

2021 RI-1120C - Rhode Island Business Corporation Tax Return

SPECIFIC INSTRUCTIONS

INFORMATION SECTION:

Enter the requested entity information on the top of the form, including name, address, federal identification number, type of return being filed, and if the entity is not a calendar year filer, enter the beginning and end dates of the entity's fiscal year.

Enter the following information in the corresponding boxes:

- A. The gross receipts from U.S. Form 1120.
- B. The depreciable assets from U.S. Form 1120, page 6, Schedule L, line 10a, Column (c).
- C. Enter the total assets from U.S. Form 1120, page 6, Schedule L, line 15, Column (d).

RETURN DUE DATES:

For calendar year and non-June 30 fiscal year end filers, Form RI-1120C is due on or before the fifteenth day of the fourth month following the close of the taxable year.

For June 30 fiscal year end filers, Form RI-1120C is due on or before the fifteenth day of the third month following the close of the taxable year.

NOTE:

If filing a final return, a separate request for a letter of good standing for the purpose of dissolution or withdrawal should also be filed. Attach the final return to the request form and follow the instructions for section V or VI. The final return and request form must be completed through the date of withdrawal. When filing for dissolution or withdrawal, an extension is not valid. Within thirty (30) days of date of letter of good standing, it must be recorded with the Secretary of State.

COMBINED REPORTING:

For tax years beginning on or after January 1, 2015, a business which is treated as a C corporation for federal income tax purposes, and which is part of a combined group engaged in a single or common business enterprise – a "unitary" business – must file a combined return with Rhode Island. Under mandatory unitary combined reporting, RIGL 44-11-4.1, an entity treated as a C corporation for federal income tax purposes must report on its Rhode Island return not only its own income, but also the combined income of the other corporations, or affiliates, that are part of a combined group under common ownership and part of a unitary business.

An affiliated group of C corporations, as defined in IRC § 1504, may also elect to be treated as a combined group with respect to the combined reporting requirement imposed by Rhode Island General Laws. When such an election is made, the entities that appear on the federal consolidated return shall be considered a combined group for Rhode Island corporate income tax purposes.

The combined group shall file by checking the box for Combined Return on the 2021 RI-1120C form, and including a RI-1120C - CGM Schedule listing the name, federal employer identification number, and address for each member of the combined group. If a federal consolidated group has made the election to be treated as a combined group with respect to the Rhode Island combined reporting requirement, they may do so by checking of the box for Federal Consolidated Election on the RI-1120C - CGM Schedule.

The combined group shall be required to attach a computational schedule or schedules which report the income and apportionment information of all entities of the taxpayer member's combined group, as well as any supporting information required to substantiate the amounts in the computational schedule or schedules.

Taxable income of a combined group apportionable to this state:

(1) The taxable income apportionable to Rhode Island of each combined group shall be the product of: (i) the adjusted taxable income of the combined group, determined under the most recent version of the Combined Reporting Regulation, and (ii) the apportionment percentage, including in the numerator the total sales (receipts) associated with the combined group's business in Rhode Island, and including in the denominator the total sales

(receipts) of all members of the combined group, which total sales (receipts) are associated with the combined group's business wherever located.

(2) The combined return uses the income, losses, and factors of all members included on the combined return to more accurately determine the taxable income of those entities that have corporate income tax nexus with Rhode Island.

See the most recent version of the Rhode Island Combined Reporting Regulation for more information.

All amounts should be listed in whole dollar amounts.

SCHEDULE A - COMPUTATION OF TAX

TAXABLE INCOME

Line 1 -

Enter the taxable income as it appears on line 28, Federal Form 1120.

CAPTIVE REAL ESTATE INVESTMENT TRUST (CAPTIVE REIT):

A Captive REIT shall file form RI-1120C and calculate tax at the corporation tax rate, adding back the "total deduction for dividends paid" to their federal taxable income under R.I.G.L. 44-11-11. Non-Captive REIT's shall check the box for 1120F and use Schedule RI-1120F to calculate the tax.

Line 2 - Total Deductions

Enter Total Deductions from page 3, Schedule B, line 1g.

Line 3 - Total Additions

Enter Total Additions from page 3, Schedule C, line 1e.

APPORTIONED TAXABLE INCOME

Line 4 - Adjusted Taxable Income

Subtract the total deductions amount on line 1 from the Federal Taxable Income amount on line 2. Add to that the total additions amount on line 3.

