



Rhode Island Department of Revenue Division of Taxation

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TAX ADMINISTRATION

ADVISORY FOR TAX PROFESSIONALS
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‘Where’s My Refund?’ online tool improvements

More information added to help tax professionals, taxpayers learn status of refund

PROVIDENCE, R.I. – The Rhode Island Division of Taxation has made its “Where’s My Refund?” interactive online tool more user-friendly this filing season by providing additional information about the status of returns, refunds, and related information.

Taxpayers and tax professionals use the secure website to find out if the Division of Taxation has received a return and whether any associated refund has been processed.

Before now, the Division’s online tool provided only a limited amount of information about the status of returns. For example, if processing of a return was delayed, the taxpayer might have been advised only that the return was “under review.”

However, the Division has upgraded the online tool for the current filing season. As a consequence, there will now be up to 12 separate messages to give taxpayers and tax preparers a better idea of any issue that may be delaying the processing of the return and any associated refund.



That way, fewer taxpayers and tax preparers will have to phone or email the Division of Taxation about the status of a return and any associated refund.

MESSAGE EXAMPLES

For example, if a taxpayer is claiming a credit for income tax paid to another state, the “Where’s My Refund?” online tool will tell the taxpayer if he or she needs to provide a signed copy of the return(s) from the other state(s) to allow processing to proceed.

A separate message will show whether a taxpayer failed to file a complete and accurate Schedule W showing the amount of Rhode Island personal income tax withheld from a paycheck or other income source last year. The tool will also provide guidance on what steps to take to resolve the matter.

Another message will display whether a taxpayer failed to attach the required Form W-2 wage statement or Form 1099 showing a certain type of income received last year – and what to do about it.

On the following page are some of the messages that a taxpayer or preparer may now encounter when using the Division of Taxation’s “Where’s My Refund?” interactive online tool.

Rhode Island Division of Taxation: "Where's My Refund?" messages

<i>Issue:</i>	<i>Message:</i>
Credit for income tax paid to another state	You are claiming a credit for income tax paid to another state. Please provide a signed copy of your other state(s) tax return.
Schedule W, Form W-2, Form 1099	There was an issue with the Schedule W or your W2s required with your return. Please provide a completed Schedule W with W-2(s) and/or 1099(s) attached.
Schedule M (Rhode Island modifications to federal AGI)	Please provide a completed Schedule M to support the amount claimed on Line 2 of your income tax return.
Schedule CR (other Rhode Island credits)	Please provide a completed Schedule CR to support your credit claimed on RI-1040 Line 9C or RI-1040NR Line 12.
Schedule II of Form RI-1040NR (nonresidents with income from outside Rhode Island)	Please provide a completed RI-1040NR Schedule II showing your allocation of income.
Schedule III of Form RI-1040NR (part-year residents with income from outside Rhode Island)	Please provide a completed RI-1040NR Schedule III showing your allocation of income.
Form RI-1040H (property-tax relief)	Please provide a completed RI-1040H to support your credit claimed.
Other payments	Other payments claimed on your return do not match the amount we have received. Please send a listing of payments made including dates and amounts.
Modification calculation	Modifications on Schedule M do not add to Net Modification amount on Schedule M, Line 3. Need a completed schedule M with each modification listed on a line. If there is not a line for your modification, it is not allowed under RI law.
Form RI-1040H missing information	Information missing on Form 1040H. Please send a fully completed copy of your 1040H tax form including all required backup documentation such as three (3) rent receipts, lease agreement, property tax bill, etc. for the claim filed.
Estimated payments	Estimated payments claimed on your return do not match the amount we have received. Please send a listing of payments made including dates and amounts.
Calculation for balance due or refund amount	Balance Due or Refund Amount do not agree with the amount we calculated. Please send a schedule of payments made and/or your W-2(s)/1099(s).

