



Rhode Island Department of Revenue **Division of Taxation**

Presentation to CPE Associates
October 6, 2022

Agenda

- Neena Savage
 - About The Division, Introducing the Taxpayer Experience Office
- Gregory Ouimette
 - Audit and Investigation
- Rahul Sarathy
 - Electronic Filing Mandate, State Tax Notices
- Diana Mendes
 - Taxpayer Portal
- Neil Caouette
 - Collections and compliance
- Leo Lebeuf
 - Personal and Corporate Income Tax, Pass-Through Changes, Child Tax Rebates, Cannabis Tax, Sales Tax Modernization

Neena Savage

Tax Administrator

About Us

The Division of Taxation: One of six agencies in the Department of Revenue

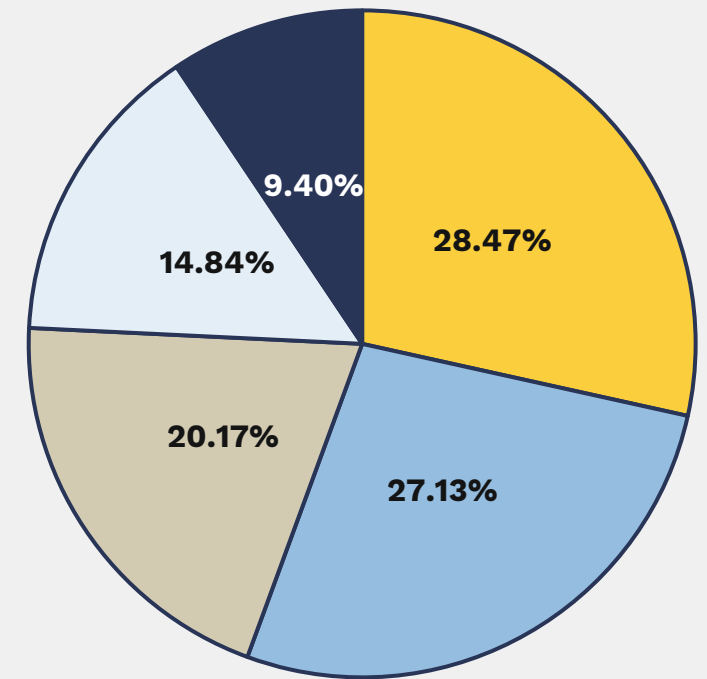
- The Rhode Island Division of Taxation employs **223 tax professionals**, administering more than **59 different taxes and fees**.
- Taxes represent **the most significant source of General Fund revenue** for Rhode Island – funds used to help pay for vital services including public safety, education, transportation, and recreation for all Rhode Islanders.
- Each year, the Division **collects and distributes more than \$5 billion** in funds to the State, municipalities, and other agencies (as of FY 22).

Our Mission

- To foster voluntary compliance with the Rhode Island tax laws and instill public confidence through professional, impartial and ethical conduct.
- To administer and collect all taxes as required by Rhode Island law in the most efficient and cost-effective manner.
- To assist taxpayers by helping them understand and meet their tax responsibilities.

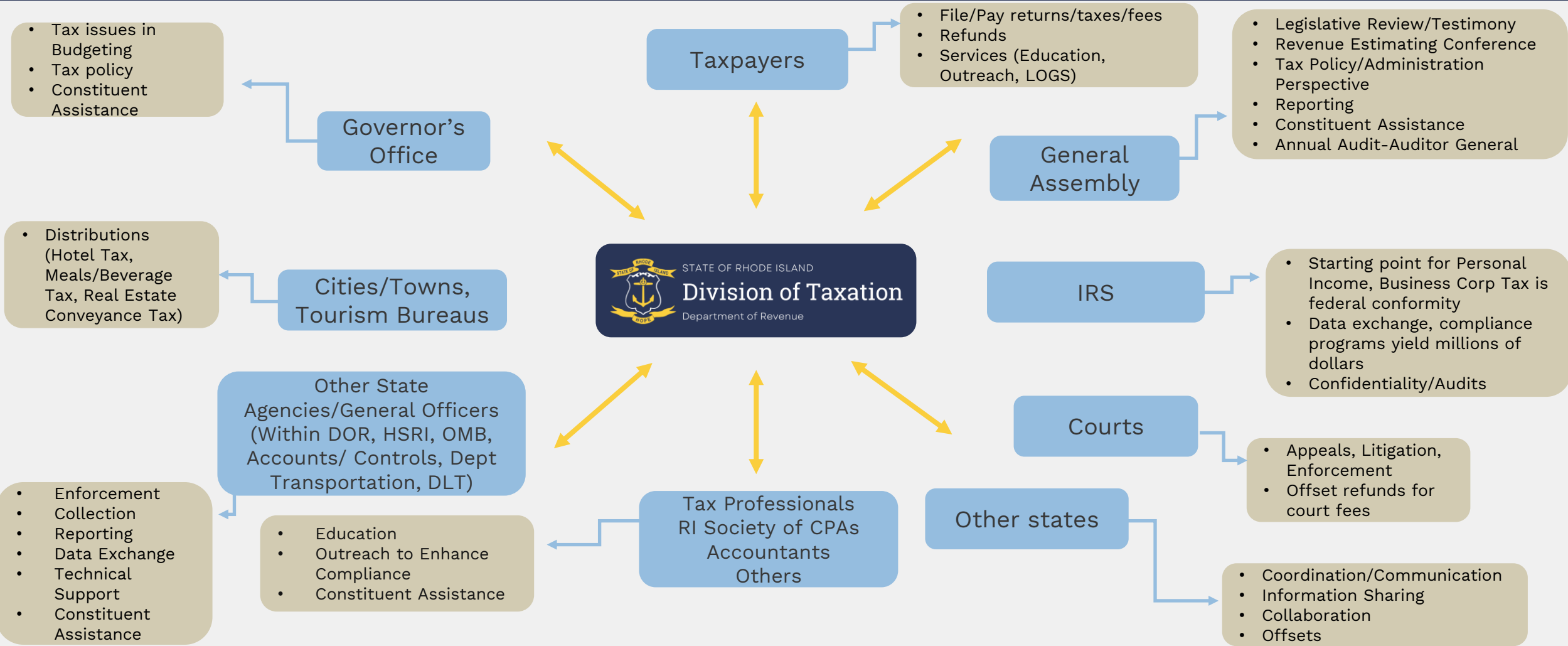
Total State Tax Revenue Collected by the Division of Taxation for Fiscal Year 2022 (\$, In Millions)

