

2010 RI-1041 FIDUCIARY INCOME TAX RETURN

GENERAL INSTRUCTIONS

WHO MUST FILE

The fiduciary of a **RESIDENT** estate or trust must file a return on Form RI-1041 if the estate or trust:

(1) is required to file a federal income tax return for the taxable year or

(2) had any Rhode Island taxable income for the taxable year.

The fiduciary of a **NONRESIDENT** estate or trust must file a return on Form RI-1041 if the estate or trust had income or gain derived from Rhode Island sources.

DEFINITIONS

A **RESIDENT ESTATE** is the estate of a decedent who at his death was a resident individual in this state.

A **RESIDENT TRUST** means, to the extent that one or more beneficiaries are residents in Rhode Island:

(A) A trust created by will of a decedent who at his death was a resident individual in this state, or

(B) A revocable trust which becomes irrevocable upon the occurrence of any event (including death) which terminates a person's power to revoke, but only after the event, and only if the person having the power to revoke was a Rhode Island resident individual at the time of such event, or

(C) An irrevocable trust created by or consisting of property contributed by a person who is a resident individual in this state at the time the trust was created or the property contributed (a) while such person is alive and a resident individual in this state, and (b) after such person's death if such person died a resident individual of this state.

WHAT SCHEDULES TO COMPLETE

All estates and trusts must complete schedule I. If the trust has a nonresident beneficiary, follow the instructions for a nonresident estate or trust.

RESIDENT ESTATES AND TRUSTS: Complete schedule I and enter 1.000 on page 1, line 14. If the estate or trust is claiming credit for income taxes paid to another state, complete schedule I, schedule III and enter 1.000 on page 1, line 14.

NONRESIDENT ESTATES AND TRUSTS: If all the income of the estate or trust is derived solely from Rhode Island sources, complete schedule I and enter 1.0000 on page 1, line 14. If the estate or trust has taxable income both within and without Rhode Island, complete schedules I and II.

PERIODS TO BE COVERED

The fiduciary taxable year for Form RI-1041 shall be the same as the federal taxable year.

PAYMENTS OR REFUNDS

PAYMENTS: Any tax due must be paid in full with the return. Make check or money order payable to the Rhode Island Division of Taxation. An amount due of less than one dollar (\$1) need not be paid.

REFUNDS: If an overpayment of income tax is shown on the return, a refund will be issued unless indicated on the return that such overpayment is to be credited to the fiduciary's estimated tax liability for 2011. No other application for refund is necessary. Please note that no refund can be issued unless the return is properly signed. Refunds of less than \$1.00 will not be paid unless specifically requested.

SIGNATURE

The Rhode Island Fiduciary Income Tax Return must be signed. An unsigned return cannot be

processed. Any paid preparer who prepares a taxpayer's return must also sign as "preparer". If a firm or corporation prepares the return, it should be signed in the name of the firm or corporation.

WHOLE DOLLAR AMOUNTS

The money items may be shown as whole dollar amounts. Any amount under 50 cents may be eliminated and any amount that is 50 cents or more must be increased to the next highest dollar.

ACCOUNTING PERIODS AND METHODS

The accounting period for which Form RI-1041 is filed and the method of accounting used are the same as for federal income tax purposes. If the taxable year or the method of accounting is changed for federal income tax purposes, such change applies similarly to the Rhode Island fiduciary return.

REPORT OF CHANGE IN FEDERAL TAXABLE INCOME

If the amount of the federal taxable income is changed or corrected by the Federal Government, the fiduciary must report to the Rhode Island Division of Taxation such change or correction within 90 days after the final determination of such change or correction. Any fiduciary filing an amended federal income tax return must also file within 90 days thereafter an amended Rhode Island return.

WHEN AND WHERE TO FILE

The due date is April 15, 2011 for returns filed for the calendar year 2010 and the 15th day of the fourth month following the close of the taxable year for returns filed for a year ending other than December 31.

Emancipation Day, a Washington DC holiday, falls on April 15, 2011. Therefore, 2010 Rhode Island Fiduciary returns due on April 15, 2011 will be considered timely filed if postmarked by April 18, 2011.

If you are claiming a refund, mail your return to:
Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908-5806

If you are making a payment, mail your return to:
Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908-5807

EXTENSION OF TIME

Any extension of time granted for filing a Rhode Island Fiduciary Income Tax Return shall not operate to extend the time for the payment of any tax due on such return.
In General -

(1) A fiduciary that is required to file a Rhode Island Fiduciary Income Tax Return shall be allowed an automatic six month extension of time to file such return.

