



Rhode Island Department of Revenue

Division of Taxation

ADV 2022-27
Tax Administration

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS
October 13, 2022

Pass-through tax form changes coming to Rhode Island *RI-1096PT series to be discontinued*

PROVIDENCE, R.I. – The Rhode Island Division of Taxation will be discontinuing use of the RI-1096PT form series¹ for tax year 2023. The addition of a schedule to the various entity returns will replace the RI-1096PT form series and streamline filing requirements for both taxpayers and tax preparers.

The RI-1096PT series of forms has been used by pass-through entities² to remit withholding taxes for each nonresident member since 2004. The statute passed by the legislature requires that all pass-through entities doing business in Rhode Island, or having income derived from or connected with sources within Rhode Island, pay Rhode Island income tax on behalf of its nonresident members. The nonresident members would claim that withholding in the same manner as an employee claims withholding remitted by their employer on the wages they earn.

As part of overall modernization efforts, the Division is transforming the current RI-1096PT form into a pass-through schedule that will be included with the RI-1120S, RI-1065 or RI-1041, depending on the entity type. The Division is doing this in two phases as outlined below. These changes will streamline filings, reduce taxpayer burden, and increase voluntary compliance.

TIMELINE

Taxpayers can expect to see the impacts of this change beginning in calendar year 2023. The RI-1096PT-ES will no longer be used for making estimated payments starting in January 2023. Taxpayers will instead use either the BUS-EST tax form or the RI-1041ES to make these estimates. On the BUS-EST form there will be a checkbox indicating RI-1065/RI-1120 to properly apply the estimate to the appropriate filings. This same checkbox will also be used for the RI-1120S estimates. For fiduciary filings, a taxpayer would use the RI-1041ES to make estimates for withholding for nonresident beneficiaries as well as estimates for the income taxed on the RI-1041. The first estimate for calendar year filers of these returns would be due April 18, 2023. Filing an extension for pass-through returns will similarly transition to using the BUS-EXT and RI-8736 in calendar year 2024.

¹ RI-1096PT form series includes the following forms:

- RI-1096PT form (with instructions)
- RI-1096PT-ES – estimated payment coupon
- RI-2210PT – underestimating form
- RI-1096V – payment voucher
- RI-4868PT – extension request
- RI-1099PT – pass-through withholding reporting form

² Pass-through entities are defined in [Rhode Island General Laws §44-11-2.2](#).

The larger change will come in 2024. Beginning in calendar year 2024 for tax year 2023 returns, taxpayers will no longer file the RI-1096PT as a stand-alone tax return. Instead, the Division will be adding a new schedule to entity tax returns - which already report the income of the entity and are used to report the tax or annual fee due.

IMPACT

By converting the pass-through entity filing to a schedule required to be attached to the entity level return, rather than a stand-alone form, taxpayers will be able to more easily and accurately file their pass-through returns. Additionally, taxpayers who may not have been aware of the pass-through statute, or the RI-1096PT form series, will now have the schedule included with their returns. Taxpayers can remain assured that this change will streamline filings. The schedule will have a similar look and feel to the current RI-1096PT form series, and its addition to entity level filings will provide a more intuitive filing experience than the stand-alone form process.

Another benefit of this change to the RI-1096PT form series is that converting the series to a schedule included in the entity level return will allow pass-through filing to be part of the Modernized Electronic Filing (MEF) schema. The RI-1096PT form series can currently be filed electronically only through Rhode Island's Taxpayer Portal; it can also be filed on paper. By transforming the pass-through filing to a schedule on entity level returns, pass-through filing can be included in tax preparation software.

ADDITIONAL PLANS

In July of 2019, the Rhode Island legislature enacted a Pass-Through Entity Tax³ to allow for pass-through entities to pay income tax at the entity level on their net business income rather than require taxes to be paid on income allocated to members. At that time, the Division implemented the RI-PTE form to file and pay these taxes. The continued modernization plan will also transition this form into the entity level returns in the same manner and for the same reasons.

For tax year 2024, the Division will be continuing its modernization efforts by also transitioning the RI-PTE series of forms into schedules on entity level returns.

As the Division finalizes this transition, more information will be made available to taxpayers and tax preparers. All information and updates will be posted on the Division's website: <https://tax.ri.gov/>.

Any questions or concerns regarding the RI-1096PT form series should be directed to the Division's Corporate Tax Section at: (401) 574-8935 between 8:30 a.m. and 3:30 p.m. business days, or email: Tax.Corporate@tax.ri.gov.

The Rhode Island Division of Taxation, part of the Rhode Island Department of Revenue, 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 <https://tax.ri.gov/about-us/contact-us>.

³ Pass-through Entity tax enacted in [Rhode Island General Laws §44-11-2.3](#).