FY22 Receipts: \$5B

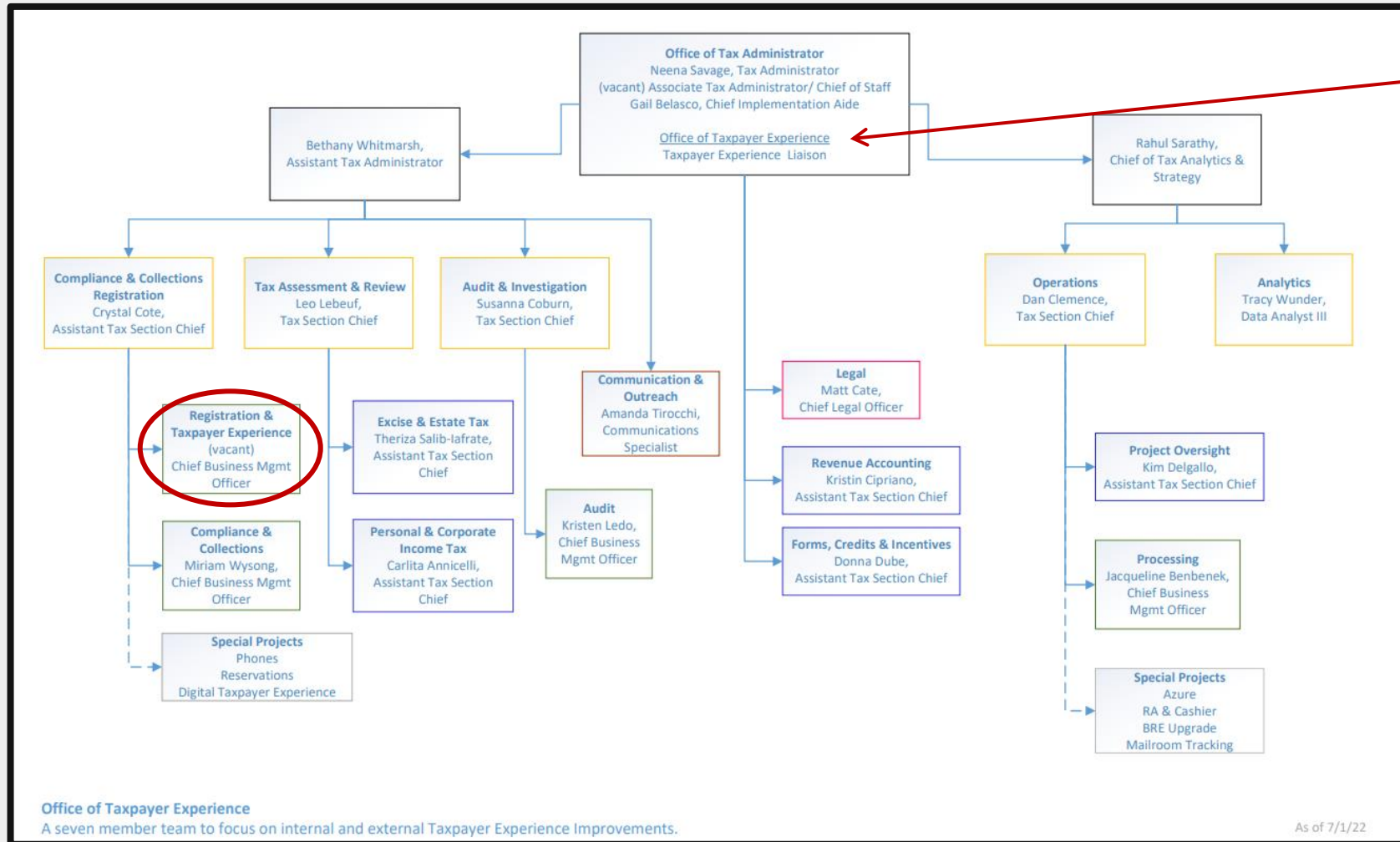


■ Withholding ■ Sales ■ Corp ■ PIT ■ Estate, M&B, Hotel & Other

About Us: Key Stakeholders/Interactions



Taxpayer Experience Office/Team

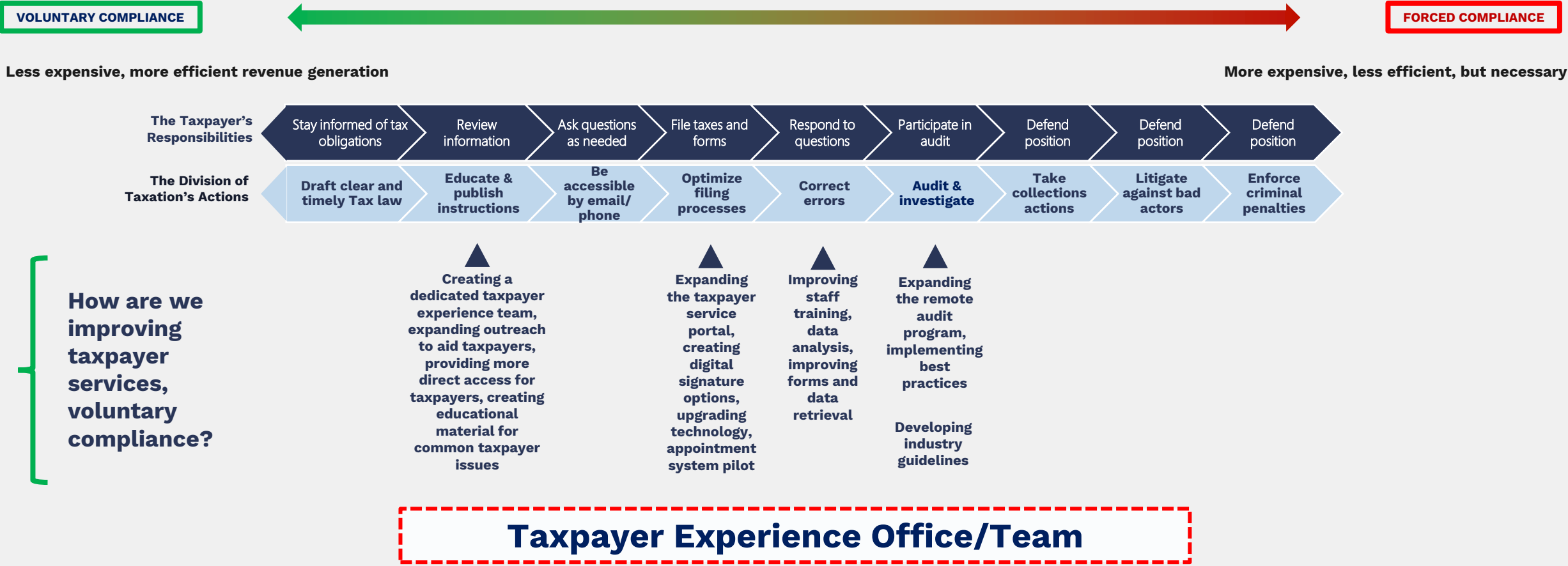


Taxpayer Experience Office Team

- Tax Administrator
- Asst Tax Administrator
- **External Facing: Taxpayer Experience Liaison**
- **Internal Taxpayer Experience Team**
(With Initial Focus on Collections/Compliance)
- Continue Improvements Across Agency at all Taxpayer Contact Points

Division of Taxation: Mission

The Tax Administration Efficiency Continuum



Taxpayer Experience Office Strategy

- Internal: Continue improvements in wait times (telephone, email, walk-ins)
- External Outreach Plan with Key Stakeholders
- Listening Tour with Key Stakeholders, Continuous Documentation and Improvement

Internal Taxpayer Experience Improvements

- Continue to cross-train staff to focus on improving taxpayer inquiries (phones, emails, walk-ins).
- Proactive appointments at Taxpayer's convenience via virtual appointment cards and appointments being piloted.
- Investigating cloud-based soft phone enhancements to meet taxpayer demand.
- Self-service Taxpayer Kiosk.

External Taxpayer Experience Liaison

- Dedicated resource to engage on outreach to taxpayers and assist taxpayers.
- Incorporate taxpayer responses and track metrics.
- Will aid voluntary compliance by messaging.

Outreach to Stakeholders

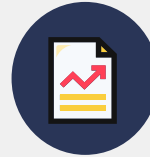
- In the process of planning the next six months of outreach with: RISCPA (and other tax professional entities), Hospitality Association, League of Cities and Towns, Manufacturers, Tourism Bureaus, Chambers of Commerce.
- Necessary to aid understanding of Division of Taxation processes, resources, and enhance compliance.

Assisting Taxpayers and the State



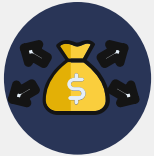
Tax Professional Education

The Division regularly meets with professionals from the Rhode Island Society of Certified Public Accountants, the Rhode Island Association of Public Accountants, the National Association of Tax Professionals, CPE Associates, and the Rhode Island Society of Enrolled Agents, enabling a continuous dialogue among parties—and impacting thousands of individuals and businesses.



Data Sharing and Offset Programs

The Division of Taxation collects and provides data to several state partners to support their operations, including the Secretary of State, Commerce, DLT, cities and towns, and the General Treasurer's office. In addition, the Division assists DHS and the state's Child Support program through the operation of offset programs.



Municipal Distributions

The Division collects and distributes several taxes on behalf of cities and towns in the state, helping to provide municipalities with regular sources of revenue, including meals and beverage taxes, hotel taxes, and acquired real estate taxes.



Community Outreach

Currently, most e-mail communications received by the Division are responded to within 24 hours. As part of its effort to reach seniors and low-income taxpayers, the Division meets regularly with representatives of the Volunteer Income Tax Assistance (VITA) program and the AARP Foundation Tax-Aide program.



