



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

Presentation to RISCPA
January 18, 2023

Neena Savage

Tax Administrator

Agenda

- Introduction
 - About The Division
 - Introducing the Taxpayer Experience Office
- Personal Income Tax
- Excise and Estate Tax
- Electronic Mandate
- Taxpayer Portal
- Q & A

About Us

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

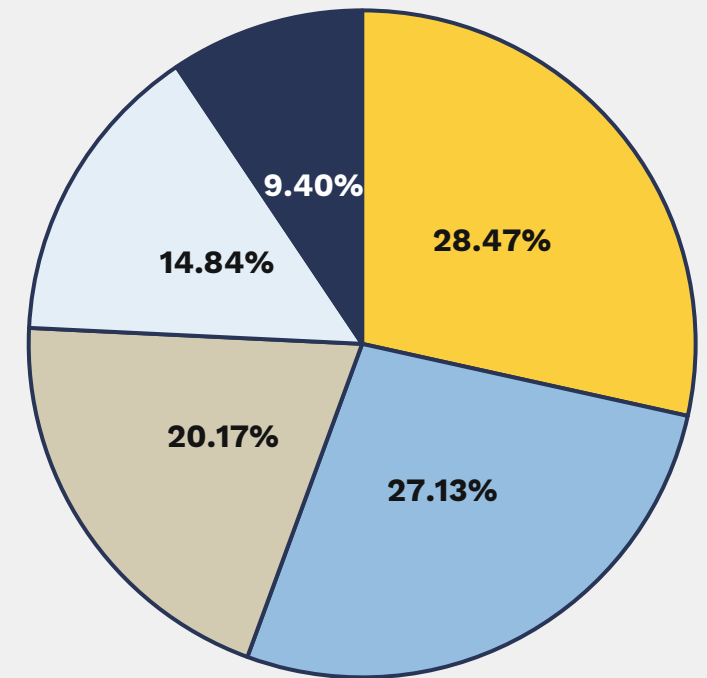
- The Rhode Island Division of Taxation employs **223 tax professionals**, administering more than **59 different taxes and fees**.
- Taxes represent **the most significant source of General Fund revenue** for Rhode Island – funds used to help pay for vital services including public safety, education, 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



