

2021 INSTRUCTIONS FOR FORM RI-1096PT

For more information on pass-through entity withholding or to obtain forms, refer to Rhode Island Division of Taxation's website : www.tax.ri.gov or call (401) 574-8829, option #3.

GENERAL INFORMATION

Form RI-1096PT is used to report the Rhode Island withholding of a pass-through entity with **nonresident** partners, members, beneficiaries and shareholders.

If the pass-through entity has no nonresident members, it is not required to file Form RI-1096PT.

The pass-through entity is required to file Form RI-1096PT showing the amount of Rhode Island withholding for all nonresident members for whom Rhode Island taxes were withheld. This does not include any nonresident members who have elected to file a composite return using Form RI-1040C-NE.

When filing Form RI-1096PT, the pass-through entity **must** attach all corresponding Form RI-1099PTs. Attach any Form RI-1099PTs that were received by the pass-through entity to the **front** of Form RI-1096PT. Attach any Form RI-1099PTs that the pass-through entity issued to its members to the **back** of Form RI-1096PT.

DUE DATE: Sub S corporations, LLCs, and partnerships must file Form RI-1096PT on or before the fifteenth day of the third month following the close of the pass-through entity's taxable year. (March 15, 2022 for a pass-through entity whose taxable year for federal income tax purposes is the calendar year). Trusts must file Form RI-1096PT on or before the fifteenth day of the fourth month following the close of the pass-through entity's taxable year. (April 15, 2022 for pass-through entity's whose taxable year for federal income tax purposes is the calendar year).

EXTENSION OF TIME TO FILE: An automatic six (6) month extension (5 1/2 months for a trust) is available. While the extension will extend the date to file the return, it does not extend the date to pay any tax due with the RI-1096PT. To file for an extension of time to file, complete Form RI-4868PT. The form must be filed on or before the original due date of the return along with payment of a properly estimated amount of tax due for the return.

SPECIFIC INSTRUCTIONS

Please complete the top of the return by filling in the entity's name, address and federal employer identification number. Also, check off the entity type of the pass-through entity filing this Form RI-1096PT and whether the pass-through entity has a calendar or fiscal year end.

If the pass-through entity cannot distribute funds due to Federal or State restrictions, check the **"Cannot distribute due to Federal or State Restrictions"** box. This box should also be checked if the pass-through entity is exempt from personal income tax.

If you cannot distribute funds due to Federal or State restrictions or are exempt from income tax, Form RI-1096PT must be submitted by the due date of the return with a statement explaining what is prohibiting the distribution of the funds along with all of the corresponding RI-1099PTs. The RI-1099PTs must contain the required information.

If the pass-through entity has any nonresident members who have less than \$1,000.00 in Rhode Island source income, check the **"Members with less than \$1,000 in RI source income"** box.

If all the nonresident members of the pass-through entity have

Rhode Island source income less than \$1,000.00, Form RI-1096PT must be filed as a zero return. All of the corresponding RI-1099PTs should show the nonresident members' withholding as zero.

Form RI-1096PT is not required to be filed if there are no nonresident members of the pass-through entity.

Line 1 – Using the appropriate column based on entity type, enter the amount of Rhode Island source income **net of any modifications** of all nonresident members who have not elected (using Form RI-1040C-NE) to be included in a composite filing, Form RI-1040C for this pass-through entity.

For a pass-through entity that cannot distribute pass-through withholding due to Federal or State restrictions, enter the amount of income for the pass-through entity on this line.

If the pass-through entity has at least one member with less than \$1,000 in Rhode Island source income, complete Schedule A and/or Schedule B on page 2. Complete Schedule A if the pass-through entity has at least one C corporation member with less than \$1,000 in Rhode Island source income. Complete Schedule B if the pass-through entity has at least one member other than a C corporation with less than \$1,000 in Rhode Island source income. If applicable, complete both schedules.

Line 2 – Rhode Island pass-through withholding rate. For C corporations only, the rate is 7.0%. For Sub S corporations, individuals, LLCs, partnerships and trusts, the rate is 5.99%.

Line 3 – Multiply the Rhode Island source income of nonresidents (line 1) by the pass-through withholding rate (line 2) to calculate the pass-through withholding amount.

Line 4 – Total the pass-through withholding amounts from both columns.

Line 5 – Using the worksheet on page 2 of Form RI-1096PT, enter the amount from line 5e which totals payments made by the nonresident members on their Rhode Island Personal Income Tax returns.

Line 5a: Rhode Island nonresident real estate withholding: Use this line only if at the time of closing, a breakdown of nonresident withholding amounts for each entity member was provided to the Division of Taxation. If, at the time of closing, the nonresident real estate withholding was paid to the Division of Taxation using the pass-through entity's name and NOT the member(s), enter the amount of nonresident real estate withholding on Line 8b instead.

NOTE: Refer to the entity's nonresident real estate withholding paperwork that was filed with the Division of Taxation.

Line 5b: Rhode Island estimated payments made: Enter the amount of any Rhode Island estimated payments which were paid by a member on his/her individual Rhode Island Personal Income Tax return in relation to the income from this pass-through entity. This line is listed only for first year transition purposes or other temporary uses. In accordance with 44-11-2.2, the entity is required to withhold on the income of the entity. This line should not be used on a yearly basis for estimated payments by shareholders and as a work around for the statutory withholding requirement.