Line 5 - Rhode Island Apportionment Ratio

Complete Schedule H on page 5. Enter the amount from Schedule H, line 2.

Line 6 - Apportioned Rhode Island Taxable Income

Multiply your adjusted taxable income amount from line 4 times the Rhode Island Apportionment Ratio from line 5.

Line 7 - Research and development adjustments

Refer to section 44-32-1 of the Rhode Island General Laws for more details.

Line 8a - Pollution control and hazardous waste adjustment.

Every taxpayer, at his election, shall be entitled to a deduction with respect to the amortization of the adjusted basis of any treatment facility, as defined in section 44-11-11.1(A) or any hazardous waste recycling, refuse, or treatment facilities as defined in section 44-11-11.2 based on a period of sixty (60) months. A recapture of a previously taken deduction may be necessary under the law. This should be done by listing the recaptured amount as a negative number.

Line 8b - Capital Investment Deduction

Rhode Island General Laws provide for a deduction for purposes of computing net income in accordance with Chapter 44-11, for investments in certified venture capital partnerships. Taxpayers claiming this deduction for investments in certified venture capital partnerships must provide copies of certification from the Department of Economic Development of the Venture Capital Partnership. A recapture of a previously taken deduction may be necessary under the law. This should be done by listing the recaptured amount as a negative number. To calculate the amount of the deduction, the Rhode Island apportionment percentage should be applied to the taxpayer's quali-

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fying investment. The result should be listed on this line.

Line 9 - Total Adjustments

Add lines 7, 8a and 8b.

Line 10a - Rhode Island Adjusted Taxable Income

Subtract line 9 from line 6.

Line 10b - Rhode Island Adjusted Taxable Income

Enter the amount from page 1, line 10a.

Line 11 - Rhode Island Income Tax

Multiply the amount on line 10b by 7% (0.0700).

Line 12 - Rhode Island Credits

Enter the amount from Schedule B-CR 2021 - Business Credit Schedule, line 21.

A tracing protocol shall apply to all Rhode Island corporate income tax credits. See Rule 16, "Tax Credits. . ." of the most recent version of the Combined Reporting Regulation.

Rhode Island tax credits earned before January 1, 2015, shall be allowed to offset only the tax liability of the corporation that earned the credits; such credits cannot be shared with other members of the combined group. Rhode Island tax credits earned in tax years beginning on or after January 1, 2015, may be applied to other members of the group unless prohibited under the terms of Rule 16, "Tax Credits. . ." of the most recent version of the Combined Reporting Regulation.

Combined Filers Claiming More Than One Tax Credit

The following filers should use these instructions for claiming more than one tax credit

- Combined Filers with multiple credits generated prior to 1/1/2015
- Combined Filers with one or more credits generated prior to 1/1/2015 AND a credit generated on or after 1/1/2015 that can be shared.
- Combined Filers with more than one credit generated on or after 1/1/2015 that can be shared.

Note: If you are claiming a tax credit generated prior to 1/1/2015 and have generated the same tax credit on or after 1/1/2015 you cannot include the amount of carry over from the credit generated prior to 1/1/2015 in the computation for the credit generated on or after 1/1/2015. You will be required to complete Worksheet 1 and/or Worksheet 2 at the end of these instructions when claiming more than one credit. In addition, you must attach the required RI tax credit form (if applicable) or the appropriate original tax credit certificate to RI Schedule B-CR.

Tax Credits Generated Prior to 1/1/2015

Rhode Island tax credits earned before January 1, 2015, shall be allowed to offset only the tax liability of the corporation that earned the credits; such credits cannot be shared with other members of the combined group. Refer to Worksheet 1 at the end of these instructions to calculate such credits.

1. Worksheet 1 Entries

There are 2 entries for each credit per member on Worksheet 1:

- Individual Total Credit: this includes the total credit available that was generated and unused prior to 1/1/2015, including carryforwards from prior tax years (include a spreadsheet detailing all prior year carryforwards included in this figure).
- Allowable Credit: this limits the amount of credit used in the current year; the credit allowed for each member shall be calculated by subtracting their Individual Total Credit (Worksheet 1) from the greater of the following two: the member's Total RI tax from the combined group's attached computational schedule or schedules, or line 28 Minimum Tax \$400. The result cannot be less than the minimum tax \$400.