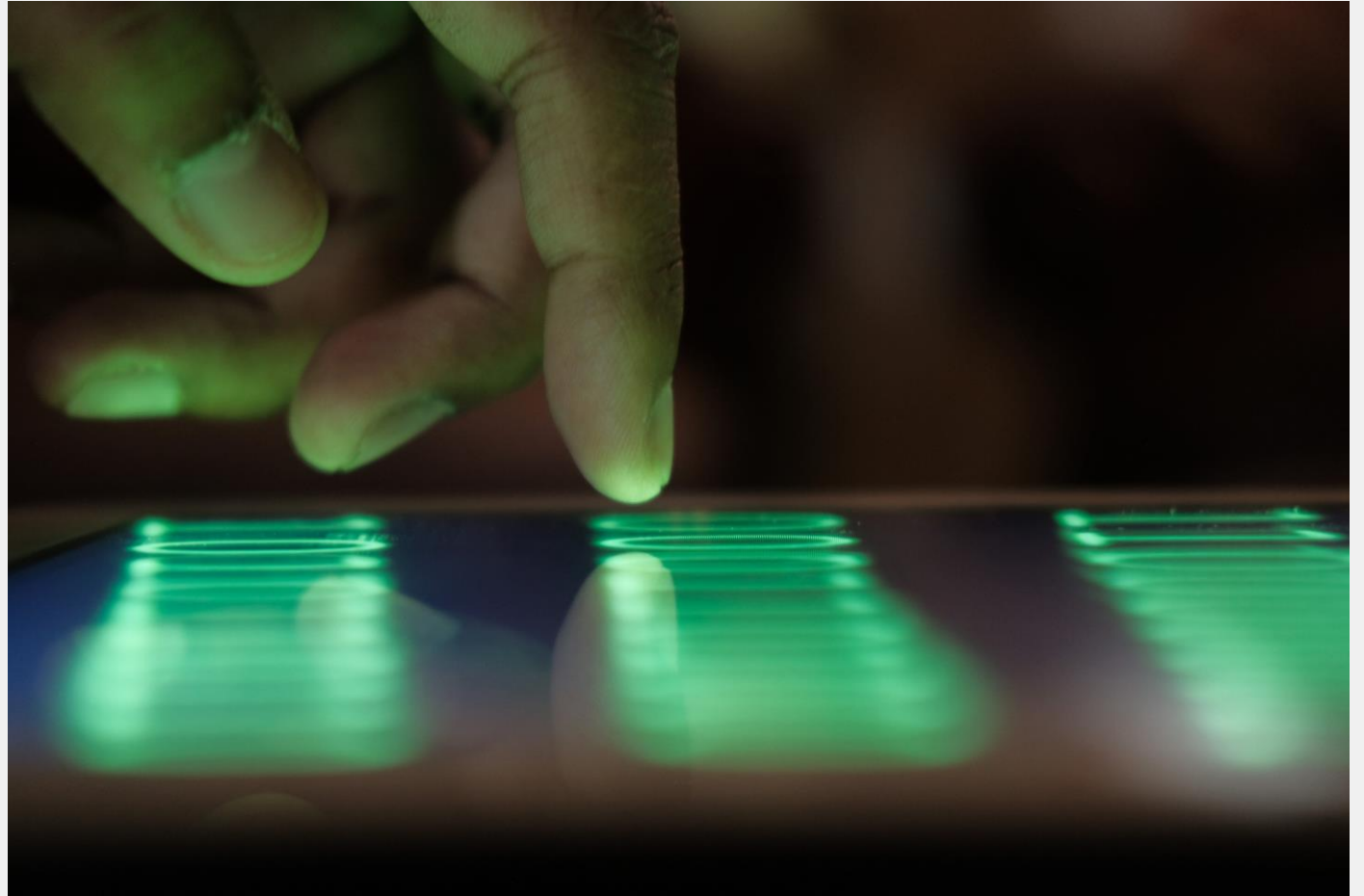
■ Withholding ■ Sales ■ Corp ■ PIT ■ Estate, M&B, Hotel & Other