(2) An application must be prepared in duplicate on form RI-8736.

(3) The original of the application must be filed on or before the date prescribed for the filing of the return of the fiduciary with the Rhode Island Division of Taxation.

(4) Such application for extension must show the full amount properly estimated as tax for such

fiduciary for such taxable year, and such application must be accompanied by the full remittance of the amount properly estimated as tax which is unpaid as of the date prescribed for the filing of the return.

NOTE: If no payment is required to be made with the Rhode Island extension form and the fiduciary is filing a federal extension form for the same period of time, **the fiduciary does not need to submit the Rhode Island form.** Attach a copy of the Federal Form 8736 to the Rhode Island Fiduciary Income Tax Return at the time it is submitted.

WHERE TO GET FORMS

Additional forms and instructions may be obtained from:

The website: www.tax.ri.gov
The Division of Taxation: (401) 574-8970

INTEREST

Any tax not paid when due, including failure to pay adequate estimated tax, is subject to interest at the rate of 18.00% (.1800).

Interest on refunds of tax overpayments will be paid if the refund is not paid within 90 days of the due date or the date the completed return was filed, whichever is later. The interest rate for tax overpayments is 3.25% (.0325).

PENALTIES

The law provides for penalties in the following circumstances:

- Failure to file an income tax return.
- Failure to pay any tax due on or before the due date.
- Preparing or filing a fraudulent income tax return.

TECHNICAL ASSISTANCE

If you have any questions regarding completion of your return, further assistance may be obtained by calling Taxpayer Assistance at (401) 574-8829 and selecting option #3.

PAYMENT BY CREDIT CARD

To Pay by Credit Card. You may use your American Express® Card, Discover® Card, Visa® Card or MasterCard® card. To pay by credit card, call toll free or access by Internet the service provider listed on this page and follow the instructions of the provider. A convenience fee will be charged by the service provider based on the amount you are paying. You will be told what the fee is during the transaction and you will have the option to either continue or cancel the transaction. You can also find out what the fee will be by calling the provider's toll-free automated customer service number or visiting the provider's Web Site shown below. If you paid by credit card, enter on page 1 of Form RI-1041 in the upper left corner the confirmation number you were given at the end of the transaction and the amount of your tax payment (not including the convenience fee).

You may also use this method for making 2011 Rhode Island estimated income tax payments.

OFFICIAL PAYMENTS CORPORATION

Telephone payments:
1-800-2PAY-TAX (1-800-272-9829)
On line payments:
www.officialpayments.com
Customer Service:
1-877-754-4413

SPECIFIC LINE INSTRUCTIONS

COMPLETE THE FEDERAL INCOME TAX RETURN FIRST

The Federal Fiduciary Income Tax Return is the basis for preparing your Rhode Island Fiduciary Income Tax Return. In general, the Rhode Island fiduciary income tax is based on the fiduciary's federal total income. Accuracy and attention to detail in completing the return in accordance with these instructions will facilitate the processing of your tax return.

Type of Return - Indicate by checking the appropriate box what type of return you are preparing. If you are preparing a bankruptcy estate, see the 2010 Rhode Island Fiduciary Tax Rate Schedules for instructions on how to file.

Names, Address and Federal Employer Identification Number - Make sure the names, address and federal employer identification number on the return are correct. Incorrect entries could delay the processing of your return.

Year End - Indicate by checking the appropriate box whether the fiduciary is a calendar or fiscal year filer. If the fiduciary is a fiscal year filer, indicate the beginning and the year-end of the fiduciary in the space provided. Only fiduciaries with a fiscal year beginning in 2010 may use this form.

Line 1 - Federal Total Income of Fiduciary: Enter the amount of income from Federal Form 1041, line 9.

Line 2 - Modifications Increasing Federal Total Income: Enter the amount of modifications increasing federal total income from RI Modification Schedule, page 4, line 2L.

Line 3 - Modifications Decreasing Federal Income: Enter as a negative number the amount of modifications decreasing federal income from RI Modification Schedule, page 4, line 3V.

Line 4 - Net Modifications: Combine lines 2 and 3.

Line 5 - Modified Federal Total Income: Combine lines 1 and 4. Add net increases or subtract net decreases, whichever applies.

