

# **State of Rhode Island - Division of Taxation**

## **Sales and Use Tax**

### **Regulation SU 87-29**

#### **Credit Against the Rhode Island Use Tax for Sales or Use Tax Paid in Another Taxing Jurisdiction**

A taxpayer, when computing the use tax due on an article brought into Rhode Island for use, storage or other consumption therein, may credit the amount of the sales or use tax which he or she was lawfully obligation to pay and paid in another taxing jurisdiction on such article.

Section 44-18-20 imposes the Rhode Island use tax on the storage, use or other consumption in this state of tangible personal property purchased from a retailer. The tax is also imposed on casual sales or motor vehicles, boats, airplanes, and trailers.

Liability for the use tax on tangible personal property purchased outside Rhode Island arises at the time such property is first stored, used or consumed in this state.

Even though liability for the tax on such use, storage or consumption of property purchased outside Rhode Island accrues at the time aforesaid, payment of said tax is not required to be made until the 20th day of the month following the month during which such use, storage or consumption first occurred.

In considering the imposition of the Rhode Island use tax, the significant factor is the date the property is first used, stored or consumed in Rhode Island, and not the date of its purchase outside this state or the due date for the payment of such tax.

Before any person who is liable for the payment of the Rhode Island use tax can claim a credit for any sales or use tax paid in another taxing jurisdiction, he or she must produce proof of the payment of such tax in the other jurisdiction.

Accordingly, as evidence of such payment, the taxpayer is required to show to the Tax Administrator or to his representative either the original invoice or a duplicate copy thereof, describing the article purchased, the selling price thereof, the amount of the sales or use tax paid thereon, the date of purchase, the name and address of the seller and the seller's sales tax permit number, and the name and address of the purchaser. The invoice or copy must show that payment of the tax by the purchaser has been duly receipted for by the seller.

Where, due to the nature of the item purchased from a retailer (e.g. a motor vehicle) or because of a taxable casual sale having been made (e.g. an airplane, boat, trailer or motor vehicle), the purchaser is required to pay the sales or use tax imposed by another taxing jurisdiction directly to the Tax Division or other governmental agency of the jurisdiction, the receipt issued by such division or agency showing payment of the tax on the item and the bill of sale therefore must be presented to the Tax Administrator or his representative before any credit for tax payment can be claimed.

It is emphasized that no such credit can be claimed unless the sales or use tax imposed in another taxing jurisdiction has actually been paid by the purchaser and the purchaser was lawfully obligated to pay such tax in the other taxing jurisdiction prior to the inception of his obligation to this state.

R. GARY CLARK  
TAX ADMINISTRATOR

DATE: May 1, 1987