



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

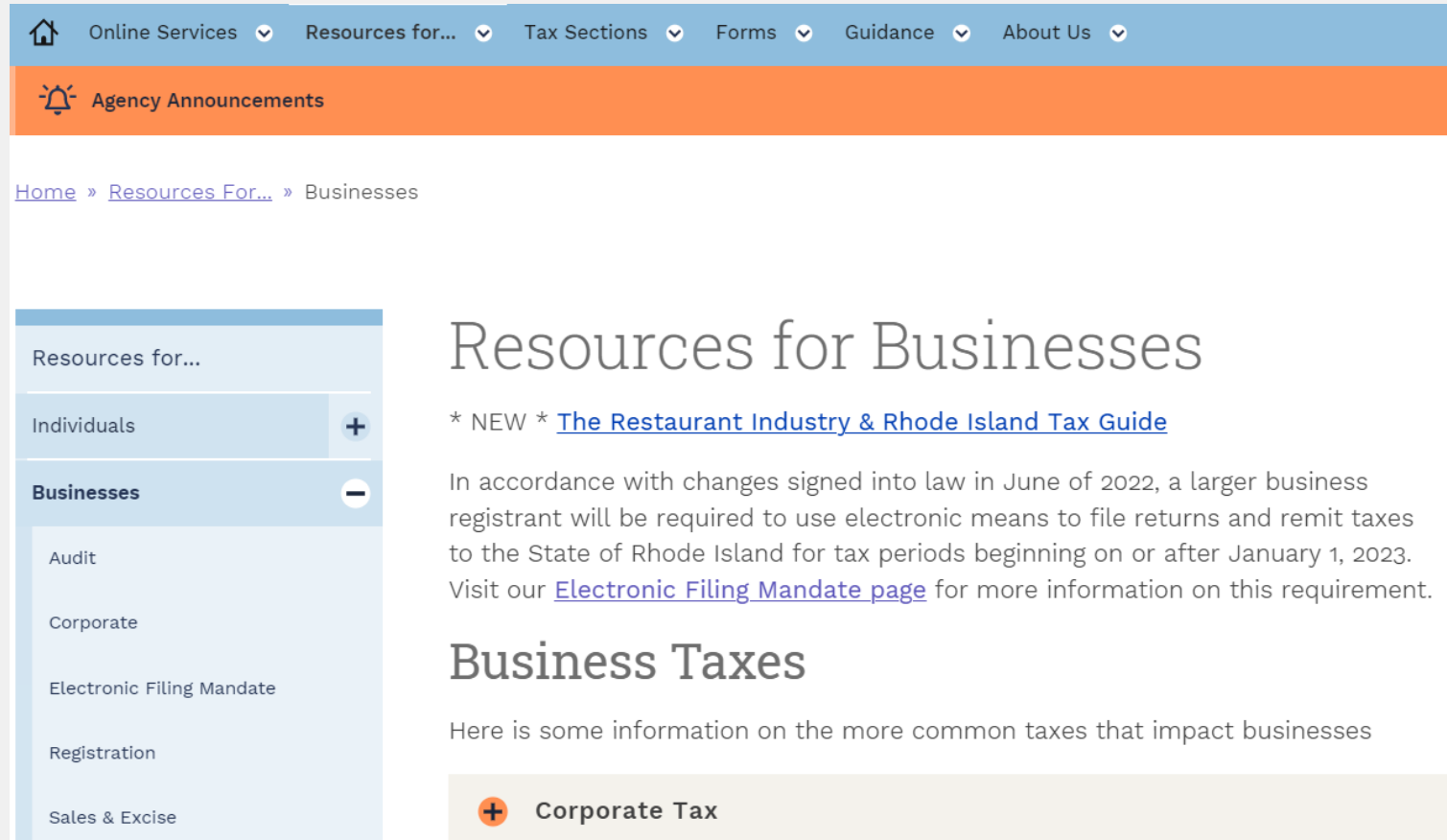
Hope & Main – Business Annual Maintenance
February 16, 2023

