

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

## **Sales and Use Tax**

### **Regulation SU 89-91**

#### **Records**

Each retailer as defined in the act shall keep adequate and complete records of his or her business in this state showing:

1. The gross receipts from the sales of tangible personal property including both taxable and nontaxable items and any services that are part of a sale.
2. All deductions allowed by law and claimed in filing returns.
3. Total purchase price of all tangible personal property purchased for resale and the total purchase price of all such property purchased for use or consumption in this state.

These records must include the normal books of account ordinarily maintained by the average prudent business person engaged in the activity in question, together with all bills, receipts, invoices, cash register tapes, magnetic tapes, hard or "floppy" discs or other media, or other documents of original entry supporting the entries in the books of account as well as all schedules or working papers used in connection with the preparation of tax returns.

Failure to maintain such records will be considered evidence of negligence or intent to evade the tax, and will result in the imposition of appropriate penalties.

Records based on any of the above media must be maintained for state Tax Division audits for a period of at least three years unless the destruction or other disposal of the same shall be authorized by the Tax Administrator or his/her authorized representative in writing.

Microfilm, Microfiche, or Other Automated EDP Media Records -- Microfilm reproductions, microfiche reproductions, or other automated EDP media such as magnetic tapes or hard or "floppy" discs, reproductions of general books of account, such as cash books, journals, voucher registers, ledgers, sales invoices, purchase invoices, credit memoranda, etc., are acceptable in lieu of original records, providing the following conditions are met:

1. Taxpayers must set forth in writing the procedures governing the establishment of a microfilm system, and the individuals who are responsible for maintaining and operating the microfilm system with appropriate authorization from the Board of Directors, general partner(s), or owner, whichever is applicable.
2. The microfilm system must be complete and must be used consistently in the regularly conducted activity of the business.
3. Taxpayers must establish procedures with appropriate documentation so the original document can be followed through the micrographic system.
4. Taxpayers must establish internal procedures for inspection and quality assurance.
5. Taxpayers are responsible for the effective identification, processing, storage, and preservation of microfilm, making it readily available for as long as the contents may become

material in the administration of the sales/use tax law.

6. Taxpayers must keep a record of where, when, by whom, and on what equipment the microfilm was produced.

7. When displayed on a microfilm reader (viewer) or reproduced on paper, the material must exhibit a high degree of legibility and readability. For this purpose, legibility is defined as the quality of a letter or numeral that enables the observer to identify it positively and quickly to the exclusion of all other letters or numerals. Readability is defined as the quality of a group of letters or numerals being recognizable as words or complete numbers.

8. A detailed index of all microfilmed data must be maintained and arranged in a manner that permits the immediate location of any particular record.

9. All microfilming and processing duplication, quality control, storage, identification, and inspection must meet industry standards as set forth by the American National Standards Institute, National Micrographics Association, or National Bureau of Standards.

10. The taxpayer must make available upon the Division of Taxation's request a reader/printer in good working order at the examination site for reading, locating, and reproducing any record maintained on microfilm.

R. GARY CLARK  
TAX ADMINISTRATOR

DATE FILED: December 6, 1989

EFFECTIVE DATE: December 31, 1989

THIS REGULATION AMENDS AND SUPERSEDES REGULATION SU 87-91  
PROMULGATED MAY 1, 1987.