installing or applying the  
3 property sold when the charge is separately stated by the retailer to the purchaser; provided that in  
4 transactions subject to the provisions of this chapter the retailer shall separately state such charge  
5 when requested by the purchaser and, further, the failure to separately state such charge when  
6 requested may be restrained in the same manner as other unlawful acts or practices prescribed in  
7 chapter 13.1 of 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 (c) "Sales price" shall include consideration received by the seller from third parties if:

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

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

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

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

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

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

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

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION - SALES AND USE TAXES

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1           This act would provide that effective January 1, 2018, delivery charges would not be  
2 subject to either a sales or use tax.

3           This act would take effect upon passage.

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