Agenda

- Sales Tax
- Meals and Beverage Tax
- Corporate Tax
- Personal Income Tax
- Additional Information
- Questions

Resources for Businesses

- [Sales & Excise | RI Division of Taxation](#)
- [Corporate | RI Division of Taxation](#)
- [Contact Us | RI Division of Taxation](#)
- [Credits | RI Division of Taxation](#)
- [RI Tax Credits & Financing | Rhode Island Commerce \(commerceri.com\)](#)



The screenshot shows the website's navigation menu with the following items: Online Services, Resources for..., Tax Sections, Forms, Guidance, and About Us. Below the menu is an orange bar for 'Agency Announcements'. The breadcrumb trail reads 'Home » Resources For... » Businesses'. The 'Resources for...' dropdown menu is open, showing 'Individuals' with a plus sign and 'Businesses' with a minus sign. Under 'Businesses', the following options are listed: Audit, Corporate, Electronic Filing Mandate, Registration, and Sales & Excise.

Resources for Businesses

* NEW * [The Restaurant Industry & Rhode Island Tax Guide](#)

In accordance with changes signed into law in June of 2022, a larger business registrant will be required to use electronic means to file returns and remit taxes to the State of Rhode Island for tax periods beginning on or after January 1, 2023. Visit our [Electronic Filing Mandate page](#) for more information on this requirement.

Business Taxes

Here is some information on the more common taxes that impact businesses

- **Corporate Tax**

Sales Tax Responsibilities

- [Business Application and Registration](#)
- [Sales & Use Tax | RI Division of Taxation](#)
- Returns are due monthly or quarterly
 - More than \$200 tax per month average - monthly filing frequency
 - STR form is due by the 20th of month following the sale
 - Less than \$200 per month on average - quarterly filing frequency
 - STR form due by last day of the month following the end of the quarter
- Annual Reconciliation
 - T-204R is due by 01/31 of each year
- Current Rate is 7%
- [What's Taxable? | RI Division of Taxation](#)

Sales Tax Responsibilities

State of Rhode Island Division of Taxation				 23128099990101	
Form RI-STR Sales and Use Tax Return					
Name			Account identification number		
Address			For the period ending: <input type="checkbox"/> Amended Return		
Address 2			NAICS code		
City, town or post office	State	ZIP code	E-mail address		

Computation of Tax

GROSS SALES & EXEMPTIONS	1	Gross Sales for the Period.....	1			
		2 a	Resale.....	2a		
			b Interstate Sales.....	2b		
			c Non-Taxable Sales and Services.....	2c		
			d Exempt Organizations.....	2d		
	e Other (Specify): _____	2e				
	3	Total Deductions (Add lines 2a through 2e).....	3			
	4	Taxable Sales (Line 1 less line 3).....	4			
CREDITS & TAX DUE	5	Total Trust Fund Sales Tax Due and Required to be Remitted ("Sales Tax") (Multiply line 4 by 7%).....	5			
	6	Total Use Tax Due (From Use Tax Worksheet in Instructions).....	6			
	7	Total Sales Tax and Use Tax Due (Add lines 5 and 6).....	7			
		8 a	Prepaid Sales Tax (Licensed Cigarette Dealers Only).....	8a		
			b Other (Specify): _____	8b		
	9	Total Credits (Add lines 8a and 8b).....	9			
10	Amount Due (Line 7 less line 9).....	10				

Sales Tax Responsibilities

STEP 1

Log on to the Taxpayer Portal: taxportal.ri.gov.

STEP 2

Choose: "Transactions" → "File a Form"

STEP 3

Complete the return. Remember to enter your NAICS code & Account ID#.

STEP 4

Enter Sales and Deductions

STEP 5

Certify, sign, and submit your return & submit payment.

