

2010 -- H 7847

LC02047

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

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

Introduced By: Representatives Sullivan, and Winfield

Date Introduced: March 02, 2010

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.** -- (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); or

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

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

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

17 (ii) The amount charged for labor or services rendered in installing or applying the
18 property sold when the charge is separately stated by the retailer to the purchaser; provided that in

1 transactions subject to the provisions of this chapter the retailer shall separately state such charge
2 when requested by the purchaser and, further, the failure to separately state such charge when
3 requested may be restrained in the same manner as other unlawful acts or practices prescribed in
4 chapter 13.1 of title 6.

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

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

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

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

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

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

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

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

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

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

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

29 (d) The provisions of this section shall not apply to equal exchanges of property, or in
30 instances where the retailer knows that sales taxes have been paid on an item that is returned or
31 exchanged.

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 exempt from the definition of "sales price" items of equal exchange or
- 2 items that have been returned or exchanged if the retailer knows sales taxes have been paid.
- 3 This act would take effect upon passage.

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