About Us: Key Stakeholders/Interactions



Fraud Trends

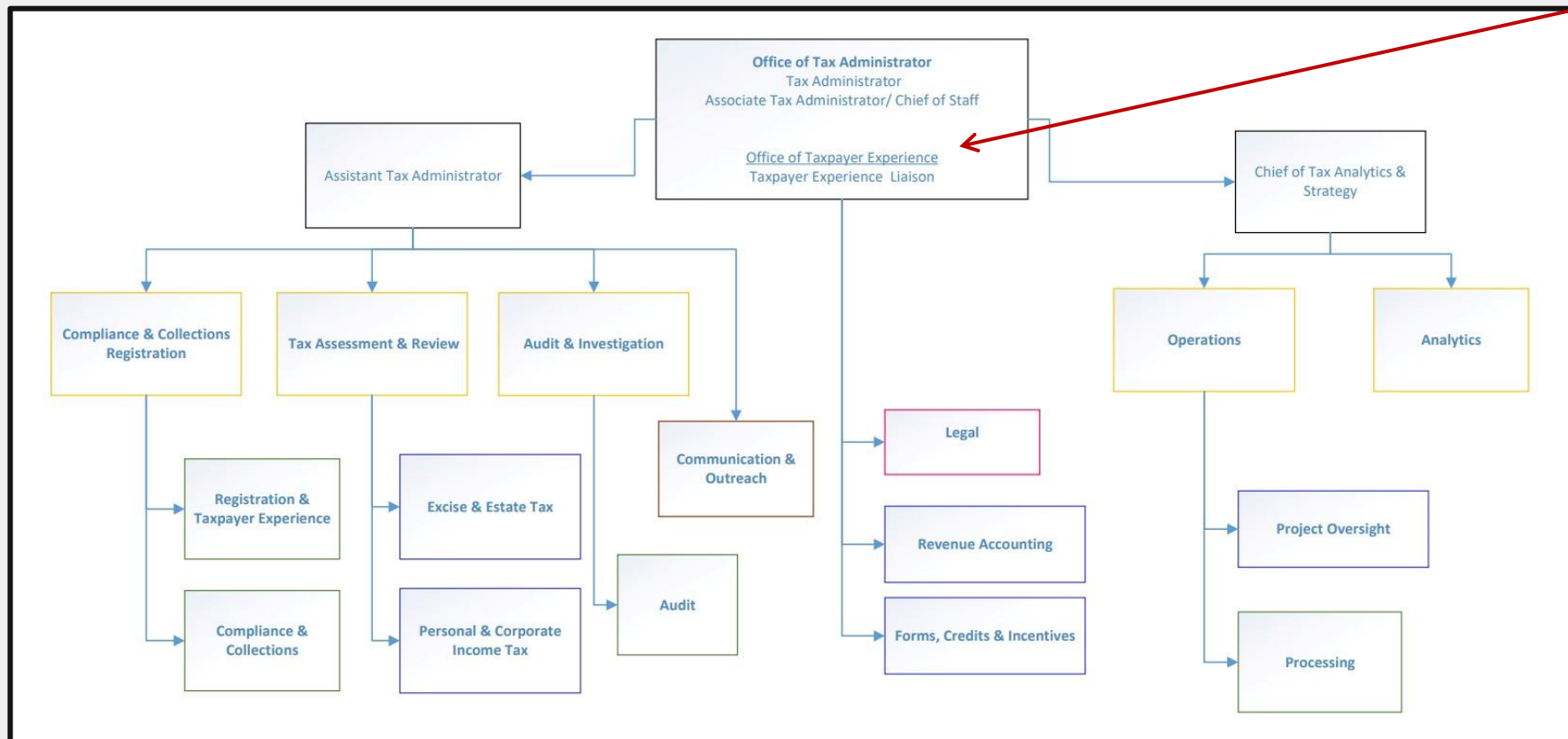
- IRS/States/Tax Software Industry collaborating on fraud detection and prevention and monitoring data/trends through the IDTTTF-ISAC and the Security Summit.
- [How Do You Report Suspected Tax Fraud Activity? | Internal Revenue Service \(irs.gov\)](#)
- [Dirty Dozen | Internal Revenue Service \(irs.gov\)](#)
- Criminals are becoming more creative, with better technology, and means to perpetrate fraud.



How to Mitigate Fraud

- Consistently update software and operating systems with latest patches—outdated applications and operating systems are the most targeted vulnerabilities for ransomware.
- Train your staff about phishing, cyber security and to look carefully at emails before responding. Check and double check.
- Multifactor Authentication/Strong Passwords.
- Back up data on a regular basis; maintain it on a separate device and store it offline.
- Implement a disaster recovery plan.
- Check the Taxpayer Portal: [RI Taxpayer Portal](#).
- [How Do You Report Suspected Tax Fraud Activity? | Internal Revenue Service \(irs.gov\)](#) .
- Reach out to the RI Division of Taxation: [Contact Us | RI Division of Taxation](#)

