



STATE OF RHODE ISLAND

Division of Taxation

Department of Revenue

Rhode Island Tax News

Fourth Quarter, 2022

[Visit Our Website](#)



Introducing the Taxpayer Experience Office

As part of ongoing progress to improve the taxpayer experience and enhance taxpayer satisfaction, the Division of Taxation has established a Taxpayer Experience Office.

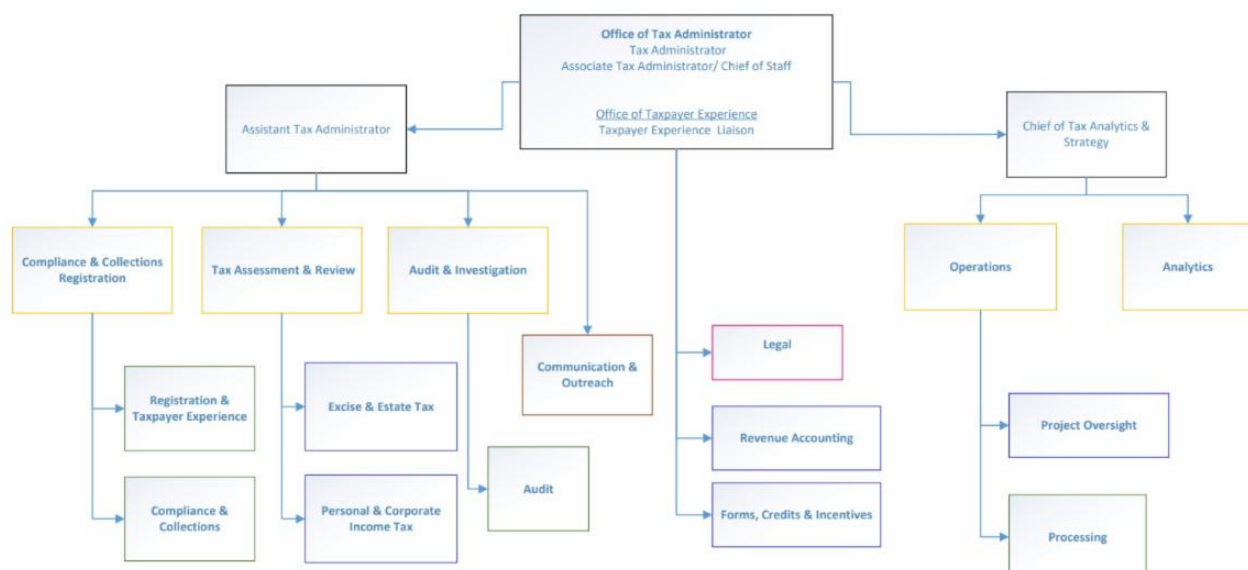
The Taxpayer Experience Office houses a dedicated taxpayer experience team. The team works diligently behind-the-scenes to continually update processes and improve taxpayer interactions with the Division.

With 26 years of experience with the Division, Leo Lebeuf helps the team as newly appointed Taxpayer Experience Liaison.

Leo and the Taxpayer Experience Office represent the Division's focus on assisting taxpayers and encouraging voluntary compliance. Below, see how the Taxpayer Experience Liaison and team fit into the Rhode Island Division of Taxation's Organizational Structure:



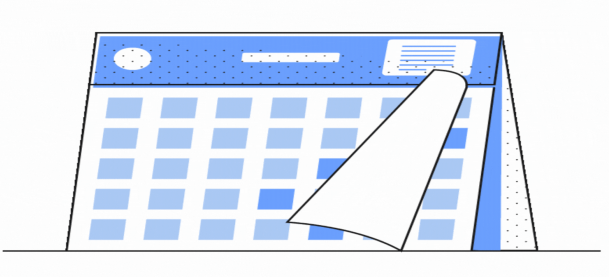
Leo Lebeuf,
Taxpayer Experience Liaison



Mark your calendar

The Division of Taxation will again hold our Seminar for Tax Preparers this December.

The Seminar for Tax Preparers will be held as a hybrid event; both in-person and virtual. There are two dates to choose from.



Sign up for one of the Seminar dates below:

December 2

LOCATION

CCRI Newport Campus Auditorium, One John H. Chafee Blvd., Newport, RI 02840

DATE AND TIME

12/02/22 9:00am - 12/02/22 1:00pm
US/Eastern

How will you attend?

In person

Virtual

December 9

LOCATION

CCRI Knight Campus Theatre, 400 East Ave., Warwick, RI 02886-1807

DATE AND TIME

12/09/22 9:00am - 12/09/22 1:00pm
US/Eastern

How will you attend?