Line 5c: Excess Rhode Island withholding tax paid by the entity for members relating to the income from this pass-through entity. This does not include withholding that would normally have been paid for

a member's wages.

Line 5d: Enter the amount of credit for Tax Credits for Contributions to a Scholarship Organizations, Historic Structures - Tax Credit, Historic Preservation Tax Credits 2013, Rhode Island New Qualified Jobs Incentive Act 2015 credit, Rebuild Rhode Island Tax Credit, Motion Picture Production Tax Credits, Musical and Theatrical Production Tax Credits that a member purchased for use in 2021. For tax year 2021, these are the only credits allowed to offset the pass-through withholding. This also pertains to any carry forward of a credit not mentioned above.

Line 5e: Add lines 5a, 5b, 5c and 5d. Enter the total on pg 1, line 5.

Line 6 – Subtract line 5 from line 4 for the tentative amount of Rhode Island withholding for members of the pass-through entity. This amount should not be less than zero. **If zero or less, enter zero.**

Line 7 – Enter the amount of estimated tax payments made on Form RI-1096PT-ES.

Line 8a – Enter the amount of withholding that was withheld on behalf of the reporting entity by another pass-through entity. Enter the federal employer identification number(s) of the pass-through entity(s) who withheld on your behalf on the line provided. Any RI-1099PT received by the pass-through entity **must** be attached to the front of Form RI-1096PT.

Line 8b - Enter the amount of nonresident real estate withholding on real estate sales in 2021. Enter an amount here only if the nonresident real estate withholding was paid on behalf of the entity AND a breakdown of member(s)'s shares was not provided to the Division of Taxation at the time of closing.

NOTE: Refer to the entity's nonresident real estate withholding paperwork that was filed with the Division of Taxation.

Line 8c - Enter any other payments made, including any payment made when filing for an extension using Form RI-4868PT. If an extension was filed, attach a copy of the extension.

Line 9 – Total payments: Add lines 7, 8a, 8b and 8c.

Line 10 – Balance Due: If line 6 is greater than line 9, subtract line 9 from line 6. The amount from line 6 should be allocated among the RI-1099PTs being issued to the entity's members. Remit payment for balance due along with any underestimating interest due using Form RI-1096V.

Line 11 - Excess withholding paid: If line 9 is greater than line 6, subtract line 6 from line 9. The amount on line 9 should be allocated among the RI-1099PTs being issued to the entity's members.

Excess withholding amounts cannot be refunded or carried forward. They must be passed through to the entity's members.

All issued RI-1099PTs must be attached to the back of Form RI-1096PT. In lieu of attaching multiple RI-1099PTs being issued, a schedule consisting of all of the required information may be attached.

RI-1099PT forms issued box: In the box provided, enter the total number of RI-1099PTs being issued, as well as the total amount of withholding accounted for on those RI-1099PTs.

NOTE: The total withholding amount from all RI-1099PTs that have been issued must equal the amount from line 6 or line 9, whichever is larger.

The RI-1099PTs should only include any amounts paid for nonresi-

dent real estate withholding if a breakdown of each members' share of the nonresident real estate withholding was not provided to the Division of Taxation at the time of closing. Refer back to the paperwork filed with the Division of Taxation to ensure that the payment of the nonresident real estate withholding is treated properly on this form.

Sign and date the return. An officer representing the pass-through entity must sign and date the return. An unsigned return cannot be processed. Any paid preparer who prepares the return must also sign as "preparer." If you wish to allow the Rhode Island Division of Taxation to contact your paid preparer should questions arise regarding your return, please check the box above your preparer's name.

Mail returns, RI-1099PTs and any payment due to:

Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908-5806

Instructions for Schedule A - C Corporations

Line 1:

Column A: Enter the total amount of Rhode Island source income for ALL nonresident C corporation members of this entity.

Column B: Enter the total number of nonresident C corporation members.

Line 2:

Column A: Enter the total amount of Rhode Island source income for those nonresident C corporation members with income of less than \$1,000.00 each.

Column B: Enter the number of nonresident C corporation members with income of less than \$1,000.00 each.

Line 3:

Column A: Rhode Island source income of nonresident C corporation members with at least \$1,000.00 each of income.

Subtract Line 2, Column A from Line 1, Column A.

Enter here and on Page 1, Column A, Line 1a.

Column B: Number of nonresident C corporation members with income of at least \$1,000.00.

Subtract Line 2, Column B from Line 1, Column B.

Instructions for Schedule B - Entity other than C Corporation

Line 1:

Column A: Enter the total amount of Rhode Island source income for ALL nonresident members other than C corporations of this entity.

Column B: Enter the total number of nonresident members other than C corporations.

Line 2:

Column A: Enter the total amount of Rhode Island source income for those nonresident members other than C corporations with income of less than \$1,000.00 each.

Column B: Enter the number of nonresident members other than C corporations with income of less than \$1,000.00 each.

Line 3:

Column A: Rhode Island source income of nonresident members other than C corporations with at least \$1,000.00 each of income.

Subtract Line 2, Column A from Line 1, Column A.

Enter here and on Page 1, Column B, Line 1b.

Column B: Number of nonresident members other than C corporations with income of at least \$1,000.00.

Subtract Line 2, Column B from Line 1, Column B.