Taxpayer Experience Office/Team

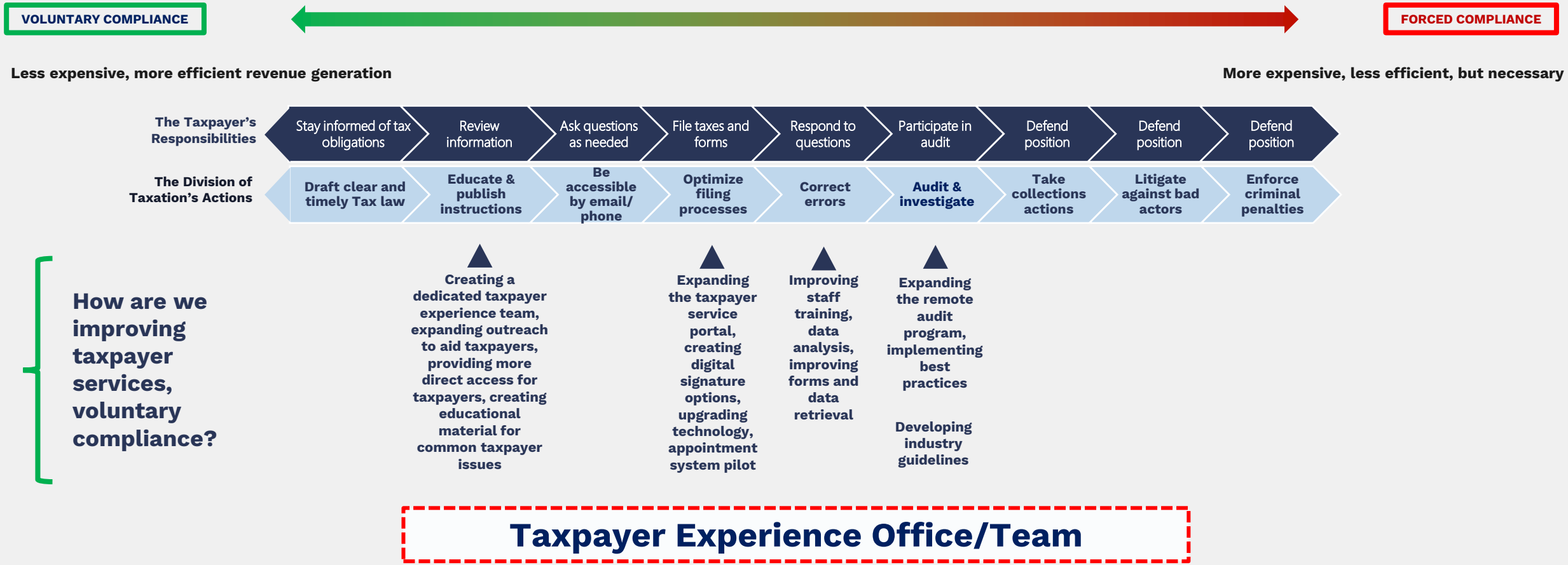


Taxpayer Experience Office Team

- 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.

Leo Lebeuf

Taxpayer Experience Liaison

Taxpayer Experience Office

What have we done?

- July 2022 – Listening Tour
- Goal: to make connections and listen to needs
 - Rhode Island Hospitality Association
 - Leadership Groups (RISCPA and RIAPA)
 - Preparer Group Presentations (Seven to date)
 - League of City and Towns
 - Small Business Advisory Council
 - Groups to come
 - RIBBA and Hispanic Chamber of Commerce
 - Localized organizations

Taxpayer Experience Office

Taxpayer Experience Initiatives

- Portal Training Session
- Portal Usability Study
 - Two Factor Authentication
 - Extended Password Reset Timing
 - Removal of Buttons
 - Placement of Compliance Check Feature

The screenshot displays the homepage of the State of Rhode Island Division of Taxation. The header includes the state seal and the text "STATE OF RHODE ISLAND", "Division of Taxation", and "Department of Revenue". Below the header is a navigation bar with a "Home" link. The main content area is divided into several sections:

- Member Sign In:** Contains fields for "User ID" (with a placeholder "Please Enter User ID") and "Password", a "SIGN IN" button, and links for "Forgot User ID?" and "Forgot password?".
- Customer Support:** A text block stating "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." It also includes a link for users unable to log in: "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." A note mentions "Now Live: Multi-Factor Authentication. This will provide a higher level of account security, and a second layer of verification to the login process."
- Popular Services:** A list of links including "Tax Forms", "Administrative Decisions", "Advisories", "Where's My Refund", "Business Registration", "Reports", "Regulations", "Newsletters", "Contact Us", "Liquor License Renewals - Certificates of Good Standing", and "Individual Mandate Reporting - NEW".
- New User?:** A link to "Create a New User".
- Don't Have a Portal User Account?:** A section with the text "Use our Same-Day Services" and links for "Make a Payment (same day withdrawal)", "File a Form (alone or with payment)", and "File a Form (alone or with payment)".
- Frequently Asked Questions:** A list of links for "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?", and a "More >" link.