Key Stakeholder Partnerships

Working with industry associations to refine communication, provide information, and enhance voluntary compliance: tax professionals, cities/towns, business groups, hospitality and manufacturing representatives.

Initial Targeted Assistance for Small Business

Internal Taxpayer Experience Team

Enhanced Services

Direct Access

Division is available via phone and e-mail and responds quickly to communications from taxpayers. Provide Follow-up assistance to new businesses within 10 days.

Tax Portal

Easy access to account information and simple payment options.

Business Registration Services

Dedicated staff to assist with registrations and related questions.

Outreach

Social Media

Division posts updates and valuable information on listserv, blog and Twitter.

Community Events

In-person or Zoom events to discuss tax law and changes impacting the community.

Key Stakeholder Outreach

Regular and coordinated efforts to engage with CPAs including specialized publications and conferences.

Piloting an appointment system in the next month with RI Society of CPAs. Adding League of Cities/Towns, Hospitality Association, Manufacturers, Chambers of Commerce and Tourism Bureaus.

External Taxpayer Experience Liaison and Team

Our Future Taxpayer Experience Plans



Establishment Taxpayer Experience Team

This team will consist of an external facing taxpayer experience liaison, an internal taxpayer experience team including taxpayer service representatives to answer general questions, and a taxpayer experience team within our tax registration team. All staff will be trained to assist taxpayers as needed. Listening to stakeholders and developing content.



Promotion of Taxpayer Education

In evaluating the effectiveness of these processes, the Division seeks to expand its outreach to individuals and businesses through direct communication and social media resources.



Expansion of the Taxpayer Portal

The Division's online resource for filings and payments, the Taxpayer Portal, has been established as an alternative to paper filings or filings through an antiquated system. The Division continues to improve ease of use-based taxpayer feedback with videos and other content related to usability.



Innovations in Auditing

Another product of the pandemic, the Division was able to shift from physical in-person audits to remote auditing that allows for additional comfort for taxpayers and staff without sacrificing security and effectiveness. The Division will increase its reliance on remote auditing to maintain its audit capacity and timeline and increase compliance.

Gregory Ouimette

Principal Tax Auditor

Audit & Investigation

Sales Tax Exempt Organizations

R.I. Gen. Laws 44-18-30(5)(i)

- *Charitable, educational, and religious organizations.* From the sale to, as in defined in this section, and from the storage, use, and other consumption in this state, or any other state of the United States of America, of tangible personal property by hospitals not operated for a profit; "educational institutions" as defined in subdivision (18) not operated for a profit; churches, orphanages, and other institutions or organizations operated exclusively for religious or charitable purposes; interest-free loan associations not operated for profit; nonprofit, organized sporting leagues and associations and bands for boys and girls under the age of nineteen (19) years; the following vocational student organizations that are state chapters of national vocational student organizations: Distributive Education Clubs of America (DECA); Future Business Leaders of America, Phi Beta Lambda (FBLA/PBL); Future Farmers of America (FFA); Future Homemakers of America/Home Economics Related Occupations (FHA/HERD); Vocational Industrial Clubs of America (VICA); organized nonprofit golden age and senior citizens clubs for men and women; and parent-teacher associations; and from the sale, storage, use, and other consumption in this state, of and by the Industrial Foundation of Burrillville, a Rhode Island domestic nonprofit corporation.

Sales Tax Exempt Organizations

What is a qualified sale?

- *Purchase must be made by the organization for its own purposes*
- *Payment must be made by the organization*
 - *Payment should be made by the exempt entity by form of credit card or check*
 - *A member belonging to an exempt organization must pay the tax when purchasing for individual use or consumption*

Sample of an “old” Certificate of Exemption


 STATE OF RHODE ISLAND
Division of Taxation
 Department of Revenue

Sales Tax Exempt Organizations


R.I. Gen. Laws 44-18-30.1

- A fee of twenty-five dollars (\$25.00) shall be paid by all organizations applying for a certificate of exemption from the Rhode Island sales and use tax under § 44-18-30(5)(i). The certificate of exemption shall be valid for four (4) years from the date of issue. All fees collected under this section shall be allocated to the tax administrator for enforcement and collection of all taxes. All certificates issued prior to the effective date of this section shall expire four (4) years from the effective date of this section.

Sales Tax Exempt Organizations

Form EXO-SUE

Sales & Use Exemption for an Exempt Organization

State of Rhode Island Division of Taxation Form EXO-SUE Sales & Use Exemption for an Exempt Organization		 22170499990101	
Name of organization		Federal employer identification number	
Address	City, town or post office	State	ZIP Code
Mailing address (if different from above)	City, town or post office	State	ZIP Code

APPLICATION/RENEWAL FOR CERTIFICATE OF EXEMPTION FOR AN EXEMPT ORGANIZATION FROM THE RHODE ISLAND SALES AND USE TAX

Pursuant to R.I. Gen. Laws § 44-18-30.1, a certificate of exemption from the Rhode Island sales and use tax under § 44-18-30(5)(i) shall be valid for four (4) years from the date of issue. Accordingly, the certificate of exemption must be renewed prior to the expiration date of the certificate.

Contact name (if different from applicant): _____

Contact telephone number: _____

Contact email address: _____

PART 1 Check the type of organization claiming exempt status:

<input type="checkbox"/> Hospital not operated for a profit	<input type="checkbox"/> Educational institution	<input type="checkbox"/> Church	<input type="checkbox"/> Orphanage
<input type="checkbox"/> Nonprofit organized sporting leagues	<input type="checkbox"/> Parent-teacher associations	<input type="checkbox"/> Interest-free loan associations	
<input type="checkbox"/> Other institution or organization operated exclusively for religious or charitable purposes	<input type="checkbox"/> Organized nonprofit Golden Age and Senior Citizens Clubs	<input type="checkbox"/> State chapter of the following national vocational student organizations: DECA; FBLA/PBL; FFA; FHA/HERD; VICA	

PART 2

1. If the organization is a branch or chapter, has the parent organization received an exemption from federal income tax?
☐ Yes ☐ No If yes, attach a current letter from the parent organization certifying that the sub unit is a member.

2. Check the appropriate box to indicate the type of organization:
☐ Corporation ☐ Other

PART 3 The following documents are required and must be submitted along with this form:

- \$25.00 non-refundable fee payable to the Rhode Island Division of Taxation;
- Determination letter from the IRS, indicating federal identification number and confirming tax-exempt status;
- Copy of articles of incorporation and bylaws; and
- Additional documentation as requested.

Please note, the organization is responsible to file all state tax returns administered by the Division of Taxation as required by law. All tax, interest, and penalty balances due in relation to this obligation must be paid. Failure to comply may result in accruing interest and collection activity in accordance with Rhode Island law.

Under penalties of perjury, I declare I have examined this Form and statements made herein, and to the best of my knowledge and belief, it is true, accurate and complete. I also certify this organization is neither a lodge, social, fraternal, trade or professional organization, nor any other type of nonprofit organization not listed above.







Authorized officer signature	Print name	Date	Telephone number

Mail your completed application and payment to:
RI Division of Taxation - Audit & Investigation Unit - One Capitol Hill - Providence, RI 02908
If you have any questions, contact us by calling (401) 574-8962 or emailing Tax.Audit@tax.ri.gov

New 05/2022

Sales Tax Exempt Organizations

Sample of new, valid Certificate of Exemption

	State of Rhode Island DIVISION OF TAXATION One Capitol Hill Providence, RI 02908-5800		Phone: (401) 574-8962 TTY Via 711 Fax: (401) 574-8916
10/28/2021	CERTIFICATE OF EXEMPTION		
		Notice ID:	
<p>THIS IS TO CERTIFY THAT THE ABOVE-NAMED INSTITUTION HAS QUALIFIED FOR EXEMPTION PURSUANT TO THE PROVISIONS OF THE RHODE ISLAND SALES AND USE TAX ACT, CHAPTER 18, TITLE 44, OF THE GENERAL LAWS OF 1956, AS AMENDED, AND IS ACCORDINGLY EXEMPT FROM THE PAYMENT OF THE SALES TAX ON SALES MADE TO IT AND FROM THE USE TAX ON THE STORAGE, USE OR OTHER CONSUMPTION OF TANGIBLE PERSONAL PROPERTY BY IT.</p>			
			 NEENA S. SAVAGE TAX ADMINISTRATOR
CERTIFICATE NUMBER:			
DATE ISSUED:		10/28/2021	
EXPIRES:		10/29/2025	

Sales Tax Exempt Organizations



Dear Taxpayer,

The Division of Taxation is taking this opportunity to inform you that any sales tax exemption certificates you have on file, *may have expired on June 30, 2021* and will require an updated certificate.