ADDITIONAL POINTS

Following are some additional points for taxpayers and tax professionals to keep in mind about the “Where’s My Refund?” interactive online tool, and about filing season in general:

- The Division of Taxation’s “Where’s My Refund?” online tool is updated with fresh information at least once a week, typically late each Friday.
- If your return was e-filed, you may begin to use the tool to check the status of your refund within 48 hours after the Division has received your e-filed return. (However, if you’ve e-filed on a Friday or on a weekend, wait until the following week.)
- Paper returns take much longer to process. Therefore, the Division recommends that you e-file your return. E-filing is faster, safer, and results in more efficient processing.
- If you filed your return on paper, you may begin to use the online tool to check the status of your refund four weeks after you mailed your paper return. (The Internal Revenue Service provides the same guidance regarding paper-filed federal returns.)
- The IRS recommends that, for federal returns, you should call only if it has been 21 days or more since you filed electronically, or more than six weeks since you mailed your paper return. The Rhode Island Division of Taxation offers the same guidance.
- The Division of Taxation administers more than 50 different tax types and fees. One of those tax types, involving the personal income tax, requires the processing of more than 645,000 personal income tax returns each year. The agency has a staff of approximately 230 employees – and not all of them handle personal income tax returns; many staffers are assigned to other statutorily required duties, including the processing of letters of good standing for businesses, sales permits for retailers, and business returns for corporations, pass-through entities, and others. We thank you for your patience and your diligence during this filing season.

Tax Refund Status

The Rhode Island Division of Taxation is required by statute to safeguard taxpayer information. Therefore, the Division requires users of its “Where’s My Refund?” online tool to provide the following information, as shown on the return:

- ◆ Social Security number
- ◆ “Filing type” (also known as “filing status,” such as “single” or “married filing jointly”)
- ◆ Refund amount.

The secure website can be accessed through the following link:

<https://www.ri.gov/taxation/refund/>

REFUND FRAUD

The IRS and the states are experiencing a sharp increase in tax refund fraud, and in refund-related identity theft.

In response, the IRS, state tax agencies, and the tax professional industry have joined forces to form the Security Summit, working in partnership to combat tax refund fraud, fraudulent tax returns, and identity theft-related fraud.

The Security Summit recently launched a public awareness campaign and a series of security awareness tips to guard against efforts by cybercriminals. The IRS and the states have also taken steps to increase scrutiny of tax returns this season.



The enhanced security measures, in place to protect your personal information and to combat fraud, have increased the time it takes many states, including Rhode Island, to process and issue refunds. Whether your return is e-filed or paper-filed, keep in mind that it must pass through multiple filters to ensure its accuracy and ensure that fraud is not involved. It is therefore possible that your return may take longer than usual to process. (Other issues also can delay processing, such as mathematical and other errors.)

The Rhode Island Division of Taxation asks your patience as Rhode Island and many other states implement enhanced efforts to safeguard taxpayer dollars, combat tax refund fraud, and protect your personal information. The Division this filing season will take the time necessary to review and verify the information on all tax returns to make sure that the right refund goes to the right person.

Tax preparers and taxpayers can help in the fight against fraud by filing electronically and using direct deposit, which is the most secure and effective way to receive your refund. Last year, the Division issued more than 456,000 refunds totaling \$279.9 million in the aggregate.

For those who file paper returns, the Division urges the use of tax preparation software so that the resulting return can be filed with a two-dimensional barcode. Paper returns with 2-D barcodes process more effectively and efficiently and result in fewer errors.

For those without tax preparation software, forms for the new filing season, covering tax year 2016, are now available on the Division's website: <http://www.tax.ri.gov/taxforms/personal.php>. Among the forms now available for download from the Division's website is Form RI-1040H, involving the statewide property-tax relief credit.

CONTACTING THE DIVISION OF TAXATION

There are a number of convenient ways to directly reach the Division regarding your Rhode Island personal income tax return or refund. Email the Division using the following address: Tax.Assist@tax.ri.gov. Or call the Division at (401) 574-8829 (choose option # 3), or visit the Division's office on the first floor of the Powers Building, at One Capitol Hill, diagonally across from the Smith Street entrance of the State House. The Division is typically open to the public from 8:30 a.m. to 3:30 p.m. business days.

The Division of Taxation cannot directly respond to taxpayer inquiries via social media, such as Twitter and Facebook, because of State statutes protecting taxpayer confidentiality. For the

same reason, individual taxpayer inquiries cannot be directly addressed when made through traditional media, such as TV stations and talk-show programs. The Division recommends using the contact information listed in this Advisory – including the email address, phone number, and office visit information.

