



# Rhode Island Department of Revenue

## Division of Taxation

ADV 2020-02  
TAX ADMINISTRATION

ADVISORY FOR TAX PROFESSIONALS  
JANUARY 27, 2020

### Filing season opens in Rhode Island

*Division of Taxation starts processing e-filed and paper returns for TY 2019*

PROVIDENCE, R.I. – The Rhode Island Division of Taxation has officially begun accepting and processing electronically filed Rhode Island resident and nonresident personal income tax returns for the 2019 tax year.

The agency has also officially begun accepting and processing paper returns but urges tax preparers and taxpayers to e-file. E-filing is faster, results in fewer errors, and provides the filer with an electronic filing acknowledgement.

In addition, e-filing is the only method available for having your personal income tax refund deposited directly into your bank or credit union account. (Direct deposit is not available for paper returns.)

Rhode Island Division of Taxation electronic filing	
<i>The following Rhode Island returns can be filed 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, LPs, LLPs, LLCs, single-member LLCs
Form RI-1041	Income tax return for certain estates, trusts (fiduciary)

Preparers should check with their tax-preparation software providers to see if their programs are updated and ready for e-file. Also, for the 2020 filing season, the Division will accept electronically filed Form RI-1041. Therefore, whether a preparer can e-file Form RI-1041 will depend on the preparer's tax-preparation software provider.

### CHANGES FOR FILING SEASON

As preparers and taxpayers start their filing season, they will encounter a number of changes, including the following:

- As a result of an inflation adjustment, more taxpayers will be eligible for the tax break for income from 401(k) plans, pensions, annuities, and some other sources.
- As a result of an inflation adjustment, more taxpayers will be eligible for the tax break for income from Social Security benefits.

- An increase in the statewide property-tax relief credit (Form RI-1040H).
- A filing deadline of April 15, 2020.

Overall, the Division expects to receive and process more than 650,000 resident and nonresident personal income tax returns this year.

### FIGHTING TAX FRAUD

The Internal Revenue Service, state tax agencies, and the tax preparation 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 is working with tax preparation software providers and others to fight fraud. Enhanced security measures, in place to protect taxpayers' personal information and to combat fraud, have in some cases increased the time it takes many states to process and issue refunds, especially if back-up documentation is called for to support certain items of income or expense.



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 a refund.<sup>1</sup>

### FILING TIPS FOR ALL RETURNS

The Division urges taxpayers to gather and organize their financial records for 2019 to assist in the preparation of complete and accurate returns. Those claiming certain tax credits should be prepared to provide supporting documentation:

- Because the earned income credit is intended for those who have earned income (and who meet certain other requirements), those claiming the credit need to have *bona fide*

### HIGHLIGHTS

- Filing season officially began today, Monday, January 27, 2020, for Rhode Island personal income tax returns.
- Filing season also began today for many business returns.
- Filing deadline is Monday, March 16, 2020, for many S corporations, partnerships, and others.
- Filing deadline is Wednesday, April 15, 2020, for personal income tax returns – and for income tax returns of many C corporations, estates, and trusts.

<sup>1</sup> Last year, the Division issued 498,221 refunds totaling \$332.84 million, for an average of \$668.06 per return. (Refund data is for calendar year 2019, through December 30, is for all tax years, includes interest, and is after offsets.)

documentation showing the source(s) of their earned income, such as Form W-2 wage statements.

- Because the statewide property-tax relief credit (Form RI-1040H) is generally intended for those who own or rent local property (and who meet certain other requirements), those claiming the credit need to have *bona fide* documentation showing that they paid local property tax, or paid rent to a landlord that paid local property tax.
- According to the Tax Preparers Act of 2013, preparers must exercise due diligence when preparing Rhode Island personal income tax returns involving the earned income credit and property-tax relief credit.<sup>2</sup>
- To facilitate accurate processing of the return (and any related refund), be consistent from year to year with the names on the return. For example, if the taxpayer's first name is Michael, don't use "Michael" one year on the return, and "Mike" on the next year's return – use "Michael" both years.

#### Where's my refund?

Beginning in February, the Rhode Island Division of Taxation will regularly update its online "Where's My Refund?" tool:

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

The tool is a handy way to find out the status of your Rhode Island personal income tax refund.

The Division of Taxation urges taxpayers and preparers to make sure that a Rhode Island personal income tax return includes a properly and accurately completed Schedule W – if the taxpayer had Rhode Island personal income tax withheld last year from a paycheck, a pension, or other such source of income.

The Division also urges filers to remember to include their Social Security number (or ITIN). If a filer is married, the filer should include the Social Security number (or ITIN) of the spouse, too. Also, don't forget to complete and include the Schedule E with your return. Schedule E is required whether you are single or married, resident or nonresident. Also, Schedule E is required even if you have no dependents.