Line 6 - Federal Total Deductions: Enter the amount of federal deductions from Federal Form 1041, lines 16 and 21. **However, if the fiduciary claimed modifications to federal total income, the fiduciary may need to recalculate the federal total deductions based on the fiduciary's modified federal total income. Attach a copy of the calculation to the return.**

Line 7 - Rhode Island Taxable Income: Subtract line 6 from line 5.

Line 8A - Rhode Island Income Tax: Enter the RI tax from the RI Fiduciary Tax Computation Worksheet.

Line 8B - Other Rhode Island Taxes: Enter the amount of other RI taxes from RI Schedule OT, page 2, line 51.

Line 9 - Rhode Island Alternative Minimum Tax:
If the fiduciary is reporting an alternative minimum tax on the Federal Fiduciary Income Tax Return, the fiduciary must complete the AMT Schedule on

page 6 and enter the amount from line 6 on page 1, line 9 of Form RI-1041. Attach a copy of the AMT Schedule to the RI-1041. **However, if the fiduciary claimed modifications to federal total income, the fiduciary may need to recalculate the Federal Form 1041, Schedule I, Alternative Minimum Tax - Estates and Trusts based on the fiduciary's modified federal total income. If the fiduciary did not report a federal alternative minimum tax, but a federal alternative minimum tax would be required based on the modified federal total income, the fiduciary must calculate Federal Form 1041, Schedule I, Alternative Minimum Tax - Estates and Trusts for Rhode Island purposes.**

Line 10 - Total RI Tax To Be Allocated: Add lines 8A, 8B and 9.

Line 11 - Allowable Federal Credits: Enter amount from Federal Form 1041, Schedule G, lines 2b through 2d.

Line 12 - RI Percentage of Allowable Federal Credits: Multiply line 11 by 25% (.25).

Line 13 - RI Tax After Allowable Federal Credits Before Allocation: Subtract line 12 from line 10.

Line 14 - Allocation: Nonresident estates or trusts enter the amount from page 2, Schedule II, line 39. Resident estates or trusts enter 1.0000.

Line 15 - RI Income Tax After Allocation: Multiply the amount on line 13 by the percentage on line 14.

Line 16 - Credit For Income Taxes Paid To Other States: Resident estates or trusts only. Enter the amount from page 2, Schedule III, line 46.

Line 17 - Other RI Credits: Enter the amount of RI credits from page 5, Schedule CR, line 23. Enter the amount of each credit in the space provided and attach each credit form and all supporting documentation to the RI-1041.

Line 18 - Total RI Credits: Add lines 16 and 17.

Line 19A - RI Income Tax After Rhode Island Credits: Subtract line 18 from line 15. **(If zero or less, enter zero.)**

Line 19B - Alternative Flat Tax: Enter the amount of Rhode Island Alternative Flat Tax from page 6, RI Schedule FT, Line 11.

Line 19C - Rhode Island Tax: Enter the **SMALLER** of your RI tax on line 19A or your RI Alternative Flat Tax on line 19B. If your tax is calculated using the Alternative Flat Tax Method on Schedule FT, make sure you check the box on line 19C.

Line 20A - RI Income Tax Withheld: Enter total amount of Rhode Island 2010 income tax withheld from Schedule W, line 21. (Attach the state copy of all forms W-2, 1099s, etc. showing Rhode Island withholding to the front of the return.) Credit for Rhode Island income tax withheld will be allowed only for those amounts supported by attached W-2s, 1099s, etc.

Withholding from a Pass-through entity reported on a RI-1099PT should be entered on Schedule W and included in the amount for Line 20A.

Line 20B - Payments on 2010 Form RI-1041ES and Credits Carried Forward From 2009: Enter the amount of estimated payments on 2010 Form RI-1041ES and the amount applied from the fiduciary's 2009 return.

Line 20C - Nonresident Real Estate Withholding: Enter the amount of Rhode Island income tax withheld on sales of real estate located in Rhode Island.

Line 20D - Other Payments: Enter any other payments, including advance payments made with the fiduciary's application for an automatic extension of time to file (Form RI-8736). Attach a copy of Form RI-8736 to the RI-1041 and check the box on the front of the return indicating that an extension is attached.

Line 20E - Total Payments: Add lines 20A, 20B, 20C and 20D.