The Rhode Island General Assembly passed a law in 2017 that provides for certificates of exemption under R.I. Gen. Laws § 44-18-30(5)(i), for charitable, educational, and religious organizations, to be valid for four (4) years from the date of issuance. The law further provides that all certificates of exemption issued prior to July 1, 2017, the effective date of the law, expire four (4) years from July 1, 2017.

As a result, for any certificate of exemption *issued prior to July 1, 2017*, the certificate *expired on June 30, 2021*.

All Rhode Island retailers must obtain a copy of a valid sales tax exemption certificate at the time of sale to an exempt organization. In order to ensure validity of the exemption certificate, retailers must review the expiration date and confirm that the exemption certificate has not expired. If the exemption certificate has expired, the exemption must not be honored.

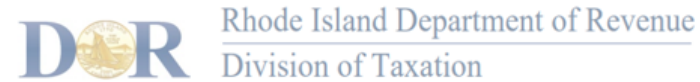
As a helpful resource, the Division has posted an advisory, which can be found on its website at <https://tax.ri.gov/tax-sections/audit/sales-tax-exempt-organizations>.

A sample of a valid sales tax exemption certificate is shown on the back of this notice.

If you have any questions, contact the Division's Audit & Investigation Section at (401) 574-8962, or email: Tax.Audit@tax.ri.gov.

Thank you.

Division of Taxation



State of Rhode Island
DIVISION OF TAXATION
One Capital Hill
Providence, RI 02908-5800



Phone: (401) 574-8962
TTY: 711
Fax: (401) 574-8916

12/14/2021

CERTIFICATE OF EXEMPTION

SAMPLE EXEMPT ORGANIZATION
123 MAIN STREET
PROVIDENCE RI 02909

Notice ID: 10011670209

THIS IS TO CERTIFY THAT THE ABOVE-NAMED INSTITUTION HAS QUALIFIED FOR EXEMPTION PURSUANT TO THE PROVISIONS OF THE RHODE ISLAND SALES AND USE TAX ACT, CHAPTER 18, TITLE 44, OF THE GENERAL LAWS OF 1956, AS AMENDED, AND IS ACCORDINGLY EXEMPT FROM THE PAYMENT OF THE SALES TAX ON SALES MADE TO IT AND FROM THE USE TAX ON THE STORAGE, USE OR OTHER CONSUMPTION OF TANGIBLE PERSONAL PROPERTY BY IT.

A handwritten signature in black ink, appearing to read 'Neena S. Savage'.

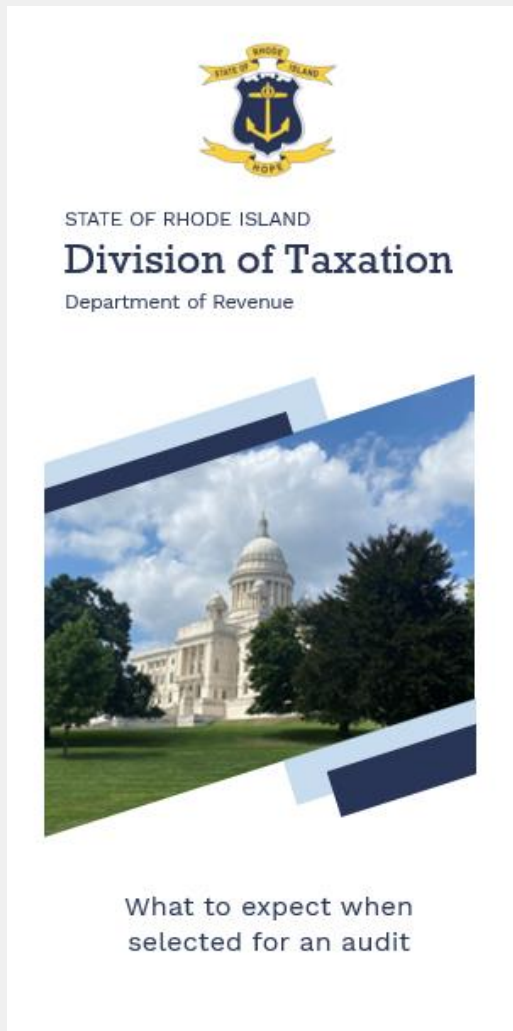
NEENA S. SAVAGE
TAX ADMINISTRATOR

CERTIFICATE NUMBER: 233877934

DATE ISSUED: 12/14/2021

EXPIRES: 12/15/2025

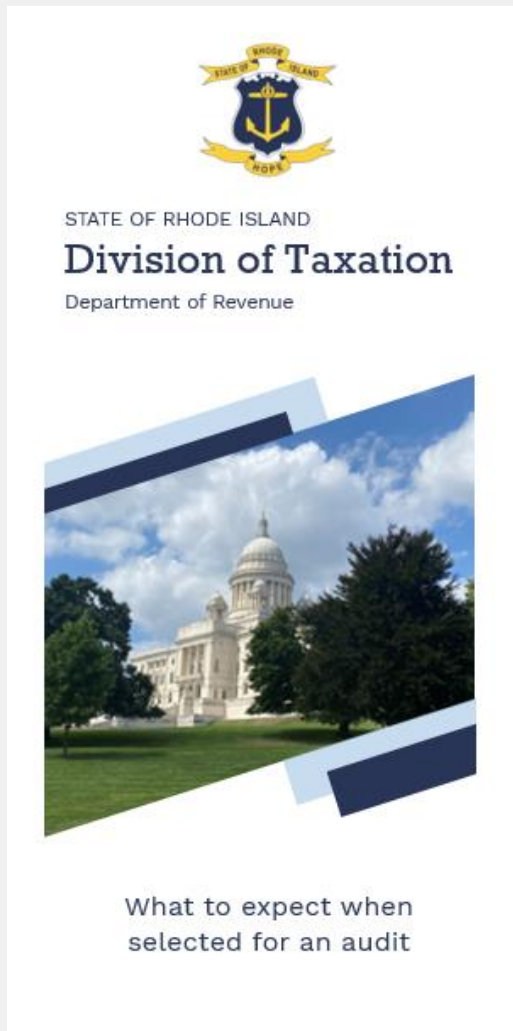
What to Expect During an Audit



Contacting the Taxpayer

The Audit Contact Letter is sent to the taxpayer, identifying the auditor assigned to the case. This letter includes a return contact page that should be filled out by the taxpayer with the entity's contact information and sent back to the auditor. Please feel free to call or email the auditor prior to sending the contact page with your information or any questions.

