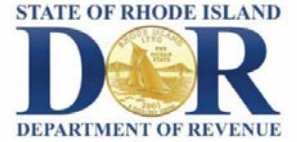




May 2023 REC Follow-Up

May 4th, 2022



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QUESTION 34, page 75: Real Estate Conveyance Tax

Revenue Estimating Question: Q34

Issue raised: Can you discuss the \$880,000 that has been paid in Real Estate Conveyance Tax that is not yet reconciled

Division of Taxation Response:

We are missing returns from 9 Cities/Towns, of which 3 are missing returns for more than one period. The amount of real estate conveyance tax without matched returns has decreased \$422,288 as of today and we are unable at this time to determine how much of that will cause the Housing Production Fund to increase. It will not impact the Acquired Real Estate Conveyance Tax amount.

The Real Estate Conveyance payments are received and once the returns are filed, the tax liability for real estate conveyance, mobile home, and Housing Production fund is established. The payments are then allocated to each of the taxes based on the return's line items, including the allocation to the Housing Production Fund. As a result, any money received for which there is no return has not been allocated and is currently reflected in the Real Estate Conveyance GL.

With respect to this question, the Acquired Real Estate GL figure will not increase once these returns are received, as these returns only impact the Real Estate Conveyance Tax. However, the Housing Production fund may increase, based on the returns, if sales of a property exceeded the \$800,000 cap.

QUESTION 41, page 94: Rebuild RI Sales Tax Refunds

Revenue Estimating Question: Q41

Issue raised: How are sales tax payments accounted for on the PIT/SALES/Corp report if they are part of the Rebuild RI program?

Division of Taxation Response:

Upon approval, Sales tax refunds under the Rebuild RI project are paid out of the (Division of Taxation) Sales Tax GL and reflected as such in the PIT/SALES/Corp report. Twice a year (January & July), the aggregate amount of these refunds issued since the last requisition is requisitioned from the Commerce Corp/Rebuild RI fund and deposited into the (Division of Taxation) Sales Tax GL.

Rebuild Requisition Process

Requisitions are processed twice a year.

- In January for Rebuild activity that occurred during the prior six-month period of July 1 through December 31
- In July for Rebuild activity that occurred during the prior six-month period of January 1 through June 30
- Taxation sends a requisition to Commerce on January 25 and July 25 depending on the time of year

Each requisition is comprised of:

- Reviewed and confirmed Rebuild tax credit usage on tax returns;
- Rebuild sales and use tax redemptions requests paid during the prior six-month period;
- Rebuild tax credit certificate redemption requests made during the prior six-month period.

Pursuant to the statute, regulation and/or MOU between Taxation and Commerce:

- Rebuild sales and use tax redemption requests are paid within fourteen days of receipt;
- Rebuild tax credit certificate redemption requests are subject to annual appropriation and are paid after Taxation receives funding from Commerce in response to Taxation's requisition.



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When the Rebuild requisition funds are received:

- Tax return usage - deposited into the tax type specified on the requisition;
- Rebuild sales and use tax redemptions - post into deposits and will appear on the PIT/Sales/Corp report under Total Sales Receipts (the refund was paid out of the sales and use tax GL account and appeared in Refunds in PIT/Sales/Corp report in the month the refund occurred);
- Rebuild tax credit certificate redemption – deposited into the Rebuild GL and not appear in PIT/Sales/Corp.