Line 21 - Amount Due: If the amount on line 19C is greater than the amount on line 20E, SUBTRACT line 20E from line 19C and enter the balance due on line 21. This is the amount the fiduciary owes. This amount is payable in full with the return. An amount due of less than one dollar (\$1) need not be paid. If the fiduciary owes underestimating interest, complete Form RI-2210 and indicate the amount of interest due in the space provided on line 21. Add the interest to the amount due, enter the total on line 21 and include the total amount due with the return.

Line 22 - Overpayment: If the amount on line 20E is greater than the amount on line 19C, subtract line 19C from line 20E and enter the overpayment on line 22.

Line 23 - Refund: Enter the amount of the overpayment on line 22 that is to be refunded. Refunds of less than \$1.00 will not be paid unless specifically requested.

Line 24 - Overpayment to be applied to 2011: Enter the amount of overpayment on line 22, which is to be applied to the fiduciary's 2011 estimated tax.

RESIDENT ESTATE AND TRUST DEFINED

- (1) The Estate of a decedent who at his or her death was a resident individual of Rhode Island.
- (2) A revocable trust which becomes irrevocable upon the occurrence of any event which terminates a person's power to revoke if the person having the power to revoke is a Rhode Island resident at the time of such event.
- (3) A trust created by a will of a decedent who is a Rhode Island resident.
- (4) An irrevocable trust created by or consisting of property contributed by a person who is a Rhode Island resident at the time the trust was created or at the time of death is a Rhode Island resident.
- (5) In cases 2, 3 and 4 such trust is only a resident trust to the extent that the beneficiaries are Rhode Island residents.

WHAT SCHEDULES TO COMPLETE?

If the trust defined in cases 2, 3 or 4 has a nonresident beneficiary, follow the instructions for a nonresident estate or trust.

Resident Estates and Trusts:

- (1) Complete Schedule I and enter 1.0000 on page 1, line 14.
- (2) If you are claiming a credit for income tax paid to another state, complete Schedule III.

Nonresident Estates or Trusts:

- (1) If the taxable income of the estate or trust is derived solely from Rhode Island sources, complete Schedule I and enter 1.0000 on page 1, line 14.
- (2) If the estate or trust has taxable income both within and without Rhode Island, complete Schedules I and II.

**SCHEDULE I
BENEFICIARY INFORMATION**

Lines 25 through 27 - Beneficiary Information: Enter in lines 25 through 27 the name, address, state of residence and social security number of each beneficiary. If additional space is required, attach a supporting schedule containing the required information.

**SCHEDULE II
ALLOCATION AND MODIFICATION**

Lines 28 through 35 - Allocation and Modification
Column A - Percent Of Ownership: Enter in column A the percentage of ownership of each beneficiary.

Column B - Federal Income: Enter in column B the amount of federal income attributable to each of the beneficiaries and the fiduciary. Multiply the percent of ownership in column A by the fiduciary's total federal income from RI-1041, page 1, line 1.

Column C - Modifications To Federal Income: Enter in column C the amount of modifications to the income reported in column B for each of the beneficiaries and the fiduciary. Multiply the percent of ownership in column A by the fiduciary's net modifications from RI-1041, page 1, line 4.

Column D - Modified Federal Income: Combine columns B and C. Add net increases or subtract net decreases.

Column E - Rhode Island Source Income: Enter in column E the amount of Rhode Island source income included in the following column:

Nonresidents: Enter the amount of Rhode Island source income included in column B. Examples of Rhode Island source income include business conducted in RI, RI rental property, wages earned in RI and sale or exchange of RI property.

Residents: Enter the amount from column D in column E.

Line 36, Columns B Through E - Total: Add the amounts in each column and enter the total on line 36 of each column.

Line 37 - Modifications to RI Source Income: Enter the amount of modifications in column C included in Rhode Island source income reported on line 36, column E.

Line 38 - Modified RI Source Income: Combine lines 36, column E and line 37. Add net increases

or subtract net decreases.

Line 39 - RI Allocation: Divide line 38 by line 36, column D (not greater than 1.000). Enter here and on page 1, line 14.

**SCHEDULE III
CREDIT FOR INCOME TAXES
PAID TO ANOTHER STATE**

This schedule pertains only to the fiduciary of a resident estate or trust. The fiduciary of a resident estate or trust is entitled to a credit against its RI tax liability for income taxes paid to other states. The credit cannot exceed the RI tax on line 8A.

Line 40 - RI Income Tax After Allowable Federal Credits: Enter the amount from page 1, line 13.