What to Expect During an Audit

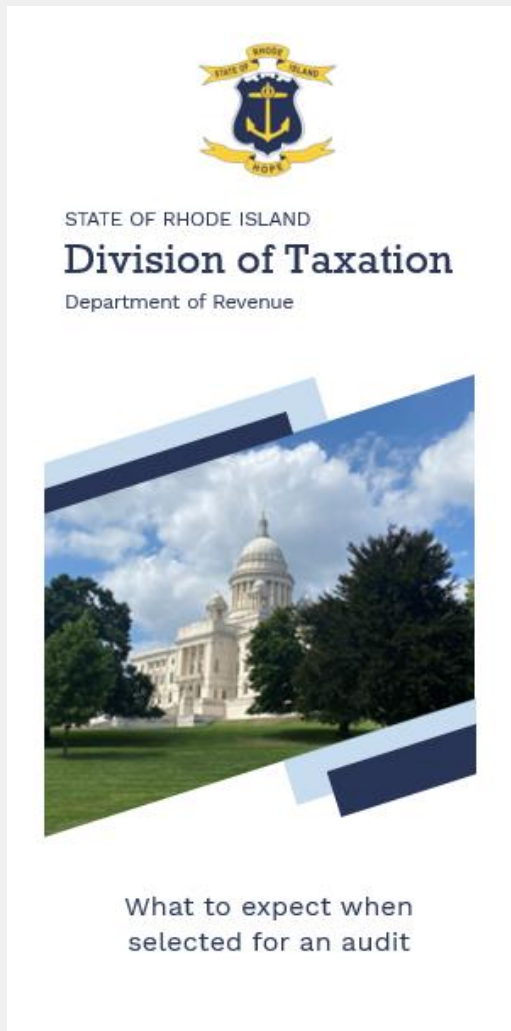


Preliminary Meeting

A preliminary meeting is held to discuss the following:

- The entity's business activities
- Determination of the audit period, location, date, and time to begin field review
- Arranging a plant tour (if applicable)
- Determination of records to be reviewed
- Any taxpayer questions

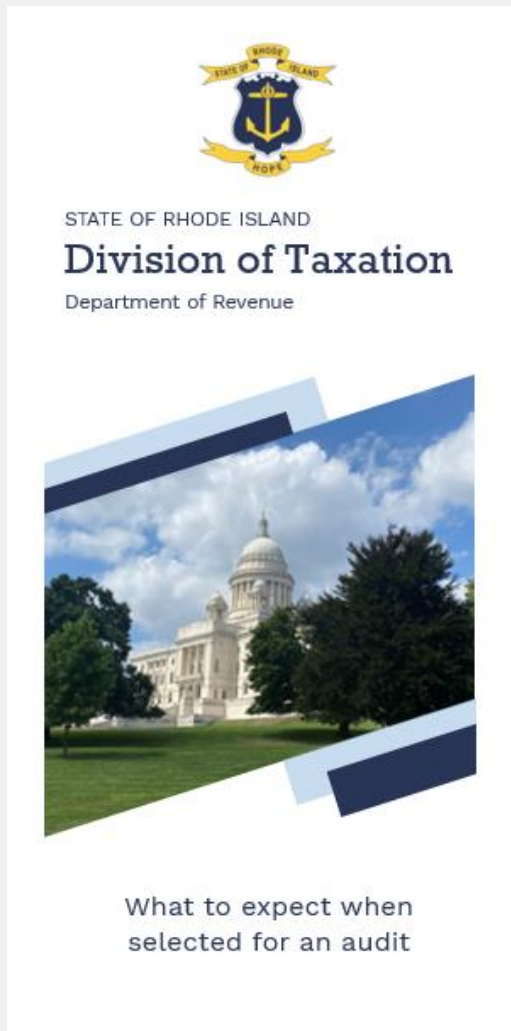
What to Expect During an Audit



Audit Review

The assigned auditor reviews all taxes applicable to the entity. Audit work papers are compiled by the auditor which will list the taxes examined and any pending assessment. At the conclusion of the review, preliminary workpapers are given to the taxpayer for review.

What to Expect During an Audit



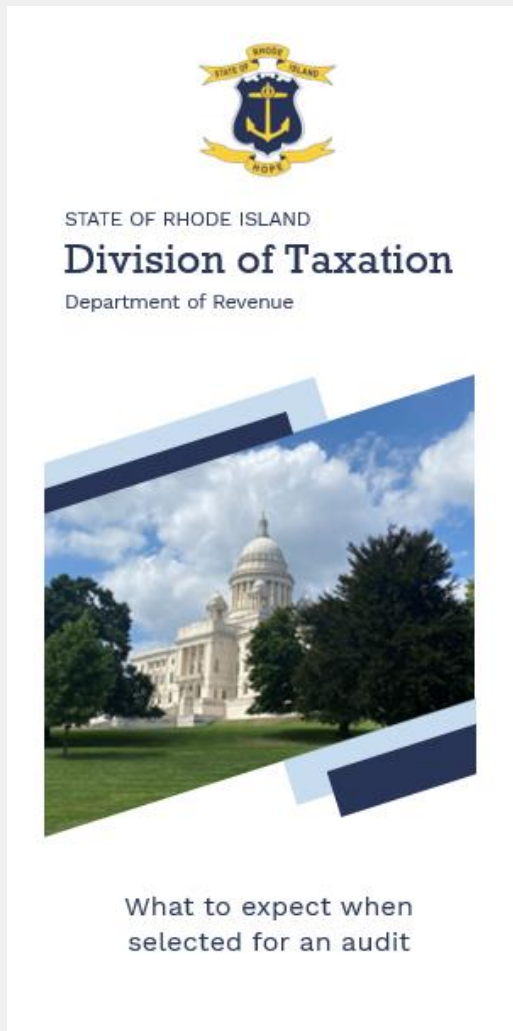
Post Audit Meeting

After a reasonable amount of time to review the preliminary workpapers, a closing conference is held to review and finalize the audit. During this meeting, the following may be discussed:

- The taxpayer may present additional support to adjust audit findings
- Rhode Island General Laws and Regulations applicable to the audit review
- Any questions or concerns
- Any corrective actions that should be taken by the taxpayer

Final workpapers will be sent to the taxpayer for review

What to Expect During an Audit



Billing of Assessment

A Notice of Assessment is generated after the close of the examination and mailed to the taxpayer. As with all Notice of Assessments, the taxpayer retains the right to protest the assessment within 30 days.

Questions

Contact Us:

Audit & Investigation

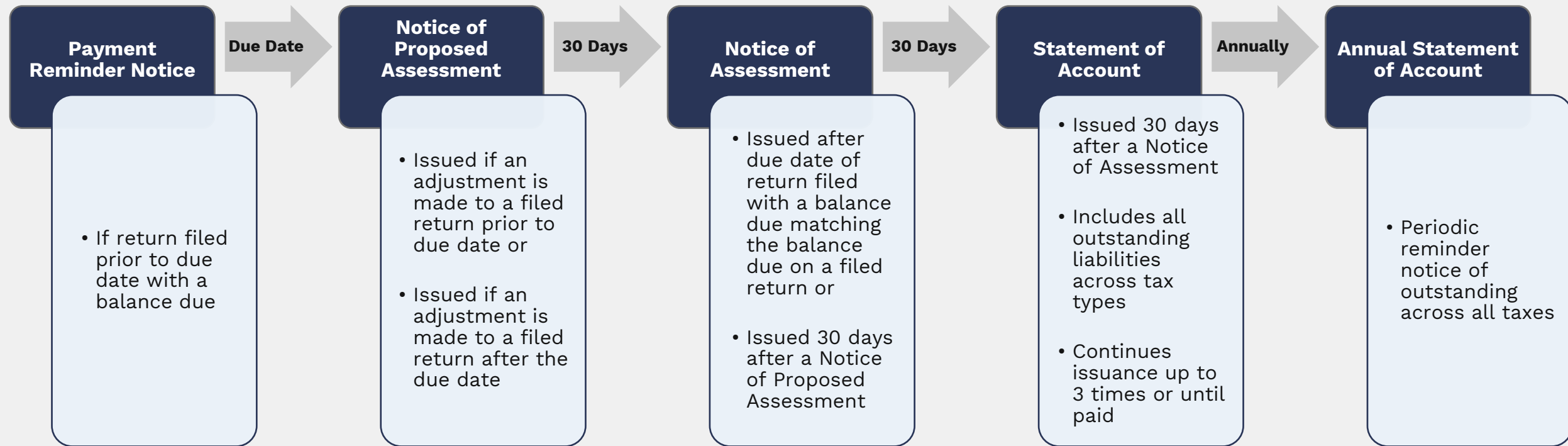
(401)574-8962

Tax.Audit@tax.ri.gov

Rahul Sarathy

Chief of Tax Analytics & Strategy

State Tax Notices Timeline



State Tax Notices Timeline

- Other assessment notices
 - Compliance Notices – similar to a NOPA
 - CP 2000 – match to federal audit change notice
 - Federal State Match – matching state filing to federal filing for discrepancies
 - IRMF – matching federal income sources to RI non-filers
 - IRTF – Filed federal return with no RI return
 - Audit Notices
 - Audit Notice of Assessment
 - Responsible Officer Notice of Assessment
 - Statement of Accounts – 30 days after all NOAs
 - Overpayment Adjustment Notice

Electronic Filing & Payment Mandate

- Electronic filing and payment mandate for large business registrant taxpayers effective 01/01/2023
 - Large Business Registrant defined:
 - is operating a business whose combined annual liability for **all taxes** administered by the Division of Taxation for the entity is or exceeds \$5,000; or
 - is operating a business whose annual gross income is over \$100,000 for the entity
 - Penalties
 - \$50 per occurrence for failure to file electronically
 - 5% of tax amount or \$500, whichever is less for failure to pay electronically
 - Taxpayers with reasonable causes may be exempt on a case-by-case basis.