A large image of the Rhode Island State Capitol building is positioned in the center-right of the page.

Taxpayer Experience Office

Goals of the Taxpayer Experience Office:

Improve taxpayers' experience

Transparency

Improve Voluntary Compliance

- Education through community outreach
- Education through new resources

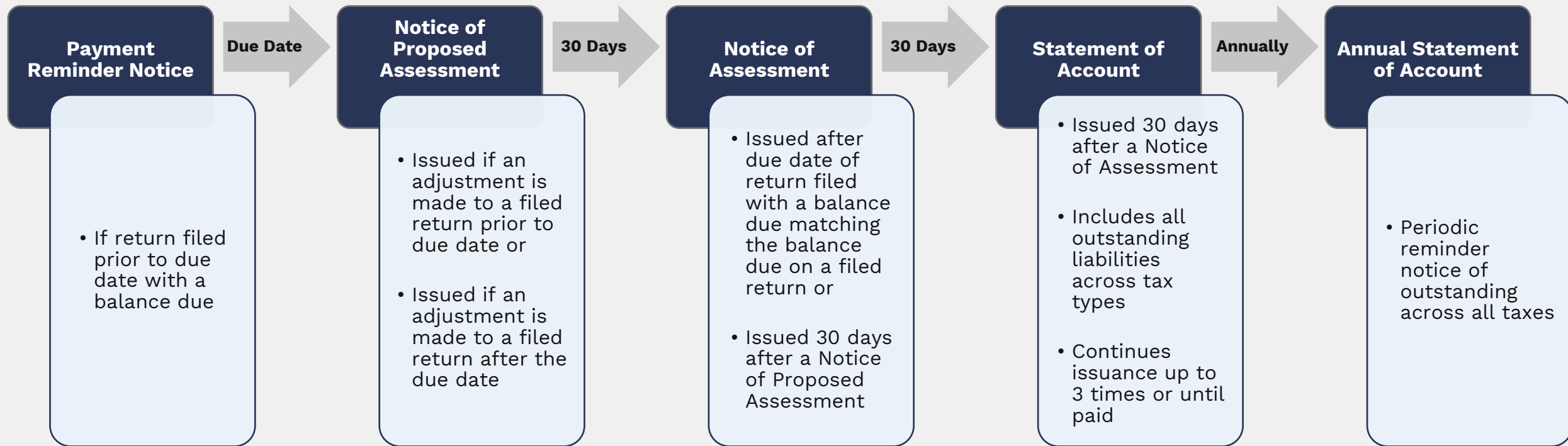
Incorporate Community Feedback

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](#)

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
 - Overpayment Adjustment Notice

Carlita Annicelli

Chief,

Personal and Corporate Income Tax

Personal and Corporate Income Tax

2022
Filing
Season

709K returns filed

488.6K Refunds issued

46,004 calls

1,084 walk-ins

11,730 emails

Personal and Corporate Income Tax

2023 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

MeF Updates

- MeF filing for Personal Income, Corporate and Fiduciary
 - RI-1040 and RI-1040NR
 - RI-1120C, RI-1120S, and RI-1065
 - RI-1041
- Prior year filings going back to 2020
- Will allow payment through MeF for Corporate and Fiduciary with 2022 returns
- Looking into extensions through MeF for Tax Year 2023

Personal and Corporate Income Tax

Pension/Annuity and Social Security Modifications

- Modification is based on full retirement age of 66 years and 4 months (born on or before 09/01/1956)
- All Filing statuses (single, separate, head of household, married joint or widow(er))
- Fed adjusted gross income thresholds (less than \$80,000 and \$100,000) indexed for inflation
- Once AGI limitations are passed, no modification
- Does not include IRAs
- \$15,000 limitation applies per individual for pension/annuity. Unlimited for SSI.
- [Pension and Annuity Guidance document](#)