Tips:

- Know your Account ID#
- Know your NAICS code
- Enter your Gross Sales Amount



Sales Tax Responsibilities

SALES TAX FILING AND PAYMENT CHECKLIST:

- Know your Account ID #
- Know your NAICS code
- Have your Gross Sales Amount
- Identify each distinct deduction amount
- Log on to the Taxpayer Portal
- Choose:
 "Online Transactions" → "File a Form"
- Enter Sales and Deductions
- Click Calculate and Submit



Sales Tax vs Use Tax

Sales Tax

Sales tax is a levy imposed on the retail sale, rental or lease of many goods and services. Any sale is a retail sale if the property or service sold will be used and not resold in the regular course of business

Sales tax collection is required by a retailer in most cases

Use Tax

Use tax is a levy imposed on the storage, use or other consumption in this state

Use tax is due when tax is not collected by a retailer on taxable goods or services

Meals and Beverage Tax Responsibilities

- [Meals and Beverage Tax | RI Division of Taxation](#)
- Returns are due monthly or quarterly
 - More than \$200 in sales tax per month on average is monthly filing frequency
 - MTM form is due by the 20th of month following the sale
 - Less than \$200 in sales tax per month on average is quarterly filing frequency
 - MTQ form due by last day of the month following the end of the quarter
 - Current Rate is 1%
- Eating and drinking establishment

Meals and Beverage Tax Responsibilities

"Eating and/or drinking establishments" includes but is not limited to restaurants, bars, taverns, lounges, cafeterias, lunch counters, drive-ins, roadside ice cream and refreshments stands, fish and chip places, fried chicken places, pizzerias, food and drink concessions, or similar facilities in amusement parks, bowling alleys, clubs, caterers, drive-in theaters, industrial plants, race tracks, shore resorts or other locations, lunch carts, mobile canteens and other similar vehicles, and other like places of business which furnish or provide facilities for immediate consumption of food at tables, chairs or counters or from trays, plates, cups or other tableware or in parking facilities provided primarily for the use of patrons in consuming products purchased at the location.

Meals and Beverage Tax Responsibilities

Additional Items of Importance

- This tax is a local tax remitted to the state thus the forms require a distribution of tax by city/town
- If delivery occurs, then those sales need to be tracked by delivery location
- Schedule A on back of the MTM or MTQ is used to report the distribution
- Retailer is subject to Meals and Beverage requirements whether product is consumed on or off premises (take-out)

Industry Library Initiative

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

Trust Fund Taxes

What are Trust Fund Taxes?

- Trust Fund Taxes are taxes that are collected by one taxpayer from another taxpayer and are held in trust for the state.
 - Sales Tax, Hotel Tax, Meals and Beverage Tax, Withholding Tax as examples
- The statutes that enforce these taxes require the collecting taxpayer to remit those taxes to the state at a definite date.
 - [R.I. Gen Laws § 44-19-35](#)
 - [R.I. Gen Laws § 44-30-76](#)
- Additional details can be found in an article from our latest [quarterly newsletter](#).

Trust Fund Taxes

Examples of Trust Fund Taxes:

- Sales Tax
 - 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
 - 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.

Trust Fund Taxes

How does this impact a business?

- When Trust Fund Taxes are collected, the law indicates that these funds **must** 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.

Corporate Tax

Corporation

Federal

- Files Form 1120 subject to corporate income tax rates
- No filing for the members
- Can make separate S-corporation election on [Federal Form 2553](#)
 - Same tax treatment as partnership

State

- Follows federal election
- Files RI-1120 subject to corporate 7% tax rate
- No filing for the shareholders
- If S-corporation election is made federally
 - Same tax treatment as partnership
- Subject to combined reporting requirements

Corporate Tax

Partnership

Federal

- Files Federal 1065 including K-1(s) to report income/loss
- Income tax paid by partners on tax return
 - Corporation partners would pay on Form 1120
 - Individual partners would pay on Schedule E of Form 1040
 - A partnership or an LLC partner would flow through activity to their partner/member(s)