When making a payment, taxpayers should be sure to include a payment voucher. For those using tax software, vouchers can be printed out along with a copy of the return. Vouchers are also [on the Division website](#).

### FILING TIPS FOR PAPER RETURNS

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 typically process more effectively and efficiently and result in fewer errors.

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<sup>2</sup> The Act is codified at Rhode Island General Laws § 44-68-1 *et seq.*, and describes duties, responsibilities, and penalties that apply to preparers. The Act also says that paid preparers must sign – and include their IRS-issued preparer tax identification number (PTIN) – on all returns prepared and filed with the Division of Taxation.

Following are some tips for paper filers:

- Avoid using staples when preparing paper returns for mailing because staples delay processing. Instead of using staples or sticky tape to bind tax return documents together prior to mailing, use binder clips, paper clips, or rubber bands – all of which can be quickly removed by Division staff during the processing of the return.
- Sign and date your return.
- Include with your return any Form W-2 wage statements.
- If you had any Rhode Island income tax withheld last year (from a job, a pension, or other source of income), don't forget to accurately complete your return's Schedule W and include it in your mailing.
- Remember to include a completed Schedule E with your return.
- Remember to enter the number of exemptions in the boxes provided on your return.
- Include all pages of the return.
- Use a standard-size envelope.
- Keep folding of the return to a minimum, to ease in processing.
- Include with the return only the required documents as shown in the instructions. (For example, do not include birth certificates.)
- Check the correct box for your "filing status."

## FORMS AND INSTRUCTIONS

Many Rhode Island personal income tax forms, instructions, and related schedules and other materials are now available [online at the Division of Taxation website](#). The latest business forms, covering the 2019 tax year, are also on the Division website. (See highlight on screenshot below.) Click [here](#) to view. To order forms by mail, call (401) 574-8970, or email: [tax.forms@tax.ri.gov](mailto:tax.forms@tax.ri.gov).

The screenshot shows the website for the State of Rhode Island Division of Taxation, Department of Revenue. The page is titled "Forms" and includes a navigation menu on the left with options like Home, Administrative Decisions, and Advisories. The main content area lists "Current Forms:" and has a "Business:" link circled in red. Below this link, the text "Corporate Tax Forms - 2019 Tax Year" is visible.

## 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](mailto:Tax.Assist@tax.ri.gov).

You may also 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. However, keep in mind that the number of visits and phone calls increases during filing season. For a complete listing of contact information for the Division of Taxation, [use the "Contact Us" section of the website](#).

## FINDING A TAX PREPARER

Although the Rhode Island Division of Taxation does not prepare tax returns for 2019 on a walk-in basis, many certified public accountants, enrolled agents, public accountants, and other preparers are available throughout the state.

The [Internal Revenue Service website includes information on choosing a tax professional](#), as well as a public directory of certain tax professionals to help taxpayers determine return preparer credentials and qualifications. The directory is a searchable, sortable database with the name, city, state, and ZIP code of credentialed return preparers.



## FREE TAX ASSISTANCE

Many locations in Rhode Island will prepare personal income tax returns -- and property-tax relief claims on Form RI-1040H -- all at no charge for eligible taxpayers. To find a volunteer tax preparation site near you -- including its location, hours, and dates of operation:

- Call the United Way of Rhode Island's helpline at 211.
- Call the VITA program toll-free at 1-800-906-9887.
- Call the AARP Tax-Aide program toll-free at 1-888-227-7669.

For more information, see [the IRS website](#), which includes links for finding nearby volunteer tax preparation sites. (For federal income tax information or assistance directly from the IRS, see the [IRS website](#) or call 1-800-829-1040.)

## FREE FILE

You may qualify to prepare and file your federal and Rhode Island resident personal income tax returns online at no charge. The Division of Taxation website includes a listing of Free File offerings. To view, click [here](#). The offerings include links to the Free File partners' websites.

## FILING DEADLINE: WEDNESDAY, APRIL 15, 2020

The normal April 15 filing deadline will fall on a Wednesday this year. On April 16, Emancipation Day will be observed by Washington, D.C. However, Emancipation Day is not a factor this year for purposes of the filing deadline for Rhode Island personal income tax returns and payments.

Thus, the Rhode Island filing deadline this year is Wednesday, April 15, 2020. All resident and nonresident Rhode Island personal income tax returns and related payments for tax year 2019 must be e-filed or postmarked on or before 11:59 p.m. on April 15, 2020.