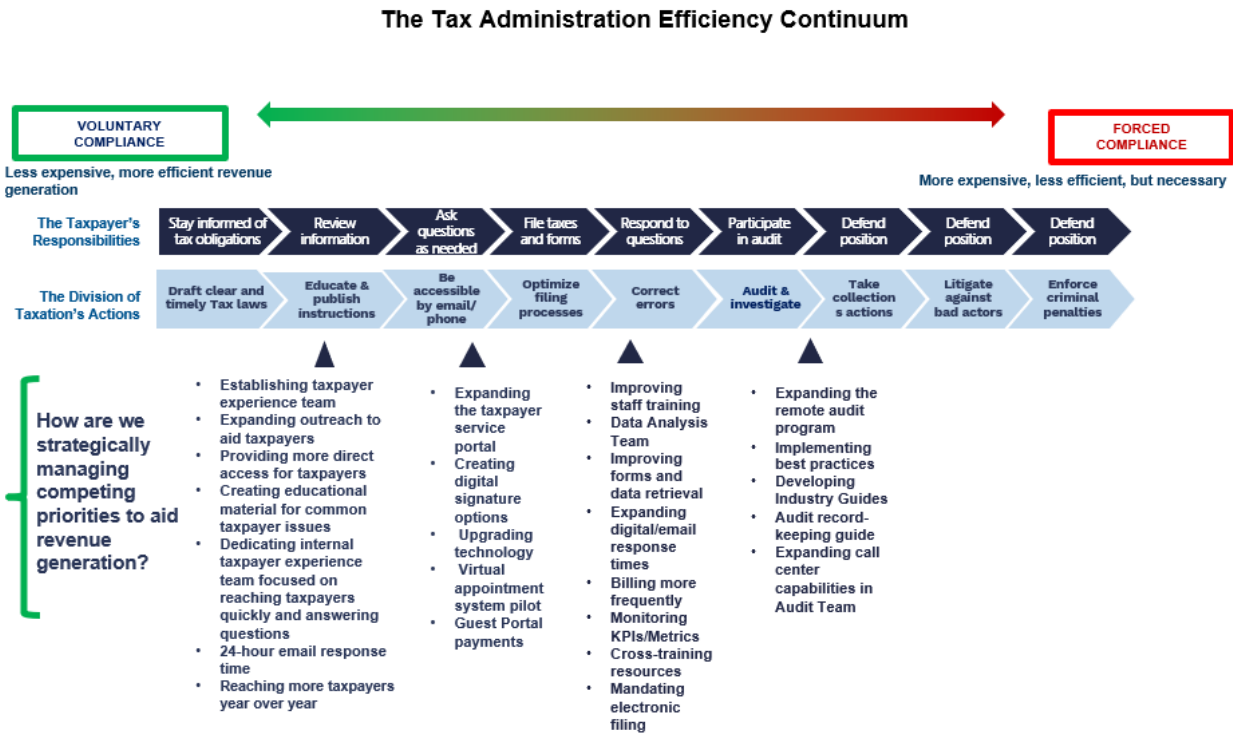
In person

Virtual

Tax Administration

How is the Division strategically improving the taxpayer experience?

The Division is continually working to improve tax administration. To maintain a focus on serving taxpayers and most efficiently utilizing resources, the Division encourages voluntary compliance through a number of methods. Below is the Tax Administration Efficiency Continuum - a tool the Division uses to assess the best course of action.



Updates



RI Sales and Use Tax Return Modernization

Taxpayers will notice changes to the Sales and Use Tax Return for monthly and quarterly periods beginning in January 2023.

These changes will better align Rhode Island's form with Sales and Use Tax forms used in neighboring states, providing a more consistent experience for taxpayers. The updated forms will allow you to reconcile sales each period, rather than only at the end of the year.

[Learn more](#)



Interest Rate Change for Some Delinquent Taxes

Due to legislation passed during the 2022 Legislative Session, the interest rate for some delinquent tax payments will be changing.

This change applies for periods after January 1, 2023, for taxes other than "Trust fund taxes" which are taxes collected from taxpayers by businesses and remitted by those businesses to the State.

[FAQs](#)

[Read Advisory 2022-25](#)

Larger business registrants must file and pay electronically

The Division of Taxation reminds businesses that in accordance with changes signed into law in June, larger business registrant taxpayers will be required to use electronic means to file returns and remit taxes to the State of Rhode Island beginning on January 1, 2023.

[Details available here](#)



[Read the](#)

The Restaurant Industry & Rhode Island Tax

The Division has created a guide for restaurants and related businesses, titled "The Restaurant Industry & Rhode Island Tax" that outlines tax responsibilities for restaurants. The guide is part of the Division's efforts to improve the taxpayer experience by answering common questions and providing detailed guidance and examples.