Line 41 - Income From Other State: Enter the amount of income reported to the other state.

Line 42 - Modified Federal Total Income: Enter the amount from page 1, line 5.

Line 43 - Divide line 41 by line 42.

Line 44 - Multiply line 40 by line 43.

Line 45 - Tax Due and Paid To Other State: Enter the amount of tax due and paid to the other state.

Line 46 - Maximum Tax Credit: Enter the **SMALLER** of lines 40, 44 or 45. Enter here and on page 1, line 16.

**RI SCHEDULE OT
OTHER RHODE ISLAND TAXES**

Line 47 - Tax on lump-sum distributions: Enter the amount from Federal Form 1041, Schedule G, line 1b.

Line 48 - Amount of recapture of Federal tax credits: Enter the amount from Federal Form 1041, Schedule G, line 5.

Line 49 - Total: Add lines 47 and 48.

Line 50 - RI percentage: The Rhode Island percentage is 25%.

Line 51 - Tax: Multiply line 49 by line 50. Enter here and on RI-1041, line 8B.

**RI MODIFICATION SCHEDULE
MODIFICATIONS TO
FEDERAL TOTAL INCOME**

**Modifications INCREASING
Federal Total Income:**

Line 2A - Enter income from obligations of any state or its political subdivision, other than Rhode Island under RIGL §44-30-12(1) and §44-30-12(2).

Line 2B - Rhode Island fiduciary adjustment as beneficiary of an estate or trust under §44-30-17.

Line 2C - Recapture of Family Education Account Modifications under RIGL §44-30-25(g).

Line 2D - Bonus depreciation that has been taken for federal purposes that must be added back to Rhode Island income under RIGL §44-61-1

Line 2E - Increased Section 179 depreciation that has been taken for federal purposes that must be added back to Rhode Island income under RIGL §44-61-1.1

Line 2F - Recapture of Tuition Savings Program modifications (section 529 accounts) under RIGL §44-30-12(4).

Line 2G - Recapture of Historic Tax Credit or Motion Picture Production Company Tax Credit modifications decreasing Federal Total Income previously claimed under RIGL §44-33.2-3(2) and RIGL §44-31.2-9, respectively.

Line 2H - Recapture of Scituate Medical Savings Account modifications under RIGL §44-30-25.1(d)(3)(i).

Line 2I - Unemployment compensation received but not included in federal adjusted gross income under RIGL §44-30-12(b)(6).

Line 2J - Deduction allowed for sales tax paid in 2010 on a qualified motor vehicle purchased in 2009 as defined by IRC section 164(a)(6) under RIGL §44-30-12(b)(7). Amount from Federal Schedule A, line 7. If you are not itemizing deductions for Rhode Island purposes, you should not include any sales tax paid on this line.

Line 2K - Income from the discharge of business indebtedness under RIGL §44-67-1. The recognition of income from the discharge of business indebtedness under the American Recovery and Reinvestment Act of 2009 for federal purposes must be added to Federal adjusted gross income in the year that the discharge occurred.

Line 2L - Total Modifications Increasing Federal Total Income: Add lines 2A through 2K. Enter here and on page 1, line 2.

**Modifications DECREASING
Federal Total Income:**

Line 3A - Enter income from obligations of the United States Government to the extent included in total income for federal tax purposes but exempt for state purposes. Example - US Government Series E bond interest. Taxpayers claiming these modifications must submit a schedule showing the source and amount of income claimed to be exempt.

Line 3B - RI fiduciary adjustment as beneficiary of an estate or trust under RIGL §44-30-17.

Line 3C - Elective deduction for new research and development facilities under RIGL §44-32-1 (Attach form RI-1040RD).

Line 3D - Railroad Retirement benefits included in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States.

Line 3E - Qualifying investment in a certified venture capital partnership under RIGL §44-43-2.

Line 3F - Family Education Accounts under RIGL §44-30-25 - Enter amount of modification decreasing federal AGI from RI-1040FEA.

Line 3G - Tuition Saving Program (section 529

accounts) RIGL §44-30-12 - A modification decreasing federal adjusted gross income may be claimed for any contributions made to a Rhode Island account under the tuition savings program. The maximum modification shall not exceed \$500, \$1,000 if a joint return.