Diana Mendes


Taxpayer Assistance Representative Supervisor

Using the Taxpayer Portal

- Benefits of Portal
 - Satisfies new Electronic Filing and Payment Mandate requirements
 - Can file and pay all taxes from same site
 - Can schedule payment for future withdrawal
 - You can schedule payments up to 364 days in advance on the Portal
 - 24-hour access
 - Interactive to help ensure accurate filings with all required fields completed
 - Ability to see all previous filing and payments for all tax types
 - Securely store banking information for future use
- Stats – 46,000 registered users have submitted 225K payments for over \$1B thus far in 2022
- Other electronic methods available

How do I file/pay? The Division of Taxation Taxpayer Portal

Step 1: Visit www.taxportal.ri.gov and create a username and password.



STATE OF RHODE ISLAND
Division of Taxation
Department of Revenue

Home

Member Sign In

User ID

Please Enter User ID

Password

Password

SIGN IN

[Forgot User ID?](#) [Forgot password?](#)

New User?

[Create a New User](#)

Don't Have a Portal User Account?


Use our Same-Day Services

[Make a Payment \(same day withdrawal\)](#)

[File a Form \(alone or with payment\)](#)

Customer support is available weekdays between 8:30am - 3:30pm at 401-574-8484 or you can e-mail support at taxportal@tax.ri.gov at any time.

Don't have your PIN? Unable to log in to your account? Many forms can be filed and paid without a PIN using our Same Day Services.
The File a Form link is located on the bottom left of this page.



Popular Services

[Tax Forms](#)

[Administrative Decisions](#)

[Advisories](#)

[Where's My Refund](#)

[Business Registration](#)

[Reports](#)

[Regulations](#)

[Newsletters](#)

[Contact Us](#)

[Liquor License Renewals – Certificates of Good Standing](#)

[Individual Mandate Reporting - NEW](#)

Frequently Asked Questions

[Guest Bill Payments \(Video\)](#)


[Guest Filing \(Video\)](#)

[Portal Registration \(Video\)](#)

[Portal User Guide](#)

[Who should use the online taxpayer portal and what taxes can be filed?](#)

[How do I link my tax entity to my portal account?](#)



STATE OF RHODE ISLAND
Division of Taxation
Department of Revenue

How do I file/pay? The Division of Taxation Taxpayer Portal

Step 2: Get PIN from Taxation (call us at 401-574-8484 or email taxportal@tax.ri.gov).

Step 3: Log in using name and password.

The screenshot shows the homepage of the State of Rhode Island Division of Taxation Taxpayer Portal. The header includes the state seal and the text 'STATE OF RHODE ISLAND Division of Taxation Department of Revenue'. Below the header is a 'Home' navigation bar. The main content area features a 'Member Sign In' section on the left, which is circled in red. This section contains fields for 'User ID' and 'Password', a 'SIGN IN' button, and links for 'Forgot User ID?' and 'Forgot password?'. To the right of the sign-in section is a yellow box with customer support information and a warning about logging in without a PIN. Below this is a large image of the Rhode Island State Capitol building. On the far right, there are two columns of links: 'Popular Services' and 'Frequently Asked Questions'.

STATE OF RHODE ISLAND
Division of Taxation
Department of Revenue

Home

Member Sign In

User ID
Please Enter User ID

Password
Password

SIGN IN

[Forgot User ID?](#) [Forgot password?](#)

New User?

[Create a New User](#)

Don't Have a Portal User Account?

Use our Same-Day Services
[Make a Payment \(same day withdrawal\)](#)
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Popular Services


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- [Contact Us](#)
- [Liquor License Renewals – Certificates of Good Standing](#)
- [Individual Mandate Reporting - NEW](#)

Frequently Asked Questions

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- [Guest Filing \(Video\)](#)
- [Portal Registration \(Video\)](#)
- [Portal User Guide](#)

How do I file/pay? The Division of Taxation Taxpayer Portal

Step 4: Link User ID to Taxation using PIN.



STATE OF RHODE ISLAND
Division of Taxation
Department of Revenue

Log Out

Home Edit Personal Info Message Center▼

Welcome, **[Redacted]**

You last logged in on
Friday, 08/26/2022 09:13 AM

Complete Your Registration

Administrator Users - To complete your initial registration, at least one portal user must be assigned this role before any additional Users can be registered. This individual will have the widest range of portal permissions. This individual may also authorize other individuals to access taxpayer account information. Register as an Administrator User [here](#)


Authorized Users - If you will perform tax functions on behalf of a taxpayer, provide your User ID to the taxpayer's administrator to be granted access to a taxpayer's online account.

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Contact Us

How do I file/pay? The Division of Taxation Taxpayer Portal

Step 4: Link User ID to Taxation using PIN. (continued)



STATE OF RHODE ISLAND
Division of Taxation
Department of Revenue

[Log Out](#)

HomeProfile Information▼Account Inquiry▼Online Transactions▼Message Center▼Service Requests▼

Profile Information / Authorized Businesses

Select one of the options below ?

Progress0%

Please review the options below and select the one that best fits your registration scenario. Businesses will need their FEIN. Sole Proprietors will need their Social Security Number (SSN). You should have received a letter from the Division of Taxation with a Personal Identification Number (PIN). You will need this number to complete your registration. If you have not received a PIN or don't remember it, please [Contact Us](#).

☒ I am adding administrator authorization and have an FEIN and my required PIN.

☐ I am adding administrator authorization and have an SSN and my required PIN.

[← BACK](#)[CANCEL](#)[NEXT](#)

Rhode Island Division of Taxation. All rights reserved.[Contact Us](#)

Neil Caouette

Supervising Revenue Officer

Collections

Collections and Compliance

- DMV/Professional License and Registration Blocks
- Sales Permit Block Program
- Treasury & Vendor Offset Programs
- Letters of Good Standing
- Liquor License Certificate of Good Standing
- Liens & Levies
- Installment Agreements
- Offer in Compromise
- Employee Leasing

Collections and Compliance

- FY 2022 Statistics
 - 57,478 phone calls
 - 6,674 walk-ins
 - Approximately 41,965 emails
 - Collections FY 2020 - \$35,350,455
 - Collections FY 2021 - \$34,465,395
 - Collections FY 2022 - \$40,044,923

Collections and Compliance

What's new in Collections and Compliance?

