

# Real Estate Tax Changes in Rhode Island



New and increased Rhode Island real estate taxes were passed in the last days of the 2025 legislative session, despite strong opposition from the Rhode Island Association of REALTORS®. The laws and when they take effect are listed below.

## >>> Taking Effect October 1, 2025

### Conveyance Tax Increases - Budget, Article 5 Section 10

Conveyance taxes will increase on sales of real estate that close on or after October 1, 2025. The tax rate is based on the amount that was paid for the property. These increases also apply to sales of acquired real estate companies that are created to hold real estate.

Purchase Price	Current Rate	Rate on or after 10/1/25
Conveyance tax on the entire consideration paid (All real estate and acquired real estate companies)	\$2.30/\$500	\$3.75/\$500
The consideration paid in excess of \$800,000 (Residential real estate only and acquired real estate companies)	\$2.30/\$500	\$3.75/\$500 for the portion of the price over \$800,000

### Example *(Source: RI Division of Taxation)*

On and after October 1, 2025, the formula for the calculation of the real estate conveyance tax is as follows:

- The tax rate is \$3.75 per \$500.00 (or fractional part) of consideration paid
  - Formula:  $(\text{Total Consideration Paid} \div \$500) \times \$3.75 = \text{Tax Due}$
- **An additional tax** of \$3.75 per \$500 applies to the sale of residential real property for which consideration paid is over \$800,000.
  - Residential property formula:  $(\text{Total Consideration Paid} \div \$500) \times \$3.75 \text{ plus } (\text{Consideration Paid over } \$800K \div \$500) \times \$3.75 = \text{Tax Due}$

For example, on and after October 1, 2025, if the consideration paid for a property is \$800,500, the tax would be calculated as follows:

- Tier 1 rate of \$3.75 per \$500 on the entire \$800,500 = \$6,003.75
- Tier 2 rate of \$3.75 per \$500 applies only to the \$500 over \$800,000 = \$3.75.
- Tier 1 and Tier 2 are added together to determine the total conveyance tax due = \$6,007.50.

For more information on the new conveyance tax and acquired real estate companies, scan QR code.



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## >>> Taking Effect January 1, 2026

### New Whole-Home Short-Term Rental Tax - Budget, Article 5 Section 7

Owners of entire homes and condominiums that are rented 30 days or less to the same tenant will be required to collect a 5% whole home tax from the tenants, in addition to the 7% state sales tax and a 2% local hotel tax.

### Local Hotel Tax Increase - Budget, Article 5 Section 7

The local hotel tax that owners collect for short-term rentals will increase from 1% to 2%. This tax applies to both whole home and partial home/room rentals.



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## >>> Taking Effect July 1, 2026

### New Tax on Non-Owner-Occupied Residences Assessed Over \$1 Million - Budget Article 5 Section 18

Owners of non-owner-occupied residential properties assessed at more than \$1 million will be required to pay a new state tax at an annual rate of \$2.50/\$500 on the portion that is over \$1 million. The tax must be paid in four equal installment payments throughout the tax year.

The assessed value of \$1,000,000 will be adjusted annually based on the Consumer Price Index.

Exempted from the tax are any property or building that is rented for more than 183 days each year, i.e. not occupied as a primary residence of the owner, and is:

- Subject to the Residential Landlord Tenant Act
- Subject to sales tax and/or hotel taxes.

For more information, scan the QR code for a [summary of legislative changes](#) from the Rhode Island Division of Taxation. The Division also plans to hold presentations to explain the changes further.



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REALTORS® may contact the RIAR Legal Department at [legal@riarealtors.org](mailto:legal@riarealtors.org).