Line 3H – Exemptions from tax on profit or gain for writers, composers and artists residing within a section of the defined Economic Development Zone as defined in RIGL §44-30-1.1 within the cities of Newport, Providence, Pawtucket, Woonsocket or Warwick, or the Towns of Little Compton, Tiverton, Warren or Westerly and creating artistic works while a resident of the Zone. Taxpayers claiming these modifications must submit a schedule showing the source and amount of income claimed to be exempt.

Line 3I – Depreciation that has not been taken for federal purposes because of the bonus depreciation that must be subtracted from Rhode Island income - RIGL §44-61-1.

Line 3J – Depreciation that has not been taken for federal purposes because of the increased section 179 depreciation was not taken originally - RIGL §44-61-1.1.

Line 3K – Allowable modification for performance based compensation realized by an eligible employee under the Rhode Island Jobs Growth Act under RIGL §42-64.11-4.

Line 3L – Modification for exclusion for qualifying option under RIGL §44-39.3 AND modification for exclusion for qualifying securities or investments under RIGL §44-43-8.

Line 3M – Modification for Tax Incentives for Employers under RIGL §44-55-4.1.

Line 3N – Interest on indebtedness incurred or continued to purchase or carry obligations or securities the income of which is exempt from Rhode Island personal income tax, to the extent that such interest has been deducted in determining federal adjusted gross income under RIGL §44-30-12(c)(1)

Line 3O – Historic Tax Credit income or Motion Picture Production Company Tax Credit income reported on Federal return that is tax exempt under RIGL §44-33.2-3(2) and RIGL §44-31.2-9(c), respectively.

Line 3P – Active duty military pay of Nonresidents stationed in Rhode Island, as well as the income of their nonresident spouses for services performed in Rhode Island.

Line 3Q – Recapture of Scituate Medical Savings Account modifications under RIGL §44-30-25.1(d)(3)(i).

Line 3R – Amounts of insurance benefits for dependents and domestic partners included in Federal AGI pursuant to chapter 12 of title 36 or other coverage plan - RIGL §44-30-12(c)(6).

Line 3S – Up to \$10,000 in unreimbursed expenses for travel, lodging and lost wages incurred by an individual as a result of the individual donating one or more of his/her organs to another human being for organ transplantation under RIGL §44-30-12(c)(7). Modification can only be taken once during the lifetime of the individual and is taken in the year that the human organ transplantation occurs. **Rhode Island full-year residents only.**

Line 3T – Under RIGL §42-64.3-7 a domiciliary of an enterprise zone who owns and operates a qualified business facility in that zone may, for the first three years after certification, reduce federal AGI by \$50,000 per year and may, for the fourth and fifth years, reduce federal AGI by \$25,000 per year.

Line 3U – Income from the discharge of business indebtedness deferred under the American Recovery and Reinvestment Act of 2009 under §44-67-1. When claimed as income on a federal tax return, this income may be reported as a decreasing modification to federal adjusted gross income to the extent it was previously included as Rhode Island income.

Line 3V– Total Modifications Decreasing Federal Total Income: Add lines 3A through 3U. Enter as a negative number here and on page 1, line 3.

RI SCHEDULE CR OTHER RI CREDITS

This credit schedule details “Other Rhode Island Credit(s)” being used on your RI-1041. Each Rhode Island credit has its own line. On the appropriate line, enter the dollar amount of the credit being taken. The total of all credits will be entered on page 1, line 17.

Proper documentation must be submitted for each credit you are using or carrying forward.

If you are using amounts carried forward from prior years, attach a schedule showing the year of credit origination and any amounts used to date.

If you are using amounts passed through to you, attach documentation supporting the credit given to the entity, as well as, documentation of your share of the credit(s). Any missing or incomplete documentation may cause a delay in processing your return.

Line 1 - Investment Tax Credit - RI-3468 – for manufacturing and other property. Proper documentation for the credit must be attached to your return. If using a 10% ITC, the 10% Certification letter from the Department of Labor and Training must be included with your documentation. RIGL §44-31

Line 2 - Residential Renewable Energy System Tax Credit - RI-2880 - for specific types of residential systems approved by the RI energy office. **Credit letter, application form and approval form from the RI Office of Energy Resources must be attached.** Unused amounts **CANNOT** be carried forward to future years. RIGL §44-57

Line 3 - Adult Education Credit - RI-6324 - for employers offering specific types of adult education. RIGL §44-46

Line 4 - Surviving Spouse - RI-SP01 - Full year Rhode Island residents only. RIGL §44-30-26

Line 5 - Jobs Training Tax Credit - RI-2949 - for training specifically approved by the RI Human Resource Investment Council. RIGL §42-64.6

Line 6 - Historic Residence Credit - RI-0715 – for approved residence rehabilitation. RIGL §44-33.1 - Credit is 20% of certified maintenance or rehabilitation costs with a maximum credit of \$2,000.00. You must attach certification from The Historical Preservation & Heritage Commission. Any unused credit may be carried forward until used.

