

# **State Of Rhode Island – Division Of Taxation**

## **Sales and Use Tax**

### **Regulation SU 03-69**

#### **Motor Vehicles – Payment of Tax as Prerequisite to Registration**

Each person before obtaining an original or transfer registration for any article or commodity in this state, which article or commodity is required to be licensed or registered in the state, shall furnish evidence satisfactory to the Tax Administrator that any tax due has been paid. The sales or use tax on any motor vehicle and/or recreational vehicle requiring registration by the Registry of Motor Vehicles shall not be added by the retailer to the sale price or charge but shall be paid directly by the purchaser to the Tax Administrator.

A. Retailers making sales of vehicles not requiring registration by the Registry of Motor Vehicles, for example, farm tractors, construction vehicles, trail bikes, motor bikes, etc., are required to add and collect the tax.

Prior to registration the sales transaction and purported use have to be segregated into one of the following three categories.

- (1) Sales made by Rhode Island motor vehicle dealers.
- (2) Sales made by persons other than a Rhode Island motor vehicle dealer.
- (3) Purchases of motor vehicles for exempt use irrespective of from whom purchased.

B. Sales made by Rhode Island Motor Vehicle Dealers

- (1) Registration requirements for dealers are the same as for any retailer.
- (2) Although the dealer cannot add the tax to the sales price except when required on a sale to a nonresident (re: Regulation SU 90-131), the monthly return filing requirements are the same as any other retailer except the dealer may deduct the amount of gross receipts derived from sales of motor vehicles from the total gross receipts, provided, the dealer can substantiate these amounts as mentioned below.
- (3) Each dealer at the time a motor vehicle is sold prepares the details of the sales transaction on such form as the Tax Administrator may prescribe. The presently prescribed multiple four-part form is entitled "Dealer's Statement of Sale-Motor Vehicle, Purchaser's Tax Return (T-336-1)." The Tax Administrator requires the signatures of the purchaser and the dealer or his or her authorized agent.
- (4) The first two copies are given to the purchaser by the dealer for presentation with motor vehicle registration forms at the Registry of Motor Vehicles.

(5) The Division of Taxation's copy is then submitted with the dealer's quarterly reconciliation sales and use tax return. The total sales prices of all individual copies submitted must equal the deduction amount taken for sales of motor vehicles. The dealer maintains the final copy with its records.

(6) Forms have to be prepared for all sales including those sales to other motor vehicle dealers which are considered sales for resale and those sales to bona fide nonresidents whether taxable or not.

NOTE: When a dealer is required to collect tax from a nonresident, refer to Regulation SU 03-131 for procedures relating to paragraphs (4) and (5) above.

#### C. Out-of-State Motor Vehicle Dealer Sales

(1) The use tax applies to the sale price of automobiles delivered at a factory or place of business in another state for use in this state. The sale price in this case is the amount actually agreed to be paid for the goods even though such amount is less than the list price at a Rhode Island seller's place of business. If the sales contract is entered into with a Rhode Island automobile dealer, under the law the purchaser must nevertheless pay the sales or use tax due directly to the Tax Administrator or his/her agent.

(2) If the automobile is purchased directly from the factory or dealer in another state or from any other person for use in this state, the purchaser must make payment of the tax to the Tax Administrator or his/her agent as a condition precedent to obtaining a registration for the motor vehicle.

(3) The purchaser shall prepare a Use Tax Return-Motor Vehicles form (T-334-1) for presentation with motor vehicle registration forms at the Registry of Motor Vehicles.

(4) A bill of sale or copy thereof substantiating the selling price must also be shown.

#### D. Purchases Exempt from the Tax

(1) A Sales or Use Tax Exemption Certificate -- Motor Vehicles (Form T-333-1) shall be prepared and all reasons for claimed exemption shall be stated.

(2) The Exemption Certificate with any affidavit form or other substantiating data required by the Tax Administrator must be presented with motor vehicle registration forms at the Registry of Motor Vehicles.

Any tax form or exemption form presented at the Registry of Motor Vehicles must be approved by the Tax Administrator or his/her authorized representative prior to the issuance of a motor vehicle registration.

R. GARY CLARK  
TAX ADMINISTRATOR

EFFECTIVE: JANUARY 1, 2003

CROSS REFERENCE: SU 03-131

THIS REGULATION AMENDS AND SUPERCEDES REGULATION SU 90-69  
PROMULGATED DECEMBER 31, 1990.