Personal and Corporate Income Tax

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

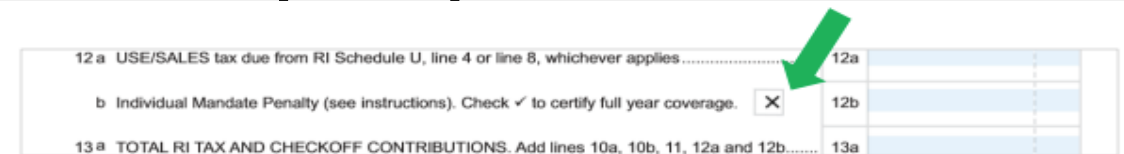
- Increase cap from \$15,000 to \$20,000
- No change to current AGI limit
 - For 2022: Single \$95,800
Joint \$119,750

Personal and Corporate Income Tax

- **Individual Mandate Update**

- Rhode Island's health coverage mandate remains in effect
- 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](#))

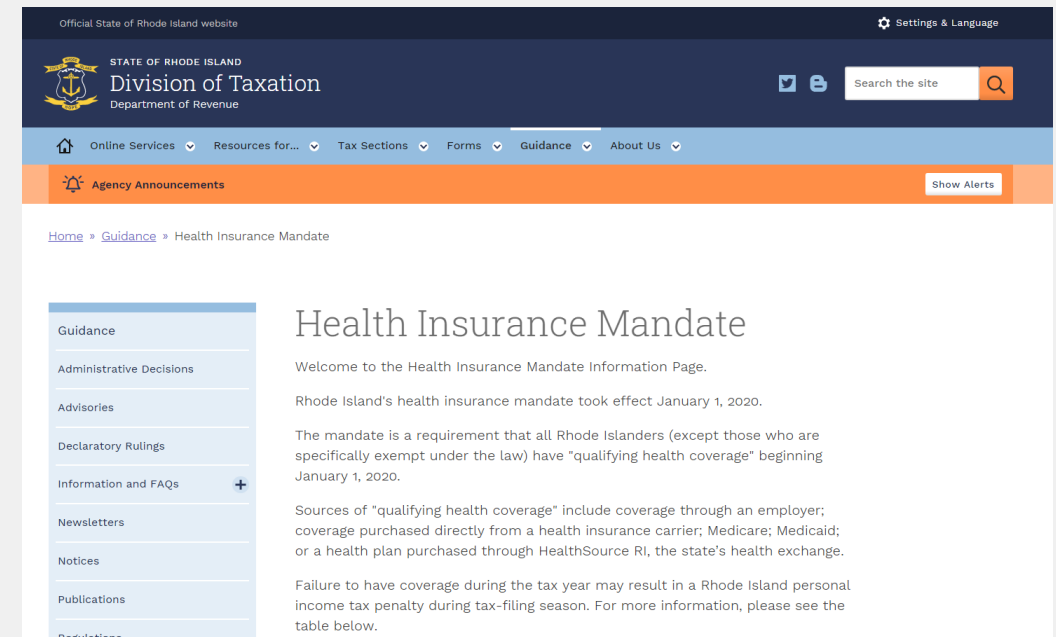
Helpful Tip: Check the box



12 a USE/SALES tax due from RI Schedule U, line 4 or line 8, whichever applies..... 12a

b Individual Mandate Penalty (see instructions). Check ✓ to certify full year coverage. ☒ 12b

13 a TOTAL RI TAX AND CHECKOFF CONTRIBUTIONS. Add lines 10a, 10b, 11, 12a and 12b..... 13a



Official State of Rhode Island website

STATE OF RHODE ISLAND
Division of Taxation
Department of Revenue

Settings & Language

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
- Regulations

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.

