

Nonprofit Notes

Rhode Island Sales Tax Exemption: Critical Deadline Alert for Nonprofits

By Kerri Rawcliffe, Partner and Lou Pastina, Director

The Rhode Island Division of Taxation (Division of Taxation) recently issued a statement reminding nonprofit organizations to review their sales tax exemption certificates – a requirement that has caught many off guard. Since 2017 legislation introduced a four-year renewal cycle (previously certificates did not expire), prompting the Division to issue this alert. Some are still under the impression that the exemption is still permanent like it used to be and has not changed to a 4 year renewal process. For eligible organizations, maintaining this exemption can deliver significant savings – but only if certificates are renewed on time

Who Qualifies for the Exemption?

Rhode Island exempts certain purchases made by nonprofits that have received a Certificate of Exemption (Form ST-2). Organizations that typically qualify include:

- 501(c)(3) public charities
- Religious, educational, and scientific institutions
- Other exempt organizations as defined under R.I. Gen. Laws § 44-18-30(5)

What's Covered and What's Not

The exemption applies to tangible personal property and qualifying services purchased directly by the organization in relation to its tax-exempt mission, such as:

- Office supplies, equipment, and technology
- Utilities and communication services
- Certain construction and repair services
- Event expenses related to charitable programming

Important Note: This exemption does not apply to sales made by the nonprofit. Organizations still need to collect and remit sales tax on taxable goods and services they sell to others.

Why Timely Renewal Matters

Prior to 2017, exemption certificates in Rhode Island did not expire. Post 2017, legislation introduced a four-year expiration cycle. If the organization fails to renew on time, this can result in:

- Sales tax being charged on major purchases or recurring services
- Lost exemption status with vendors
- Potential compliance issues
- Unrecoverable tax payments

Renewing Process and Key Steps

To avoid disruption in your exemption status, the state advises organizations to follow these key steps:

1. Gather required documentation:
 - RS determination letter confirming 501(c) status
 - Articles of incorporation and bylaws
2. Complete RI Form EXO-SUE (2025):
 - Titled “Sales & Use Exemption for an Exempt Organization”
 - Available on the Division’s website: [Sales Tax Exempt Organizations – RI Division of Taxation](#)
3. Submit all materials by email or mail:
 - Email: Audit@tax.ri.gov
 - Mail:
RI Division of Taxation
Audit & Investigation Unit
One Capitol Hill
Providence, RI 02908
4. Be sure to file at least three weeks before expiration OR if already expired submit renewal immediately:
 - Submitting early allows for processing time and avoids lapses in exemption
5. Always respond Promptly to Follow-Up Inquiries:
 - The Division may request additional documentation to support your renewal
 - Responding promptly to these matters will help move the process forward on a timely basis

Can You Recover Sales Tax Paid During a Lapse?

Generally, no. Rhode Island does not offer refunds for tax paid during a lapse in exemption status. A vendor may refund at their discretion, and the Division only authorizes refunds when tax was collected in error during a period of valid exemption

If your organization missed the deadline or needs help navigating the renewal process, we are here to assist. Please contact our Exempt Tax and Advisory Services Practice.

Contact Us

If you would like to talk through scenarios specific to your organization, please reach out to your PKF O’Connor Davies client service team or:

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