

State of Rhode Island and Providence Plantations

Rhode Island Department of Revenue

Division of Taxation

Public Notice of Proposed Rule-Making

Pursuant to the provisions of 42-35-3(a)(1) of the General Laws of Rhode Island, and in accordance with the Administrative Procedures Act Chapter 42-35 of the General Laws, the Division of Taxation hereby gives notice of its intent to issue a regulation regarding pet care services (except veterinary and testing laboratories services).

The purpose of this regulation is to implement Rhode Island General Laws (RIGL) Chapters 44-18 and 44-19. Specifically, Section 44-18-7(16) that, effective October 1, 2012, imposes sales and use tax on services as provided in RIGL § 44-18-7.3, which includes pet care services (except veterinary and testing laboratories services). This regulation shall take effect October 1, 2012.

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.Canole@tax.ri.gov or by calling Michael Canole at (401) 574-8729.

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 business. 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 August 23, 2012 to Michael Canole, Rhode Island Division of Taxation, One Capitol Hill, Providence, RI – telephone number (401) 574-8729 or via e-mail at Michael.Canole@tax.ri.gov. A public hearing to consider the proposed regulation will be held on August 23, 2012, at 9:30 am, at the Rhode Island Division of Taxation, One Capitol Hill, Providence, RI, at which time and place all persons interested therein will be heard. The room is accessible to the disabled and interpreter services for the hearing impaired will be provided if requested 48 hours prior to the hearing. Requests for this service can be made in writing to Michael Canole at the Rhode Island Division of Taxation, One Capitol Hill, Providence, RI 02908 or by calling (401) 574-8729.

Rhode Island Department of Revenue

Division of Taxation

Concise Summary of ALL Non-technical requirements pursuant to RIGL Section 42-35-3(a)(1) for Rules and Regulation regarding pet care services (except veterinary and testing laboratories services).

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State of Rhode Island – Division of Taxation

Sales and Use Tax

Regulation SU 12-152

Pet Care Services (Except Veterinary and Testing Laboratories Services)

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RULE 1 PURPOSE

This regulation implements Rhode Island General Laws (RIGL) Chapters 44-18 and 44-19. These Chapters provide for Sales and Use Taxes Liability and Computation, and Sales and Use Taxes Enforcement and Collection, in regard to taxation of pet care services (except veterinary and testing laboratories services).

RULE 2 AUTHORITY

This regulation is promulgated pursuant to RIGL Chapters 44-18 and 44-19 as amended. These rules have been prepared in accordance with the requirements of RIGL §§ 44-1-1 et seq. and 44-19-33.

RULE 3 APPLICATION

The terms and provisions of these rules and regulations shall be liberally construed to permit the Department of Revenue to effectuate the purposes of RIGL Chapters 44-18 and 44-19 and other applicable state laws and regulations.

RULE 4 SEVERABILITY

If any provision of these rules and regulations or the application thereof to any person or circumstances is held invalid by a court of competent jurisdiction, the validity of the remainder of the rules and regulations shall not be affected thereby.

RULE 5 DEFINITIONS

“Person” means and includes any individual, partnership, association, corporation, estate, trust, fiduciary, limited liability company, limited liability partnership or any other legal entity.

“Pet care services (except veterinary and testing laboratories services)” means establishments engaged in providing pet care services (except veterinary and testing laboratories services), including but not limited to boarding, grooming, sitting, and training pets.

“Services” means all activities engaged in for other persons for a fee, retainer, commission, or other monetary charge, which activities involve the performance of a service in this state as distinguished from selling property. In determining what is a service, the intended use, principal objective or ultimate objective of the contracting parties shall not be controlling. For the purposes of this rule, services rendered by an employee for his employer are not taxable.

RULE 6 TAXATION OF PET CARE SERVICES (EXCEPT VETERINARY AND TESTING LABORATORIES SERVICES)

(a) For the period commencing October 1, 2012 sales and use tax at the rate as provided in RIGL §§ 44-18-18 and 44-18-20 is imposed on receipts from the sale of pet care services (except veterinary and testing laboratories services) provided in this state.

(b) Any person furnishing pet care services (except veterinary and testing laboratories services) in this state is a retailer as provided in RIGL §44-18-15, and is required to register with the Tax Administrator and to charge, collect, and remit Rhode Island sales and use tax.

Example 1:

An individual purchases the following pet care and veterinary services:

<u>Medical procedure for pet</u>	<u>\$1,000.00</u>
<u>Overnight stay for observation in conjunction with medical procedure</u>	<u>200.00</u>
<u>Shampoo</u>	<u>50.00*</u>
<u>Nail clipping</u>	<u>10.00*</u>
<u>Sub total</u>	<u>1,260.00</u>
<u>Sales Tax (* items subject to sales tax)</u>	<u>4.20</u>
<u>Total</u>	<u>\$1,264.20</u>

Example 2:

A family goes on vacation and purchases the following pet care services:

<u>Overnight stay for one week</u>	<u>500.00*</u>
<u>Shampoo</u>	<u>50.00*</u>
<u>Nail clipping</u>	<u>10.00*</u>
<u>Sub total</u>	<u>560.00</u>
<u>Sales Tax (* items subject to sales tax)</u>	<u>39.20</u>
<u>Total</u>	<u>\$599.20</u>

RULE 7 EFFECTIVE DATE

This regulation shall take effect on October 1, 2012.

David M. Sullivan
Tax Administrator