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: 20px; height: 20px;" type="text"/>	<input style="width: 20px; height: 20px;" type="text"/>	<input style="width: 20px; height: 20px;" type="text"/>	<input style="width: 20px; height: 20px;" type="text"/>	<input style="width: 20px; height: 20px;" type="text"/>	<input style="width: 20px; height: 20px;" type="text"/>	<input style="width: 20px; height: 20px;" type="text"/>	<input style="width: 20px; height: 20px;" type="text"/>	<input style="width: 20px; height: 20px;" type="text"/>	<input style="width: 20px; height: 20px;" type="text"/>	<input style="width: 20px; height: 20px;" type="text"/>	<input style="width: 20px; height: 20px;" type="text"/>

Number of months for which an exemption did not apply:

Personal and Corporate Income Tax

Earned Income Tax Credit Reminders

- The Rhode Island EITC is in addition to the Federal EITC. Rhode Island EITC rate is a percentage of the Federal EITC amount.
2018-2022=15.0%
- RI EITC is a refundable credit, which means the credit will be refunded to the taxpayer to the extent it exceeds the taxpayer's 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
- Documentation for income reporting Ex. Requests for licenses, records, statements, etc.

Personal and Corporate Income Tax

Extension Discussion

Extension of Time to File (280-RICR-20-55-2)

- Extension of time to file; Not time to pay
- Definition of a Proper Estimate
 - “Proper estimate” means a Rhode Island extension form filed by the regular due date which declares at least eighty percent (80%) of the tax due for the taxable year.
- Extension must be filed on time and have “proper estimate” to be considered valid
- Federal extension is acceptable if no payment is due on 04/15
- Regulation covers “Reasonable Cause” for Waiver of Late Filing Addition to the Tax

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

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

09/15/24

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

04/15/24

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

04/15/25

Tax Year 2024:
Filing of Entity
return with PTE
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

Section Contact Information

Personal Income

- Phone: 401-574-8829 Option #3
- Email: tax.assist@tax.ri.gov

Nonresident Real Estate

- Phone: 401-574-8829 Option #4
- Email: tax.nonres713@tax.ri.gov

Corporate Income

- Phone: 401-574-8935
- Email: tax.corporate@tax.ri.gov

Theriza Iafrate

Chief, Excise & Estate

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
 - Individuals and trusts filing personal or fiduciary income tax returns are not larger business registrants for the purposes of R.I. Gen Laws §44-1-31.2

More details available on the [Division's website](#).

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

Interest Rate Reduction

- Interest Rate Reduction for non-trust funds
 - Minimum of 12% for most taxes-Effective 01/01/2023
 - Minimum of 18% remains for trust fund taxes
 - Sales
 - Hotel
 - Meals and Beverage
 - Withholding
 - [ADV 2022-25.pdf](#)
 - [Interest Rate Change FAQ](#)

Section Contact Information

Estate Tax

- Phone: 401-574-8829 Option #8
- Email: Tax.Estate@tax.ri.gov

Sales & Excise Tax

- Phone: 401-574-8955
- Email: Tax.Excise@tax.ri.gov

Crystal Cote

Chief

Compliance, Collections & Registration

Collections and Compliance

FY 2022 Statistics

57,478 phone
calls

6,674 walk-ins

Approximately
41,965 emails

Collections and Compliance

Collections FY 2020

\$35,350,455

Collections FY 2021

\$34,465,395

Collections FY 2022

\$40,044,923

Collections
FY 2023 thru 12/31/22

\$24,839,246

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

Collections and Compliance

- Letters of Good Standing
 - Timeline:
 - Received 7,796 applications for the calendar year 2022
 - Average Days to Issue-Compliant: 3.51 Days
 - Average Days to Issue-Non-Compliant: 33.59 Days
 - Number of Letters of Good Standing Issued: 4,679
 - Number of LOGS Closed without Issuance: 2,581
 - Number of cases from 2022 still open/pending: 525
 - Additional stats:
 - 23% able to be issued without additional information
 - Mailed nearly 6,019 Additional Information letters to contacts

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

Section Contact Information

Compliance &
Collections
Including Letters
of Good Standing

- Phone: 401-574-8941
- Email: Tax.Collections@tax.ri.gov

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

STRICT & CONFIDENTIAL

Slide 50