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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

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

Introduced By: Representatives Kennedy, Williams, San Bento, E Coderre, and Lally

Date Introduced: February 16, 2012

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-18 of the General Laws entitled "Sales and Use Taxes -  
2 Liability and Computation" is hereby amended by adding thereto the following section:

3 **44-18-12.2. Gratuities pre-tax calculation. --** (a) In instances where a gratuity is a  
4 predetermined percentage, this percentage shall be calculated upon the total amount of sales, prior  
5 to the addition of any applicable taxes.

6 (b) Each food retailer or establishment shall separately indicate upon the invoice or  
7 receipt the total amount of sales for food and beverages, including, service charges, surcharges,  
8 and all other costs, excluding any applicable taxes, this amount shall be the pre-tax total.

9 (c) The pre-tax total shall be the basis upon which the gratuity shall be calculated.

10 (d) No consumer or retail customer shall pay sales tax on a predetermined gratuity.

11 (e) All applicable sales taxes shall be calculated on the pre-tax total as defined in this  
12 section.

13 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 provide that in instances where a gratuity is a predetermined percentage,  
2 this percentage shall be calculated upon the total amount of sales, prior to the addition of any  
3 applicable taxes.

4           This act would take effect upon passage.

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