WHAT'S NEW FOR FILING SEASON

The Division reminds preparers and taxpayers that they will encounter a number of changes this filing season, including the following:

- A new tax break for Social Security benefits.
- An increase in the earned income credit.
- An increase in the statewide property-tax relief credit (Form RI-1040H).
- The ability to pay a balance due by debit card or credit card.
- A filing deadline of April 18, 2017.
- Increased efforts to combat tax refund fraud and refund-related identity theft.

DIVISION OF TAXATION: PUBLICATIONS

The Division of Taxation has issued a number of publications this filing season to provide current information and guidance to tax preparers and taxpayers about what's new and what to expect for the filing season. The list of publications includes the following:

- A special edition of the Division's newsletter:
<http://go.usa.gov/x9mzc>
- Extension details for certain C corporations:
<http://go.usa.gov/x9Mbe>
- Details about the start of filing season:
<http://go.usa.gov/x9fR3>
- Information on a scam targeting tax preparers:
<http://bit.ly/2joiHfG>



DIVISION OF TAXATION: OUTREACH

Each year, the Division of Taxation makes numerous outreach efforts in a variety of forums in preparation for the filing season, to spread the word about what's new, and to answer questions from tax preparers and taxpayers. The Division's most recent outreach sessions, in late 2016 and early 2017, include the following:

- A seminar for tax preparers, at the Community College of Rhode Island campus, Warwick.
- A seminar for tax preparers, at the Community College of Rhode Island campus, Newport.
- The Rhode Island Society of Certified Public Accountants' tax seminar, in Providence.
- The Rhode Island Association of Public Accountants' tax seminar, in Warwick.
- A seminar for the AARP Tax-Aide program.

- Two seminars involving the Volunteer Income Tax Assistance (VITA) program.
- The regional National Association of Tax Professionals' tax seminar.
- The Rhode Island Society of CPAs' annual tax forum on Rhode Island Public Television.
- The CPE Associates tax seminar, held at Rhode Island College.

The Division has also handled hundreds of inquiries by phone and email and from walk-ins. In addition, the Division included a tax-season update to legislators during a recent hearing of the House Oversight Committee, held at the State House in Providence. To view a copy of the slide presentation, use the following link: <http://go.usa.gov/x9zbe>.

QUESTIONS AND ANSWERS

Following are answers to some filing-season questions.

Q: I had Rhode Island income tax withheld from my paycheck last year. Therefore, I must fill out Schedule W and file it along with my Form RI-1040. When I fill out Column D of Schedule W, and enter my employer's state ID number from box 15 of the W-2, should dashes or spaces be included?

A: No. Whether you are entering your employer's state ID number from box 15 of your Form W-2, or the payer's federal identification number, do not enter any spaces or dashes. Just enter the digits.

Q: I just found out that my employer listed the wrong state ID number in box 15 of Form W-2 for me and all of my coworkers. What should I enter on Schedule W of my Form RI-1040?

A: Look at box b of your Form W-2 to locate the nine-digit "Employer identification number (EIN)." Enter that nine-digit employer identification number on your Rhode Island return, in Column D of Schedule W. Then fill out the rest of your return as usual.

What if you have already filed your Rhode Island personal income tax return? Email us a note of explanation, using the following address: Tax.Assist@tax.ri.gov

Q: When I fill out Form RI-1040H to claim the statewide property-tax relief credit, must I count Rhode Island municipal bond interest as "household income" – even though Rhode Island municipal bond interest is not treated as taxable income at the federal or state levels?

A: Yes. Although Rhode Island municipal bond interest is not subject to federal or state income tax, it does count as household income for purposes of the statewide property-tax relief credit on Form RI-1040H. So enter your municipal bond interest – along with all other taxable and nontaxable interest – on Form RI-1040H, Part 5, line 15.

Q: Is there any form, line, or schedule to complete on the Rhode Island income tax forms regarding the federal Affordable Care Act?

A: The Patient Protection and Affordable Care Act, sometimes called the Affordable Care Act or Obamacare, is a federal law enacted in 2010 and it has a number of federal tax provisions. However, that federal law does not impact your Rhode Island income tax filing: For Rhode Island personal income tax purposes, there is no form, line, or schedule to complete.

Q: I established a limited liability company (LLC) last year to hold a rental property in Rhode Island. It's a single-member LLC. Must I file a return with the Rhode Island Division of Taxation? If so, are there any charges? And when is the filing deadline?

