



# Rhode Island Department of Revenue

## Division of Taxation

ADV 2021-09  
TAX ADMINISTRATION

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS  
MARCH 17, 2021

### Division allows electronic signatures in more cases

*Initiative expanded to include five business-related forms*

PROVIDENCE, R.I. – The Rhode Island Division of Taxation today announced that, effective immediately, it will allow electronic signatures in place of handwritten signatures for five more types of forms.

The forms that are the chief focus of today's announcement mainly are annual returns involving insurance gross premiums, surplus lines, utilities, and banks.

Normally, the Division requires the submission of forms with their original, handwritten signatures.<sup>1</sup> However, due to the coronavirus (COVID-19) pandemic, the Division last year amended its standard practice as a convenience for taxpayers and their representatives.

Thus, on September 10, 2020, the Division officially announced that it would accept electronic signatures for two forms, both of which involve the sale of Rhode Island real estate by nonresident individuals or entities.<sup>2</sup> (Please see table below.)

Form	Title
<a href="#">Form RI-71.3 Election</a>	"Election to Have Withholding Based on Gain"
<a href="#">Form RI-71.3 Remittance</a>	"Remittance of Withholding on Sale of Real Estate by Nonresident"

Today, the Division announced that it is now accepting electronic signatures for five more forms, all of which are business-related:

Form	Title
<a href="#">Form T-71</a>	"Insurance Companies Tax Return of Gross Premiums"
<a href="#">Form T-71A</a>	"Surplus Line Broker Return of Gross Premiums"
<a href="#">Form T-72</a>	"Public Service Corporation Gross Earnings Tax Return"
<a href="#">Form T-74</a>	"Banking Institution Excise Tax Return"
<a href="#">Form T-86</a>	"Bank Deposits Tax"

<sup>1</sup> A handwritten signature is sometimes referred to as a "wet" signature. The Division has long allowed the use of electronic signatures for electronically filed personal income tax returns.

<sup>2</sup> For more information, please see: [http://www.tax.ri.gov/Advisory/ADV\\_2020\\_40.pdf](http://www.tax.ri.gov/Advisory/ADV_2020_40.pdf).

The links in the two tables on the previous page are to forms that contain a built-in option for electronic signatures. Just download the applicable form, reopen it, and follow the instructions.<sup>3</sup>

Rather than use the applicable form's built-in e-signature feature, taxpayers may elect instead to use certain other electronic signature options. Alternatively, taxpayers may use what is sometimes referred to as a "facsimile signature". (In general, a facsimile signature means a signature that is copied or scanned from a document that bears an authorized original signature.)

In general, an electronic signature is a way to get approval on electronic documents. Acceptable electronic signature methods include:

- A typed name that is typed on a signature block;
- A scanned or digitized image of a handwritten signature that is attached to an electronic record;
- A handwritten signature input onto an electronic signature pad;
- A handwritten signature, mark, or command input on a display screen with a stylus device; or
- A signature created by a third-party software.

"We realize that many taxpayers and their representatives continue to face challenges amid the pandemic, and we want to be as accommodating as possible given the circumstances," said Rhode Island Tax Administrator Neena Savage. "We are also trying to limit the number of in-person visits to our office in order to prevent the spread of the virus," she said.

### **Authentication**

If you, as a tax preparer, use the electronic signature option for a new client, you must first authenticate the client's identity. You must authenticate a taxpayer's identity when that taxpayer electronically signs the form in a remote transaction (i.e., not in person) and you do not have a personal or business relationship with that taxpayer. This means that you must ensure that the taxpayers are who they say they are.

Whether the taxpayer signs in a remote transaction or in an in-person transaction, you should routinely authenticate the taxpayer's identity as a best practice. For business entity taxpayers, you also should confirm that the individual signing the form on behalf of the business entity taxpayer has this authority.

To authenticate a business entity taxpayer's identity for remote transactions, take these steps:

- ✓ Confirm that the individual who is signing the form has authority to sign on behalf of the business entity taxpayer. To determine who has this authority, refer to the signature instructions for the form you are using;
- ✓ Inspect a valid government-issued photo identification (ID) of the individual authorized to sign on behalf of the business entity taxpayer and compare the photo to that individual via a self-taken picture of the individual or video conferencing;
- ✓ Record the name, federal employer identification number (EIN), and address of the business entity taxpayer; and

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<sup>3</sup> In some cases, certain computer software programs may be needed to take full advantage of the built-in option.

- ✓ Verify the business entity taxpayer's name, EIN, and address through secondary documentation, such as a tax information reporting form (a Form W-2 or Form 1099, for example) or a utility statement.

### **Sending the return**

*The following instructions apply when an e-signature is used with Form T-71, Form T-71A, Form T-72, Form T-74, and Form T-86:*

Once the preparation of the form is completed (and, if the form is completed by a tax preparer, the client's identity has been authenticated), the taxpayer should send the form to the Division in the same way in which a completed form with an original, handwritten signature would be sent – such as by the United States Postal Service or by certain private delivery services. (As part of its efforts to limit the spread of the coronavirus, the Division recommends that taxpayers, tax professionals, and other stakeholders avoid visiting the Division's office. If a visit cannot be avoided, please read the Division's Advisory about office visit protocols amid the pandemic: [http://www.tax.ri.gov/Advisory/ADV\\_2020\\_44.pdf](http://www.tax.ri.gov/Advisory/ADV_2020_44.pdf). If you plan to visit the Division only to drop something off, please use the Division's drop box, which is located on the first floor.

*The following instructions apply when an e-signature is used with Form RI-71.3 Election, or Form RI-71.3 Remittance (both of which involve the sale of Rhode Island real estate by a nonresident):*

Once the preparation of the form is completed (and, if the form is completed by a tax preparer, the client's identity has been authenticated), the taxpayer should follow the detailed instructions set forth in Advisory 2020-40: [http://www.tax.ri.gov/Advisory/ADV\\_2020\\_40.pdf](http://www.tax.ri.gov/Advisory/ADV_2020_40.pdf).

### **More information**

- For more about the use of e-signatures when it comes to the sale of Rhode Island real estate by a nonresident, please first read: [http://www.tax.ri.gov/Advisory/ADV\\_2020\\_40.pdf](http://www.tax.ri.gov/Advisory/ADV_2020_40.pdf)
- The use of an electronic signature is an option, not a requirement. A taxpayer, or the taxpayer's representative, may elect instead to have the return signed in the usual manner, with an original, handwritten signature.
- By voluntarily submitting an e-signature, the taxpayer certifies that the signature is valid and intended to operate as acknowledgement/execution of the document to which it is affixed.
- The Division is allowing electronic signatures for limited documents, as described in this Advisory, under the authority of Rhode Island General Laws Chapter § 42-127.1 ("Uniform Electronic Transactions Act"): <http://webserver.rilin.state.ri.us/Statutes/TITLE42/42-127.1/INDEX.HTM>.

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*The Rhode Island Division of Taxation office 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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