Tuesday	Wednesday	Thursday
April 14, 2020	<b>April 15, 2020</b> Filing deadline	April 16, 2020 Emancipation Day (Washington, D.C.)

(Six-month extensions are allowed, but they are extensions of the time to file, not of the time to pay.)

## BUSINESS FILERS

The Division of Taxation has also officially begun accepting and processing electronically filed business returns on Form RI-1065, Form RI-1120C, and Form RI-1120S, and e-filed income tax returns for certain estates and trusts on Form RI-1041. (Whether a preparer can e-file Form RI-1041 will depend on the preparer's tax-preparation software provider.)

In addition, the Division has officially begun accepting paper-filed business returns. The Division reminds business filers of the change in original and extended due dates which first applied in the 2017 filing season. For example, calendar-year C corporations that formerly filed in March now file in April. Calendar-year partnerships that formerly filed in April now file in March.

<i>Entity/tax type</i>	<i>Form</i>	<i>Due date</i>
Corporate income tax	RI-1120C	April 15, 2020
Public service gross earnings tax	T-72	April 15, 2020
Bank excise tax	T-74	April 15, 2020
Insurance gross premiums tax	T-71	April 15, 2020
Individual income tax*	RI-1040	April 15, 2020
Single-member LLC**	RI-1065	April 15, 2020
Income tax of trust, estate	RI-1041	April 15, 2020

\* Includes nonresident returns on Form RI-1040NR.  
\*\* Single-member limited liability company (SMLLC) uses same due date and extended due date as its owner. Table assumes owner is calendar-year individual.

- The March filing deadline for certain pass-through entities is normally March 15, but that falls on a Sunday this year. Therefore, the deadline will move automatically to the next business day: Monday, March 16, 2020.

## NOTICES REGARDING SALES AND USE TAX

Some taxpayers will be receiving notices from certain retailers early this year regarding their obligation involving Rhode Island's sales and use tax.

In general, the notice lets the customer know that use tax may be due on some or all of the purchases that the customer made during 2019. Using this information, the customer must file a signed use tax return, Form T-205, which is available on the Division of Taxation's website, or the customer must include the use tax from such purchases when computing overall use tax due on his or her Rhode Island personal income tax return for the 2019 tax year. (Details of the annual notice requirement and related information can be found [on the Division's website](#).)

## ENTITY-LEVEL TAX ON PASS-THROUGH ENTITIES

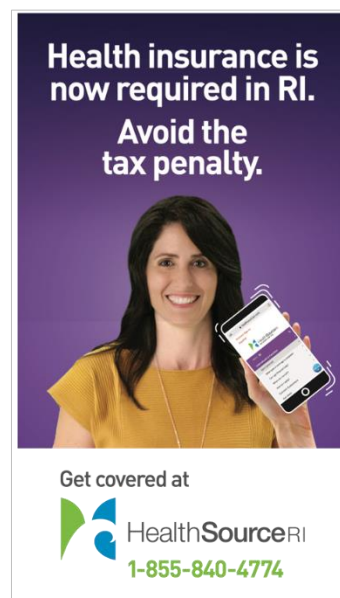
Under legislation approved by the Rhode Island General Assembly and signed into law by Rhode Island Governor Gina M. Raimondo on July 5, 2019, pass-through entities – including sole proprietorships – may elect to pay an entity-level Rhode Island tax on net income at the rate of 5.99%. To accommodate the new law, the Division has created some new forms, revised others, and provided new instructions as well as [answers to commonly asked questions](#).

## REMINDER: HEALTH INSURANCE MANDATE


Rhode Island's health coverage mandate is now in effect. As of January 1, 2020, all Rhode Islanders must have qualifying health coverage. Failure to have such "minimum essential coverage" in 2020 may result in a Rhode Island personal income tax penalty in 2021 (when you do your Rhode Island personal income tax return covering 2020).

The Division urges tax preparers this season to remind their clients about the new law and how they may be affected during the 2021 filing season.

Most people have minimum essential coverage -- through employer-sponsored health insurance, Medicaid, Medicare, TRICARE, or some other means -- and will not have to pay the penalty. Rhode Island residents who don't have such coverage can find out about their health insurance options by contacting Rhode Island's health insurance exchange -- [HealthSource RI](#). To learn more about the mandate, click [here](#).



Health insurance is now required in RI. Avoid the tax penalty.



Get covered at  
HealthSourceRI  
1-855-840-4774

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*The Rhode Island Division of Taxation office is located at One Capitol Hill in Providence, R.I., diagonally across from the Smith Street entrance to the State House, and is open to the public from 8:30 a.m. to 3:30 p.m. business days. For more information, contact the Division of Taxation at (401) 574-8829 or see <http://www.tax.ri.gov/contact>*

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