Tax changes coming in the new year

The upcoming new year brings with it a number of changes to Rhode Island tax code and implementation practices. In the following table you will find information regarding expected tax changes taking effect January 1, 2023.

Change	Summary	Effective date	Guidance
Electronic filing and payment mandate for large business taxpayers	Larger business registrant taxpayers are required to file returns and remit taxes to the State of Rhode Island electronically.	January 1, 2023	ADV 2022-17 ADV 2022-23
Prevailing wage requirements for certain tax credits	Tax credits under the Rebuild Rhode Island Tax Credit program and the Historic Preservation Tax Credits 2013 program can only be awarded after DLT certifies compliance with the prevailing wage requirements, if applicable.	January 1, 2023	ADV 2022-17
Reduction of interest rate for certain delinquent payments	The minimum interest rate will drop to 12% per year for delinquent tax payments of many types going forward. This 12% interest rate applies to all tax types that are not taxes held in trust for the State of Rhode Island.	January 1, 2023	ADV 2022-17 ADV 2022-25 FAQs
Sales tax modernization	Beginning January 2023, RI will be implementing a new version of the Sales Tax form. This update will align RI's processes with neighboring states.	January 1, 2023	ADV 2022-22
Property Tax relief update	Increase of the maximum income level for taxpayers to qualify for the credit from \$30,000		ADV 2022-17 ADV 2022-24

	to \$35,000 and provides for a maximum credit of \$600 for tax years beginning on or after January 1, 2022. There are also provisions for inflation adjustments.	
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Help us improve

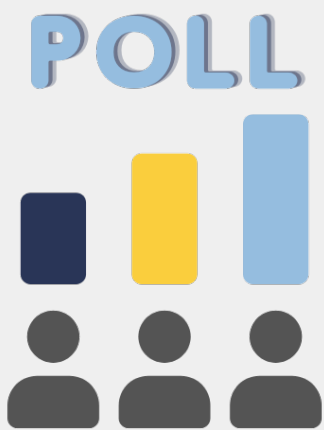
What do you like best in a newsletter?

Behind-the-scenes previews

Summaries of recent news

In-depth analysis of tax topics

In-depth analysis of tax topics



Newsletter Archive

For your convenience, newsletters, including this one, are available in our online Newsletter Archive.

Newsletter
Archive

Tax Talk

A look at Trust Fund Taxes

The Rhode Island Legislature lowered the statutory minimum interest rate beginning 01/01/2023 from 18% to 12% for most taxes administered by the Division of Taxation.

Taxpayers will note that the interest rate for the “Trust Fund” tax type remains unchanged. This tax type includes sales, hotel, meals and beverage, and withholding taxes. The statute (§44-1-7(b)(2)(A)) continues to subject trust fund taxes to a minimum tax rate of 18%.

Taxpayers may wonder what Trust Fund Taxes are and why are they different from other types of taxes.

The term Trust Fund Tax refers to taxes that are collected by one taxpayer from another taxpayer and are held in trust for the state. The statutes that enforce these taxes require the collecting taxpayer to remit those taxes to the state at a definite date.

For example:

- State sales tax is collected by a retailer from their customers. All sales taxes collected must be remitted to the state by the 20th of the following month. The retailer’s tax obligation or liability relates directly to its collection of taxes from another taxpayer - in this case their customer.
- Withholding taxes are withheld by an employer from their employee’s wages. The tax withheld or collected is held in trust for the state and not for the employer’s use.

In both examples, the tax withheld/collected is held in trust for the state and not for the retailer’s or employer’s use. Held in trust means that while one party physically retains the funds, they belong to a different party. This is where the words “Trust Fund” come from.

In the case of Trust Fund Taxes, these funds should be remitted by the prescribed due date without exception. There are penalties for misappropriation of trust funds including holding a responsible officer personally liable for the misappropriation. It is important for a business owner and their representatives to understand the importance of trust fund remittance.

The Division welcomes questions from businesses owners who may need clarification on the topic of Trust Fund Taxes.

Tax Tip Line



Do you have information about wrongdoing involving Rhode Island state taxes?

Rhode Island Division of Taxation’s Special Investigation Unit staffers follow up on all tips. You can choose to leave your name and contact information or remain anonymous.

401-574-TIPS
(8477)

Report
Online

Legal Corner

Administrative Decision

An administrative decision is a final decision issued following an agency proceeding in which an individual or entity formally requests a hearing. In Q3's Administrative Decision, the issue addressed was:

[Administrative Decision 2022-15:](#)

The Taxpayers' personal income tax refund claim for the calendar year 2017 was denied for being out of time.

View Administrative Decisions
Archive



"I like to pay taxes. With them, I buy civilization."

— Oliver Wendell Holmes Jr.

Contact



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