Line 7 - Research and Development Property Credit - RI-7695P– for property in laboratory or experimental research. RIGL §44-32-2 - Credit is 10% of cost or basis of property. Any unused credit may be carried forward for 7 years. A modification under 44-32-1 may not be claimed for property used in this credit.

Line 8 - Research and Development Expense Credit - RI-7695E – for federally defined excess RI expenses in laboratory or experimental research. RIGL §44-32-3 - Credit is 22.5% of qualified credit on first \$25,000 and 16.9% of the credit above \$25,000. This credit cannot reduce your tax by more than 50%. Any unused credit may be carried forward for 7 years.

Line 9 - Daycare Assistance and Development Credit - RI-2441 – for employers and others providing daycare to employees. RIGL §44-47 - Credit is 30% of qualified expenses. This credit cannot reduce your tax below \$100.

Line 10 - Distressed Areas Economic Revitalization Act - Wage Credit - RI-ZN02 - Approved benchmark page with new hire information and approval letter from the Enterprise Zone Commission must be attached. RIGL §42-64.3-6

Line 11 - Historic Structures - Tax Credit (Historic Preservation Investment Tax Credit) - RI-286B – for approved commercial rehabilitation of certified historic structures. **The original certificate must be attached to the return.** Any unused credit amount may be carried forward for ten (10) years. RIGL §44-33.2

Line 12 - Motion Picture Production Tax Credit - RI-8201 - for certified production costs as determined by the Rhode Island Film and Television Office. **The original certificate must be attached to the return.** Any unused credit amount may be carried forward for three (3) years. RIGL §44-31.2.

Line 13 - Contribution to Scholarship Organizations Tax Credit - RI-2276 - for business entities that make contributions to qualified scholarship organizations. The entity must apply for approval of the tax credit and will receive a tax credit certificate issued by the Division of Taxation. **The original certificate must be attached to the return.** The credit must be used in the tax year that the entity made the contribution. Unused amounts **CANNOT** be carried forward. RIGL §44-62

Line 14 - Farm to School Income Tax Credit - RI-6336 - RIGL §44-30-27 - Credit is 5% of cost of farm products. This credit cannot reduce your tax below zero, cannot be carried forward and may not be used until all other credits available to the taxpayer for that taxable year have been used.

Line 15 - Incentives for Innovation and Growth - RI-4482 - RIGL §44-63 - An eligible qualified innovative company may apply for a tax credit certificate in an amount equal to fifty percent (50%) of any investment made in the company, not to exceed \$100,000. Unused amounts may be carried forward for 3 years. **The original certificate must be attached to the return.**

Line 16 - Juvenile Victim Restitution Program Credit - RI-5883 - RIGL §14-1-32.1 - The employer of a juvenile hired pursuant to the provisions of this section shall receive a credit of ten percent (10%) of the amount of wages paid to the juvenile annually against the state income tax owed by the employer, provided the credit shall not exceed the sum of

three thousand dollars (\$3,000) annually.

Line 17 - Hydroelectric Development Tax Credit - RI-H20 - RIGL §44-30-22 - Credit is 10% of the installation costs of a hydropower facility limited to \$50,000.

Line 18 - Tax Credit for Art- RI-7473 - RIGL §44-30-24 - Credit is 10% for each \$1,000 of purchase (maximum purchase price \$10,000). This credit cannot reduce your tax below zero, cannot be carried forward and may not be used until all other available credits are used.

Line 19 - Tax Credit to Trust Beneficiary Receiving Accumulation Distribution - RI-7424 - RIGL §44-30-19 - A resident beneficiary of a trust whose Rhode Island income includes all or part of an accumulation distribution by the trust, as defined in 26 U.S.C. § 665, shall be allowed a credit against the tax otherwise due under this chapter for all or a proportionate part of any tax paid by the trust under this chapter for any preceding taxable year which would not have been payable if the trust had in fact made distributions to its beneficiaries at the times and in the amounts specified in 26 U.S.C. § 666.

