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Deadline is Monday for second-quarter payments;
Division of Taxation is preparing to send sales tax permits and coupons

PROVIDENCE, R.I. – Rhode Island Tax Administrator David M. Sullivan reminds taxpayers and tax practitioners that Monday – June 15, 2015 – is the deadline for making second-quarter estimated payments of Rhode Island personal income tax.

Monday is also the deadline for the second installment of estimated tax for calendar-year payers of corporate tax, bank excise tax, political organization tax, composite income tax, and pass-through withholding. In addition, June 15 is the deadline for the second installment of estimated tax for payers of the bank deposits tax, insurance gross premiums tax (admitted carriers), and public service corporation tax.

Forms and other information are available on the [Division of Taxation website](#). The Division of Taxation may also be reached by phone at (401) 574-8829 from 8:30 a.m. to 3:30 p.m. business days.

Estimated payments and combined reporting

Sullivan also reminds taxpayers and practitioners about a change in statute involving estimated tax payments by groups that are subject to mandatory unitary combined reporting. The change – enacted in 2014, and effective for tax years beginning on or after January 1, 2015 – involves the computation of estimated taxes by businesses that are treated as C corporations for federal income tax purposes and that are part of a combined group engaged in a unitary business.

In such cases, “You have to calculate an estimate that takes into account any additional tax owed as a result of combined reporting,” Sullivan said. The calculation should also take into account the various other changes that took effect for tax years beginning on or after January 1, 2015, and that affect entities treated as C corporations for federal income tax purposes – including single sales factor apportionment, the market-based sourcing method for computing the sales factor, and the new lower corporate income tax rate of 7 percent, Sullivan said.

Estimated payments are due in two installments: the first by the 15th day of the third month of the taxable year, the second by the 15th day of the sixth month of the taxable year. Thus, for calendar-year filers, the first such estimate was due in March 2015; the second is due on or before June 15, 2015.

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For tax years beginning on or after January 1, 2015, any taxpayer required to file a combined return in accordance with Rhode Island General Laws (RIGL) § 44-11-4.1, “Combined reporting,” must compute estimated payments for the tax year as follows:

- The installments must equal 100% of the tax due for the prior year plus any additional tax due to the combined reporting provisions under RIGL § 44-11-4.1; or
- The installments must equal 100% of the current year tax liability.

“We are in the process of drafting a proposed regulation on combined reporting, but we are issuing this reminder to help ensure that entities subject to combined reporting understand the statutory change involving the computation of estimated payments,” Sullivan said. (For more information, please call the Division of Taxation’s Corporate Tax section at (401) 574-8935 from 8:30 a.m. to 3:30 p.m. business days.)

Sales tax permits and booklets

The Division of Taxation plans to start mailing sales tax permits and coupon booklets within the next two weeks. The mailing is intended to allow permits to arrive at retailers well in advance of the June 30, 2015, expiration date for existing sales tax permits, Sullivan said.

The booklets will also include coupons for making payments. However, the Division of Taxation urges retailers to make payments electronically through the agency’s website. Whether you remit sales and use tax quarterly or monthly, you can make your deposit conveniently through the Division of Taxation’s [“Rhode Island Business Tax Filings” portal](#).

Insurance-related tax payments

The Division of Taxation has temporarily stopped processing insurance-related tax payments that are made by insurance companies and surplus lines using the electronic system called Online Premium Tax for Insurance, or *OPTins*, which was developed by the National Association of Insurance Commissioners. The issue involves computer system incompatibility.

Taxpayers who formerly used *OPTins* to make their payments should now make such payments directly to the Division of Taxation. Payments can be made electronically directly to the Division of Taxation, but a taxpayer must register first. Click [here](#) for more information. To pay by check, mail to: Rhode Island Division of Taxation, One Capitol Hill – Suite 9, Providence R.I. 02908. The following insurance-related tax forms are available on the [Tax Division website](#):

- Form BUS-V, “Business Tax Payment Voucher Form”;
- Form BUS-EST, “Business Tax Estimated Payment Form”; and
- Form SLB-EST, “Surplus Lines Broker Estimated Payment Form.”

Note: Returns may still be filed via *OPTins*. It is only the payments made via *OPTins* that cannot be processed by the Tax Division at this time.

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Administrative Decisions

The Tax Division recently posted decisions that were issued after administrative hearings, including the following:

- [Decision 2015-14](#) involves the use tax and a business's use of envelopes.
- [Decision 2015-15](#) involves personal income tax and a taxpayer's domicile.
- [Decision 2015-16](#) looks at whether a refund claim was filed on time.
- [Decision 2015-17](#) focuses on the failure to file an amended return.

Scholarship tax credit program

The Division of Taxation has updated the application and instructions involving the Credit for Contributions to Scholarship Organizations program. The application period begins July 1, 2015. The credit is for approved business entities that make contributions to approved scholarship organizations. Applications are approved on a first-come, first-served basis until the fiscal year credit cap is met. A list of qualified scholarship organizations, as well as contact and other information, is available on the [program's web page](#).

Contact:
Neil Downing
Chief Revenue Agent
Rhode Island Division of Taxation
Neil.Downing@tax.ri.gov
(401) 574-8115