***IMPORTANT** – When calculating Worksheet 1 line 21 Total Allowable Rhode Island credits, the total credits allowed shall not exceed Worksheet 1 line 23 the minimum tax of the combined group. If it does exceed, adjust the individual members' credits to reflect the maximum allowable credit.

2. Schedule B-CR Entries

If you **do not** have any credits generated on or after 1/1/2015, enter the Total Allowable Credit amount for each credit from Worksheet 1 onto the appropriate lines on RI Schedule B-CR. Next enter the Total RI Credits amount from RI Schedule B-CR, line 21 on line 12 of Form RI-1120C. If you also have credits generated on or after 1/1/2015, continue to the instructions below.

Tax Credits Generated On or After 1/1/2015

Rhode Island tax credits earned in tax years beginning on or after January 1, 2015, may be applied to other members of the group. Refer to Worksheet 2 to calculate such credits.

1. Worksheet Entries

There are 2 entries for each credit per member on Worksheet 2:

- Total Credit: this includes the total credit that was earned and unused for tax year beginning on or after 1/1/2015; form RI-1120C line 13, the combined group's Rhode Island Income Tax and Worksheet 1 line 23, the Minimum Tax for the Combined Group should be used when calculating the Total Credit for each member
- Allowable Credit: this limits the amount of credit used in the current year; the credit allowed for each member shall be calculated by subtracting their Total Credit (Worksheet 2) from the greater of the following two: Worksheet 1 line 24 Tax after Individual Credits, or Worksheet 1 line 23 the Minimum Tax for the Combined Group; the result cannot be less than Worksheet 1 line 23, the Minimum Tax for the Combined Group

**** IMPORTANT** – When calculating Worksheet 2, line 21 Total Allowable Rhode Island credits, the total credits allowed shall not exceed Worksheet 2, line 23 the minimum tax of the combined group. If it does exceed, adjust the individual members' credits to reflect the maximum allowable credit.

2. Schedule B-CR Entries

Once Worksheets 1 and 2 have been completed, add the Total Allowable Credit from Worksheet 1 to the Total Allowable Credit from Worksheet 2 for each credit for each member and insert totals in each corresponding line on the designated agent's Schedule B-CR. Next enter the Total Rhode Island Credits amount from Schedule B-CR, line 21 on Form RI-1120C, line 12, Rhode Island Credits.

Line 13 - Tax After Credits

Subtract the amount of credits on line 12 from the Rhode Island Income Tax Amount on line 11, but not less than the minimum tax of \$400.00.

If filing a combined return, the minimum tax is calculated by multiplying the number of members that have nexus in Rhode Island times the minimum tax \$400.00. Subtract the amount of credits on line 14 from the Rhode Island Income Tax Amount on line 13, but not less than the minimum tax amount for the combined group.

See the most recent version of the Rhode Island Combined Reporting Regulation for more information.

Line 14 - Other Additions

(a) Recapture of Credits

The formula to be used to compute the recapture on investment tax credit is: The tax credit taken on property ceasing to qualify times a fraction consisting of a numerator which is the useful life of property in months minus the qualified use in months and a denominator which is the useful life of property in months.

(b) Jobs Growth Tax

Enter 5% of the aggregate performance-based compensation paid to eligible employees as per the Jobs Growth Act (44-64.11-5).

Line 15 - Total Tax Due

Add the amounts from lines 13, 14a and 14b.

Line 16- Estimated Tax Payments

Enter the total estimated tax payments made with respect to the taxable year, if any, including any overpayment applied from the preceding taxable year.

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Line 17a - Other Payments

Enter the amount of all other tax payments (i.e. extension payment) made with respect to the taxable year.

Line 17b - Rhode Island Pass-through Withholding Payments

Enter the amount of any nonresident withholding payments made on the corporation's behalf by any pass-through entities. This amount should equal the Total Pass-through withholding amount from page 3, Schedule D, line 1f.

Schedule D must be completed if claiming an amount on line 17b. Attach a separate sheet if additional room is needed. In addition, a copy of Form(s) RI-1099PT issued to the corporation must be attached to Form RI-1120C in order for credit to be given. Failure to attach a copy will result in the disallowance of the pass-through withholding amount until documentation is provided.

Line 18a - Total Payments

Add the amounts from lines 16, 17a and 17b.

Line 18b - Previously Issued Refunds

If filing an amended return, enter the amount, if any, of a refund issued with a prior filing for this tax year.

Line 18c - Net Payments

Subtract line 18b from line 18a.