Line 20- Alternative Fueled Vehicle and Filling Station Tax Credit - RI-AFV1 - RIGL §44-39.2 - (Carry forward only) This credit expired 1/1/2008. No new credits are allowed. Unused credit may be carried forward for 5 years. You must attach a copy of the original credit information to your return.

Line 21 - Employment Tax Credit - RI-3675 - An employer participating in the Bonus Program under RIGL 40-6.3 is eligible for a \$250.00 tax credit per participating employee. This credit cannot reduce your tax below \$100.00, cannot be carried forward and may not be used until all other credits available to the taxpayer for that taxable year have been used. RIGL §44-39.1

Line 22 - Capital Investment Wage Credit - RI-8227 - for entrepreneurs of a qualifying business entity under RIGL §44-43-1(6). Credit is 3% of eligible wages over \$50,000.00. This credit cannot reduce your tax below \$100.00 and is not refundable. Any unused amounts **CANNOT** be carried forward to future years. This credit may not be applied until all other credits available to the entrepreneur have been applied. RIGL §44-43

Line 23 - TOTAL CREDITS - Add lines 1 through 22. Enter the total here and on Form RI-1041, page 1, line 17.

RI-SCHEDULE FT ALTERNATIVE FLAT TAX METHOD

Line 1 - Modified Federal Income: Enter the Modified Federal income from RI-1041, page 1, line 5 less Income Distribution Deduction from Federal Form 1041, line 18.

Line 2 - RI Alternative Flat Tax Rate: The RI Alternative Flat Tax Rate for 2010 is 6.0% (.0600).

Line 3 - Flat Tax Before Allocation: Multiply line 1 by line 2.

Line 4 - RI Allocation: Enter the RI allocation from RI-1041, page 1, line 14.

NOTE: Resident estates and trusts, enter 1.0000 on this line. Nonresident estates and trusts, enter 1.0000 on this line if all income is derived from Rhode Island Sources.

Line 5 - Flat Tax After Allocation: Multiply line 3 by line 4.

LINES 6 THROUGH 10 - CREDIT FOR TAXES PAID TO ANOTHER STATE

(For Resident estates and trusts only)

NOTE: You only need to complete lines 6 through 10 if you are a resident estate or trust **AND** you are claiming a credit for income taxes paid to another state. If you are not claiming the credit, enter the amount from line 5 on line 11. Otherwise, continue to line 6.

Line 6 - Income From Other State: Enter the income from the other state.

Line 7 - Divide line 6 by line 1.

Line 8 - Tentative Credit: Multiply line 5 by Line 7.

Line 9 - Tax Due and Paid To Other State: Enter the amount of tax due and paid to the other state. Make sure to indicate the name of the state in the space provided.

NOTE: You must attach a signed copy of the other state return. Failure to attach a copy of the other state return could result in the credit being disallowed.

Line 10 - Maximum Credit: Enter the **SMALLER** of lines 5, 8 or 9.

Line 11 - RI Flat Tax: Subtract line 10 from line 5. If you are not claiming credit for income taxes paid to another state, enter the amount from line 5 on this line. Enter here and on page 1, line 19B.

NOTE: If you elect to use the Alternative Flat Tax, you must check the box on RI-1041, page 1, line 19C.

ALTERNATIVE MINIMUM TAX SCHEDULE

Line 1 – Federal Alternative Minimum Taxable Income: Enter your federal alternative minimum taxable income from Federal Form 1041, Schedule I, line 29.

Line 2 – Exemption: If line 1 is less than \$87,800, enter \$26,300. Otherwise, complete the Fiduciary Alternative Minimum Tax Exemption Worksheet on page 6 and enter the amount from line 6 of the Alternative Minimum Tax Exemption Worksheet on line 2 of the Fiduciary Alternative Minimum Tax Schedule.

Line 3 – Subtract line 2 from line 1.

Line 4 – If line 3 is less than \$175,000, multiply line 3 by 6.5% (.065). Otherwise, multiply line 3 by 7% (.07) and subtract \$875 from the result.

Line 5 - Enter your Rhode Island tax from RI-1041, page 1, line 8A.

Line 6 – RI Alternative Minimum Tax: Subtract line 5 from line 4. (If zero or less, enter zero.) Enter here and on RI-1041, page 1, line 9.