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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

Introduced By: Representatives Newberry, Marcello, Edwards, Reilly, and Morgan

Date Introduced: February 28, 2012

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-18-12 of the General Laws in Chapter 44-18 entitled "Sales and
2 Use Taxes - Liability and Computation" is hereby amended to read as follows:

3 **44-18-12. "Sale price" defined.** -- (a) "Sales price" applies to the measure subject to
4 sales tax and means the total amount of consideration, including cash, credit, property, and
5 services, for which personal property or services are sold, leased, or rented, valued in money,
6 whether received in money or otherwise, without any deduction for the following:

- 7 (i) The seller's cost of the property sold;
- 8 (ii) The cost of materials used, labor or service cost, interest, losses, all costs of
9 transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;
- 10 (iii) Charges by the seller for any services necessary to complete the sale, other than
11 delivery and installation charges;
- 12 (iv) Delivery charges, as defined in section 44-18-7.1(i);
- 13 (v) Credit for any trade-in, as determined by state law;
- 14 (vi) The amount charged for package tour and scenic and sightseeing transportation
15 services; or

16 (b) "Sales price" shall not include:

- 17 (i) Discounts, including cash, term, or coupons that are not reimbursed by a third party
18 that are allowed by a seller and taken by a purchaser on a sale;
- 19 (ii) The amount charged for labor or services, except for package tours and scenic and

1 sightseeing transportation services, rendered in installing or applying the property sold when the
2 charge is separately stated by the retailer to the purchaser; provided that in transactions subject to
3 the provisions of this chapter the retailer shall separately state such charge when requested by the
4 purchaser and, further, the failure to separately state such charge when requested may be
5 restrained in the same manner as other unlawful acts or practices prescribed in chapter 13.1 of
6 title 6:

7 (iii) Interest, financing, and carrying charges from credit extended on the sale of personal
8 property or services, if the amount is separately stated on the invoice, bill of sale or similar
9 document given to the purchaser; and

10 (iv) Any taxes legally imposed directly on the consumer that are separately stated on the
11 invoice, bill of sale or similar document given to the purchaser;

12 (v) Manufacturer rebates allowed on the sale of motor vehicles; and

13 (vi) Consideration received by a retailer from a service provider in relation to the sale of a
14 service agreement for cellular, mobile, or other wireless telephone.

15 (c) "Sales price" shall include consideration received by the seller from third parties if:

16 (i) The seller actually receives consideration from a party other than the purchaser and
17 the consideration is directly related to a price reduction or discount on the sale;

18 (ii) The seller has an obligation to pass the price reduction or discount through to the
19 purchaser;

20 (iii) The amount of the consideration attributable to the sale is fixed and determinable by
21 the seller at the time of the sale of the item to the purchaser; and

22 (iv) One of the following criteria is met:

23 (A) The purchaser presents a coupon, certificate or other documentation to the seller to
24 claim a price reduction or discount where the coupon, certificate or documentation is authorized,
25 distributed or granted by a third party with the understanding that the third party will reimburse
26 any seller to whom the coupon, certificate or documentation is presented;

27 (B) The purchaser identifies himself or herself to the seller as a member of a group or
28 organization entitled to a price reduction or discount (a "preferred customer" card that is available
29 to any patron does not constitute membership in such a group), or

30 (C) The price reduction or discount is identified as a third party price reduction or
31 discount on the invoice received by the purchaser or on a coupon, certificate or other
32 documentation presented by the purchaser.

1 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 a sale price for purposes of computing sales tax would not
2 include consideration received by a retailer from a service provider in relation to the sale of a
3 service agreement for cellular, mobile, or wireless telephones.

4 This act would take effect upon passage.

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