Line 19 - Net Tax Due

Subtract the amount on line 18c from the amount on line 15.

Line 20 - Interest and Penalty Calculation

(a) Interest on the balance due

For failure to pay the tax on time, interest at the rate of 18% (0.1800) per year; or 1.5% (0.0150) per month, shall be assessed.

Interest shall accrue on the amount from line 21 at the rate of 18% per annum from the due date for filing the return to the actual date of payment.

(b) Penalty on the balance due

For failure to pay the tax on time, a penalty at the rate of 0.5% (0.0050) per month not to exceed 25% (0.2500) shall be assessed.

(c) Interest for underpayment of estimated taxes

In the case of any underpayment of the estimated taxes by a corporation there shall be added to the tax as the case may be for the taxable year, an amount determined at the rate of 18% per annum upon the amount of the underpayment for the period of the underpayment.

The amount of the estimated payments made for the tax year must equal at least eighty (80%) percent of the current year tax amount, or one hundred (100%) percent of the prior year tax amount, whichever is less. In addition, unless using the annualization of income method, total payments and withholding for each quarter must be at least equal to one quarter of the amount of tax in order to avoid underestimating interest. An overpayment or underpayment from the immediately preceding quarter should be applied to the next quarter when determining the overpayment or underpayment for that quarter.

The law provides for the assessment of a penalty of 5% of the tax imposed on such corporations for such taxable year for failure to file required estimated tax payments.

(d) Penalty on the balance due

For failure to file the return on time, a penalty at the rate of 5% (0.0500) per month not to exceed 25% (0.2500) shall be assessed.

(e) Total interest and penalty amount.

Add the amounts from lines 20a, 20b, 20c and 20d

Line 21 - Total Due with the Return

Add lines 19 and 20e. This amount is due and payable when the return is filed. Use Form RI-1120V to submit your payment.

Line 22 - Overpayment

If line 18c is more than line 15, this is the amount of your overpayment. If there is an amount due on line 20e, subtract that amount from your overpayment.

If the amount on line 20e is more than your overpayment, enter the amount on line 21. This amount is due and payable when the return is filed.

Line 23 - Amount to be Applied to 2022 Estimated Tax

Enter the amount of the overpayment from line 22 that is to be credited against next year's estimated tax. The amount on this line may be adjusted by the Tax Administrator.

Line 24 - Amount to be refunded.

Subtract line 23 from line 22.

SCHEDULE B - DEDUCTIONS

Line 1a - Net Operating Loss Deduction

For years ending 4/15/1992 and thereafter a net operating loss deduction shall be allowed which shall be the same as the net operating loss deduction allowed under §172 of the Internal Revenue Code of 1954, except that (1) any net operating loss included in determining such deduction shall be adjusted to reflect the inclusions and exclusions from entire net income required by paragraph (a) of §44-11-11 and §44-11-11.1, (2) such deduction shall not include any net operating loss sustained during any taxable year in which the taxpayer was not subject to the tax imposed by §44-11, (3) such deduction shall not exceed the deduction for the taxable year allowable under § 172 of the Internal Revenue Code of 1954, provided however, such deductions for a taxable year may not be carried back to any other taxable year for Rhode Island purposes but shall only be allowable on a carry forward basis for the five (5) succeeding taxable years. Refer to Regulation 280-RICR-20-25-13. If a NOL is not allowed under IRC 172, no amount should be listed here. NOL carry forwards should be tracked separately on an attached schedule.

Line 1b - Special Deductions

Enter the amount from Federal Form 1120, Schedule C, line 24.

Line 1c - Exempt Dividends and Interest

Enter the amount of exempt dividends and interest from page 4, Schedule F, line 10 of the RI-1120C.

Line 1d - Foreign Dividend Gross-up

Enter the amount from Federal Form 1120, Schedule C, line 18.

Line 1e - Bonus Depreciation Adjustment

Enter the amount of adjustment which represents the difference between normal first year depreciation and residual depreciation as long as depreciation lasts.

Line 1f - Modification for Tax Incentives for Employers

Enter the amount of modification allowed under RIGL 44-55. Attach Form RI-107 and required documentation to the return.

Line 1g - Total Deductions

Add lines 1a through 1f. Enter here and on page 1, Schedule A, line 2.