A: A single-member LLC must file an information return with Rhode Island each year on Form RI-1065 and pay the associated annual filing fee. The annual filing fee, sometimes called the annual filing charge, is equal to the annual corporate minimum tax. For tax year 2016, it is \$450.

What about the due date? For purposes of filing its Form RI-1065, a single-member LLC, which, for federal tax purposes, is disregarded as an entity separate from its owner, uses the same original due date and extended due date as its owner.

For example, suppose a single-member LLC is owned by an individual who uses the calendar year as his or her tax year, and the filing is for the 2016 tax year. In that case, April 18, 2017, is the original due date for the individual's Form RI-1040 and for the single-member LLC's Form RI-1065. Also, October 16, 2017, is the extended due date for the individual's Form RI-1040 and for the single-member LLC's Form RI-1065. (Remember that it is an extension of the time to file, not of the time to pay; taxes and fees are due by April 18, 2017.)

C corporations

The Rhode Island Division of Taxation has updated its forms and instructions to reflect the recent change in the extended due date for calendar-year C corporations.

The Division has updated Form RI-7004, which is for making an automatic extension request involving Forms RI-1120C, RI-1120S, and RI-1065. The Division has also updated Form BUS-EXT, the automatic extension request for those filing Form RI-1120POL (political organizations tax), Form T-72 (public service corporation gross earnings tax), and Form T-74 (banking institution excise tax). The updates are on the Division's website: <http://www.tax.ri.gov/taxforms/>

Why the change?

The Internal Revenue Service recently announced that it would make a six-month automatic extension available to calendar-year C corporations. In response, the Rhode Island Division of Taxation announced that it would follow suit.

Thus, for example, a calendar-year C corporation preparing its Rhode Island return for tax year 2016, with an original due date of April 18, 2017, will have an extended due date of October 16, 2017.

The Division decided to establish the six-month extension so that entities will have the same deadline for filing their federal and Rhode Island returns, a convenience for businesses and for tax professionals. The updated forms and instructions are available for tax preparers, tax software providers, taxpayers, and other stakeholders.

Q: When claiming the statewide property-tax relief credit on Form RI-1040H, I must list household income – and household income cannot exceed \$30,000. May I deduct from income any rental losses or capital losses for purposes of Form RI-1040H?

A: Under Rhode Island General Laws § 44-33-3, the calculation of “income” (for purposes of claiming the property-tax relief credit on Form RI-1040H) shall not include any deductions for rental losses, business losses, capital losses, exclusion for foreign income, and any losses received from pass-through entities.

So if you’ve claimed certain losses for income tax purposes, you must add those losses back to your income for purposes of the \$30,000 income threshold on Form RI-1040H. Some examples are provided below:

Example 1: An individual claims a \$3,000 capital loss carryforward from on his federal 1040 and the loss is figured into the individual’s federal adjusted gross income. On Form RI-1040H, the capital loss must be added back to determine total household income, because capital losses are excluded in determining income for Form RI-1040H.

Example 2: An individual has a net operating loss on her federal income tax return. In determining the total household income for Form RI-1040H, the net operating loss must be added back to all other income to determine total household income.

Example 3: A claimant owns multiple rental properties. The losses from the depreciation expense result in a negative adjusted gross income. The claimant must add back the loss, because the calculation of “income” for Form RI-1040H purposes shall not include any deductions for rental losses.

Example 4: A federal return includes income from two federal Schedule C forms. One Schedule C shows income of \$10,000; the second Schedule C shows a loss of \$1,000. As a result, the taxpayer has net business income of \$9,000. However, on Form RI-1040H, the entire \$10,000 must be counted as household income. (In other words, the \$1,000 loss must be added back to determine household income, because business losses are excluded in determining income for Form RI-1040H.)

ELECTRONIC FILING REMINDER

Rhode Island Division of Taxation electronic filing	
<i>The Division of Taxation is accepting the following returns electronically this season:</i>	
Form RI-1040	Resident personal income tax return
Form RI-1040NR	Nonresident personal income tax return
Form RI-1120C	Business corporation tax return – C corporations
Form RI-1120S	Business corporation tax return – S corporations
Form RI-1065	For partnerships, LLPs, LPs, LLCs, single-member LLCs
Preparers should check with their tax-preparation software provider to see if their programs are updated and ready for e-file.	