- New Business Registration Assistance
 - Contacting new registrants to confirm understanding of filing requirements
- Virtual Appointment Pilot Program
 - Beginning with Sales Block notices
- Portal Self Service Kiosk
 - Assistance for setup/use by appointment
 - Need access to email during appointment
- Interest Rate Reduction for non-trust funds
 - Minimum of 12% for most taxes
 - Minimum of 18% remains for trust fund portion of Sales and Withholding taxes

Collections and Compliance

- Letters of Good Standing
 - Received 6,659 applications for the calendar year 2021
 - 22% able to be issued without additional information
 - Mailed nearly 5,192 Additional Information letters to contacts
 - 35% do not respond to these letters

Collections and Compliance

- Entity must be compliant for all required tax returns, payments, and fees for all requests of Letters of Good Standing
 - Major Sale LOGS Requirements
 - An application for LOGS (§ 44-11-29)
 - Proforma RI Tax Return with payment through date of sale. Must reflect the sale.
 - Copy of Proforma Federal tax return (Form 4797/Sch. D)
 - 1096PT/PTE return needed if there is a gain with Non-resident members
 - Purchase and Sales Agreement
 - All other taxes must be filed and all balances paid

Collections and Compliance

- Liquor License Renewal
 - Approximately 2,200 Certificate of Good Standing for Liquor Renewal applications were mailed
 - Application was due on 09/14/2022.
 - All taxes must be filed and balances paid ([§ 3-7-24](#))
 - If Revoked with SOS, entity must request a LOGS for reinstatement to receive a Certificate of Good Standing for their Liquor License Renewal
 - Certificate of Good Standings issued are listed on www.taxportal.ri.gov

Collections and Compliance

- Levy Program
 - Liability must be in Collections
 - Notifications
 - Bills have already been sent to the taxpayer
 - Taxpayer is mailed a 10 Day Demand for Taxes Due
 - If there is no resolution, the taxpayer is mailed a Notice of Intention To Levy (30 Day Reply)
 - Resolutions
 - Taxpayer must be in compliance with all filings
 - Prior to a levy, the taxpayer may satisfy their debt, enter into an installment agreement or voluntary wage garnishment
 - If a levy has already occurred, Taxation may consider a levy reduction based on various circumstances

Collections and Compliance

Installment Agreements: What You Need to Know

Requirements:

- Complete Installment Agreement Request: [Form RI-9465](#)
- Full compliance with all filing requirements

High likelihood for approval:

- You have a total balance greater than \$1,000
- Remit 50% Down
- Remaining balance must be paid in 12 installments or less

You may still be approved if you complete these steps:

- Complete Income/Expense Statement section of form RI-9465, Installment Agreement Request for review
- Provide any backup documentation requested

Moving forward:

- Must continue to stay in compliance with filings and payments
- Interest and penalties continue to accrue until tax portion of liability is paid in full (if applicable)

Collections and Compliance

Offers in Compromise: What You Need to Know

Qualifications:

- If debt is excessive, Illegal, or uncollectible [Regulation 280-RICR-20-00-6](#)

Requirements:

- Complete [Form RI-656](#)
- Complete [Form 433A](#) or [Form 433B](#)
- Full compliance with all filing requirements

Documentation Needed:

- Financial Statements and verification of reason request may be required

Leo Lebeuf

Taxpayer Experience Liaison

Taxpayer Experience Office

What records should a taxpayer have available?

- Federal & State Income Tax returns
- Copies of all state tax returns filed and backup detail
- Sales Records and credit card receipts including
 - Any exemption certificates
 - Daily sales receipts/reports
 - Merchant statements and 1099K forms
 - Delivery slips
- Purchase invoices and ledger listings
- Asset schedules and invoices
- Bank statements, General Ledger and chart of accounts
- Other records as requested

Taxpayer Experience Office

Industry Library Initiative

- Beginning with Restaurant and Hospitality Industry
- Developing a comprehensive guide
 - Segmented brochures
- Goal: to help businesses achieve and maintain voluntary compliance
- [The Restaurant Industry & Rhode Island Tax Guide for Businesses](#)

Child Tax Rebate

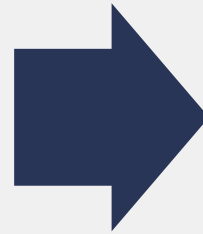
- Legislation signed by Governor McKee on 06/27/22 as part of budget bill H7123Aaa
- Eligible Taxpayers will receive a rebate payment of \$250 per child, up to maximum of \$750
- Rebates will be issued to eligible taxpayers based on a 2021 Personal Income Tax filing
- To qualify, 2021 Personal Income Tax return on extension must be received by 10/17/22

Child Tax Rebate

- Eligible taxpayer
 - Must have filed their Rhode Island 2021 personal income tax return as either:
 - Single, married filing separately, head of household, or qualifying widow/widower with a federal adjusted gross income of \$100,000 or less; or
 - Married filing jointly with a federal adjusted gross income of \$200,000 or less
 - Have a qualifying child dependent (eighteen years of age or under as of December 31, 2021)
 - And be domiciled in the State of Rhode Island

Child Tax Rebate: Timeline

October 2022: First
round of checks
based on filings
through August 31,
2022



December 2022:
Second round of
checks based on
filings through
October 17, 2022

Child Tax Rebate

■ Additional Items to Note

- Return must be filed in order to qualify
- All rebates will be issued by check
- Rebate is exempt from state income tax
- If address has changed, complete the change of address form [Child Tax Rebate Change of Information Form](#)
- Dedicated [Webpage](#)
- [Child Tax Rebate FAQ](#)
- Rebate Tracker Tool will be available

Personal and Corporate Income Tax

2022 Filing Season

- 458.2K Refunds issued as of 08/29/2022
- 667.5K returns filed
- 37,984 calls, 872 walk-ins, 8,326 emails as of 09/10/2022

Personal and Corporate Income Tax

2022 Filing Season

- Inflationary changes
 - Personal Exemptions \$4,350
 - Standard Deduction
 - Single/Married Separate \$9,300
 - Joint/Qualifying Widow(er) \$18,600
 - HOH \$13,950
 - Phaseout \$217,050 – \$241,850
 - Social Security Amounts
 - Single \$95,800 Joint \$119,750
 - Pension and Annuity
 - Single \$95,800 Joint \$119,750
 - Statute added to match to SSI Modification

Personal and Corporate Income Tax

- Property Tax Relief Changes for TY2022
 - \$600 cap – subject to inflation for future years
 - Increase in income limitation from \$30,000 to \$35,000- subject to inflation
- MeF filing for Personal Income, Corporate and Fiduciary
 - RI-1040 and RI-1040NR
 - RI-1120C, RI-1120S, and RI-1065
 - RI-1041
- Will allow payment through MeF for Corporate and Fiduciary with 2022 returns
- Looking into extensions through MeF

Changes to come – Tax Year 2023

Exemption for military pensions

- Cannot use same income for existing retirement exemption
- No cap or limitation
- No age restriction

Increase in existing retirement exemption

- Increase cap from \$15,000 to \$20,000
- No change to current AGI limit
 - For 2022: Single \$95,800
Joint \$119,750

Personal and Corporate Income Tax

Individual Mandate Update

- Rhode Island's health coverage mandate remains in effect for 2022
- Dedicated website:
<http://www.tax.ri.gov/healthcoveragemandate/index.php>
- [Tips for Health Insurance Mandate](#)
- Open Enrollment is 11/01/22 – 01/31/23
([Open Enrollment - HealthSource RI](#))

The screenshot shows the official website of the State of Rhode Island, Division of Taxation, Department of Revenue. The page is titled "Health Insurance Mandate" and includes a welcome message, a statement that the mandate took effect on January 1, 2020, and a definition of "qualifying health coverage". It also lists sources of coverage and the consequences of non-compliance. A sidebar on the left contains links to various guidance documents, including Administrative Decisions, Advisories, Declaratory Rulings, Information and FAQs, Newsletters, Notices, and Publications. The top navigation bar includes links to Online Services, Resources for..., Tax Sections, Forms, Guidance, and About Us. A search bar is located in the top right corner.

Official State of Rhode Island website

Settings & Language

STATE OF RHODE ISLAND
Division of Taxation
Department of Revenue

Search the site

Online Services Resources for... Tax Sections Forms Guidance About Us

Agency Announcements Show Alerts

Home » Guidance » Health Insurance Mandate

Health Insurance Mandate

Welcome to the Health Insurance Mandate Information Page.

Rhode Island's health insurance mandate took effect January 1, 2020.

The mandate is a requirement that all Rhode Islanders (except those who are specifically exempt under the law) have "qualifying health coverage" beginning January 1, 2020.

Sources of "qualifying health coverage" include coverage through an employer; coverage purchased directly from a health insurance carrier; Medicare; Medicaid; or a health plan purchased through HealthSource RI, the state's health exchange.