SCHEDULE C - ADDITIONS

Line 1a - Interest

Enter the gross amount of interest income received or accrued with respect to all obligations of any state, territory or possession of the United States or any political subdivision of the foregoing, or the District of Columbia other than Rhode Island or its political subdivisions not included on lines 5 and 10 of U.S. Form 1120.

Line 1b - Rhode Island Corporate Taxes

Enter the Rhode Island income tax paid or accrued which are deducted on

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the federal return on lines 2 or 17 for the taxable year. (Attach Schedule)

Line 1c - Bonus Depreciation Adjustment

Enter the entity's bonus depreciation amount less its normal depreciation amount.

Line 1d - Taxable portion of Paycheck Protection Program

Enter the amount of taxable portion of the paycheck protection program loan amount under RIGL §44-11-11.

Line 1e - Total Additions

Add lines 1a through 1d. Enter here and on page 1, Schedule A, line 3.

SCHEDULE D - PASS-THROUGH WITHHOLDING

For use only if you are claiming Rhode Island pass-through withholding on line 17b.

On lines 1a through 1e, enter the name, federal employer identification number and pass-through withholding amount from each RI-1099PT issued to you. RI-1099PTs MUST still be attached to your tax return. If needed, attach an additional sheet.

On line 1f, enter the total amount of pass-through withholding from lines 1a through 1e, plus any additional sheets. Also enter this amount on page 2, line 17b.

SCHEDULE H - APPORTIONMENT FACTOR

Prior to considering your apportionment factors, Regulation 280-RICR-20-25-9 and RIGL 44-11-13 should be consulted to determine whether a company has the ability to apportion its Rhode Island adjusted taxable income. All apportionment factors should be filled out even if apportionment is 100% Rhode Island.

If utilizing an alternative allocation apportionment as allowed under RIGL §44-11-14.2, §44-11-14.3, §44-11-14.4, §44-11-14.5 or §44-11-14.6, check the box above the apportionment schedule.

If filing a combined return, all lines on Schedule H must be completed for the combined group using combined amounts.

For more information, see the instructions in Regulation 280-RICR-20-25-9.

Line 1 - Receipts Factor

1a) 100% allocation to Rhode Island of the gross receipts from sales of tangible personal property sold in the regular course of business where Rhode Island (or any other state or place) is the place of origin and Rhode Island is the destination. Sales of tangible personal property are in Rhode Island if the property is delivered or shipped to a purchaser within this state regardless of the free on board (F.O.B.) point or other conditions of the sale.

Gross income from services is attributed to Rhode Island if the benefits from the services are received in Rhode Island.

Pursuant to R.I.G.L. 44-11-14(b)(1)(i)(B), gross sales of tangible personal property where shipments are made from an office, store, warehouse, factory or other place of storage in this state and the taxpayer is not taxed in the state of purchase must now be included in the Receipts section of the Rhode Island apportionment column. This gross receipts amount must be listed separately as shown on the apportionment schedule.

1b) Dividend income. This amount should not be included in 1h.

1c) Interest income. This amount should not be included in 1h.

1d) Gross rental income from the leasing or renting of real and tangible personal property.

1e) Royalty income associated with Rhode Island activities.

1f) Net income from the sale of real property, tangible personal property, or other capital assets not held by the taxpayer for sale to customers in the regular course of business.

1g) Net income from the sale or disposition of securities or financial obligations. Do not include related dividends or interest. Dividends and interest are reported on lines 1b and 1c.

1h) Gross income from all other receipts includes income from all other sources (not listed above) and includes (but is not limited to) receipts from patents, royalties, copyrights, commissions, dividends and interest. Gross income from royalties is attributable to Rhode Island to the extent that the patent or copyright is used in this state by the person paying royalties to the taxpayer. A patent is used in Rhode Island to the extent that it is employed in fabrication, manufacturing, production or other processing in Rhode Island or to the extent that a patented product is produced in Rhode Island. A copyright is used in Rhode Island to the extent that printing or other publication originates in Rhode Island. Accordingly, all such gross income should be included in Schedule H, line 1h, Column A. For corporations organized under Rhode Island laws, all gross income from interest and dividends must be shown on Schedule H, lines 1b & 1c, Column A.

1i) Income exempt from federal taxation.

1j) Total. For each column, add lines 1a through 1i.

Line 2 - Ratio in Rhode Island Allocation Factor

Divide line 1j, Column A by line 1j, Column B. Calculate to six (6) decimal places. Also, enter this ratio on page 1, Schedule A, line 5.