Failure to have coverage during the tax year may result in a Rhode Island personal income tax penalty during tax-filing season. For more information, please see the table below.

Guidance

Administrative Decisions

Advisories

Declaratory Rulings

Information and FAQs

Newsletters


Notices

Publications

Personal and Corporate Income Tax

- If any member of the household did not have full year health coverage, please complete the form accurately for all members of the household. Proper completion will ensure any potential penalties being calculated correctly.

State of Rhode Island Division of Taxation
Form IND-HEALTH
 Individual Health Insurance Mandate Form


 21106299990101

Name

Social security number

Coverage Exemption Reasons and Codes			
Income Below Filing Threshold	NC	Aggregate Self Only Coverage Considered Unaffordable	G1
Coverage Considered Unaffordable	A	Member of Tax Household Born or Adopted During the Year	H1
Short Coverage Gap	B	Member of Tax Household Died During the Year	H2
Citizens Living Abroad & Certain Noncitizens	C	Nonresident of Rhode Island	N
Members of Healthcare Sharing Ministry	D	Had Minimum Essential Health Coverage	X
Members of Indian Tribes	E	HealthSource RI Exemption	RI
Incarceration	F		

Enter the name and social security number for each member of your tax household. For each household member, use the chart above to enter an exemption code for each corresponding month in which the household member had minimum essential health coverage or an exemption. If an individual qualified for an exemption through HealthSource RI, enter the exemption number(s) in the space provided.

Refer to the Individual Mandate Instructions for details and instructions on each of the coverage exemption types listed above.

If there are more than five (5) members in your tax household, please complete multiple IND-HEALTH Forms.

1) Name:

Social Security Number:

Check ☒ if under 18 years of age as of 01/01/2021 ☐

Exemption Number:

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<input style="width: 30px;" type="text"/>	<input style="width: 30px;" type="text"/>	<input style="width: 30px;" type="text"/>	<input style="width: 30px;" type="text"/>	<input style="width: 30px;" type="text"/>	<input style="width: 30px;" type="text"/>	<input style="width: 30px;" type="text"/>	<input style="width: 30px;" type="text"/>	<input style="width: 30px;" type="text"/>	<input style="width: 30px;" type="text"/>	<input style="width: 30px;" type="text"/>	<input style="width: 30px;" type="text"/>

Number of months for which an exemption did not apply:

Personal and Corporate Income Tax

EITC Reminders

- The Rhode Island EITC is in addition to the Federal EITC
 - Rhode Island EITC rate is a percentage of the Federal EITC amount
 - The rate for 2022 is 15.0%
- RI EITC is a refundable credit, which means the credit will be refunded to the taxpayer to the extent it exceeds their tax liability
- RI conforms to federal eligibility and income thresholds
- RI tax preparer's regulation includes guidance on due diligence requirements and records retention for EITC and RI-1040H property tax credit
 - [Tax Preparer's Regulation 280-RICR-20-55-4](#)
- If credit ineligibility is suspected, we may need to take extra steps to validate the EITC claim
- Returns without expenses may be questioned
- Documentation requested for income reporting (Ex. Requests for licenses, records, statements, etc.)

Personal and Corporate Income Tax

Income Requests

- Penalty Waivers
 - Requests should be in writing and all balances should be paid in full less the penalty
 - Allow at least 30 days to process
 - Notification will be sent to the taxpayer once processed
- Requests for Information
 - Responses should be received within 20 days of request
 - Documentation can be mailed, emailed, faxed, or submitted through drop box
 - Email or fax encouraged, as it allows for proof of receipt
 - Once response is submitted, please allow 5 business days before checking the status
 - Only send copies, we are not responsible for originals sent via mail

Pass Through Entity Changes

- Two-year implementation
- Tax Year 2023
 - Pass through withholding will be Included on the Entity level return
 - Estimated payments made on BUS-EST or RI-1041ES
 - For BUS-EST, check RI-1120 for RI-1120S or RI-1065 filers
 - RI-1041-ES would include withholding on Fiduciary filers
 - Forms RI-1120S, RI-1065 and RI-1041 will be updated to include a “PT” Schedule and tax due line
- Tax Year 2024
 - Pass through Entity Elections will be Included on the Entity level return with same form changes from withholding in 2023

Pass Through Entity Changes

Pass Through

Tax Year 2023: Use Bus-Est instead of RI-1096PT-ES

04/15/23

Tax Year 2023: Use Bus-Ext instead of RI-1096PT-EXT or filing of Entity Return with PT Schedule

03/15/24

04/15/24

Tax Year 2024: Use of Bus-Est with Entity checkbox instead of PTE checkbox

Tax Year 2023: Filing of Entity Return on extension with PT Schedule

09/15/24

Tax Year 2024: Use of Bus-Ext with Entity checkbox instead of PTE checkbox or filing of Entity return with PT Schedule

04/15/25

Tax Year 2024: Filing of Entity return with PT Schedule on extension

09/15/25

Pass Through Entity

Pass Through Entity Changes

- Why Change?
 - Increase to Voluntary Compliance
 - Allow for MEF/Electronic filing
 - Ease filing burdens
- Why Two-year Implementation?
 - Complexity
 - PTE modifications vs payment credits
 - Accounting methods
 - Requirement vs Election

Cannabis Legalization

- House Bill 7593Aaa signed by Governor on 05/25/22
 - Regulated by the Cannabis Commission
 - Including issuance of various groups of licenses issued by Commission
 - Limited retail locations set to begin 12/01/22
 - [Office Of Cannabis Regulation | Dept. of Business Regulation \(ri.gov\)](#)
 - Still many questions to be answered

Cannabis Legalization

■ Adult Use Cannabis

□ Taxes

- 10% State Excise Tax
- 3% Local Excise Tax
- Subject to 7% Sales Tax
- Exempt from 4% Compassion Center Surcharge

□ Returns

- Cannabis Excise Tax Form (on Portal)
- Monthly Sales & Use Tax Return

■ Medical Cannabis

□ Taxes

- Exempt from State Excise Tax
- Exempt from Local Excise tax
- Still subject to 7% Sales Tax
- Still subject to 4% Compassion Center Surcharge

□ Returns

- CCS-67 Compassion Center Surcharge Return
- Monthly Sales & Use Tax Return

Sales Tax Modernization

- New version of Sales Tax Form
- Beginning January 2023
 - Alignment with neighboring states
 - Impacts monthly and quarterly filers but will now use same form
 - Return remains only one page
 - Allow taxpayer to reconcile sales tax monthly/quarterly
 - New booklet mailing
 - [Sales Tax Modernization Advisory](#)
- Tips
 - Accurately complete all fields
 - Gross Sales
 - Itemize deductions
 - Include NAICS code and account ID#

Excise and Estate Tax

- New Sales Tax Exemptions effective 10/01/22
 - Certain funeral items used by funeral director as part of the business of funeral directing
 - Breast pumps, breast pump collection and storage supplies
 - Trade-in value of motorcycles
- Some Excise Tax Reminders
 - Sales Tax Permit Fee Eliminated by Statute as of 07/01/22
 - Forms still required to apply for renewal annually
- Annual Reconciliations
 - Complete all lines correctly
 - Do not use prior year forms

Excise and Estate Tax

Estate Tax Update

- Form-RI-706 Estate Tax return
 - Combines the RI-100 and RI-100A into one form
 - As of 01/01/2022, all returns with Date of Death on or after 01/01/2015 including non-taxable estates prior to 01/01/2015
 - Taxable estate with DOD prior to 01/01/2015 should email tax.estate@tax.ri.gov for Form 100A
 - Estates greater than \$1.3M need to complete entire return
 - Estates below \$1.3M need to complete pages 1 – 4 including Part 6, recapitulation schedule
 - \$50 filing fee still applies
 - Backup **must** be provided

Thank you



STATE OF RHODE ISLAND

Division of Taxation

Department of Revenue

Contact Us

Tax.Outreach@tax.ri.gov

One Capitol Hill

Providence, RI 02908



STATE OF RHODE ISLAND

Division of Taxation

Department of Revenue

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