State

- Required to file RI-1065 to report income/loss and pay annual charge of \$400. No charge for general partnership.
- Income tax paid by partners on their income tax return
 - Corporation partners would pay on RI-1120C
 - Individual partners would pay on RI-1040 based on Federal AGI of Form 1040
 - Partnership or LLC partners would flow through activity to their partner/member(s)

Corporate Tax

Limited Liability Company

Federal

- No entity filing requirement
- Income tax paid by member(s) on tax return
 - Corporation member(s) would pay on Form 1120
 - Individual member(s) would pay on Schedule C of 1040
 - A partnership or another LLC member(s) would flow through activity to their member(s)

State

- Required to file RI-1065 to report income/loss and pay annual charge of \$400
- Income tax paid by member(s) on their income tax return
 - Corporation member(s) would pay on RI-1120C
 - Individual member(s) would pay on RI-1040 flow from Federal AGI of Form 1040
 - A partnership or another LLC member(s) would flow through activity to their member(s)

Corporate Tax

- [Tax Filing Requirements | RI Division of Taxation](#)
- Pass-Through Entity Requirements
 - S-corp, LLC, LP, LLP and General Partnership
 - Pass-through Withholding Requirement
 - Composite Election for non-resident members
 - Pass-through Entity Election
- [Pass-through Entities | RI Division of Taxation](#)

Home » [Tax Sections](#) » [Corporate Tax](#) » Pass Through Entities

Tax Sections	
Audit	+
Compliance & Collections	+
Corporate Tax	-

Pass-through Entities

By statute, a pass-through entity is defined as a corporation that for the applicable tax year is treated as an S Corporation under IRC § 1362(a) [26 U.S.C. § 1362(a)], and a general partnership, limited partnership, limited liability partnership, trust, or limited liability company that for the applicable tax year is not taxed as a corporation for federal tax purposes under the state's check-the-box regulation.

Corporate Tax

State of Rhode Island General Laws

- Related Statutes
 - Corporate Tax [R.I. Gen Laws §44-11-1](#) et al.
 - Limited Partnership [R.I. Gen Laws §7-13.1-213](#)
 - Limited Liability Partnerships [R.I. Gen Laws §7-12-60](#)
 - Limited Liability Company [R.I. Gen Laws §7-16-67](#)
 - Pass-through Entity Requirements R.I. Gen Laws §§44-11-[2.2](#) & [2.3](#)

Single Member LLC vs Sole Proprietor

Single Member LLC

- Entity apart from its owner
- Registered as an entity with RI Department of State
- Has liability protection—limited to investment
- Registration date—dissolution date
- Subject to annual charge (currently \$400) on separate tax form for state purposes

Similarities

- Files Form 1040 reporting on Schedule C to pay federal income taxes
- Files RI-1040 to pay state income tax on Federal AGI including Schedule C income

Sole Proprietor

- Owner is the entity
- Can register a trade name with local municipalities
- Personal liability
- No dissolution to close business
- No separate filing requirement/annual charge

Personal Income Taxes

- [Individuals | RI Division of Taxation](#)
- [Personal Income Tax | RI Division of Taxation](#)
- [Personal Income Tax Forms | RI Division of Taxation](#)
- Returns for residents and non-residents are due by 04/15 each year
- 2022 Filing Threshold Single \$13,650
 - [Individual Tax Filing Requirements | RI Division of Taxation](#)
- RI tax returns begin with Federal Adjusted Gross Income

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

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

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

The screenshot shows the homepage of the Rhode Island Taxpayer Portal. At the top, there is a dark blue header with the State of Rhode Island logo and the text "STATE OF RHODE ISLAND Division of Taxation Department of Revenue". Below the header is a light blue navigation bar with the word "Home". The main content area is divided into several sections:

- Member Sign In:** A form with fields for "User ID" (with placeholder text "Please Enter User ID") and "Password", a "SIGN IN" button, and links for "Forgot User ID?" and "Forgot password?".
- New User?:** A link for "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)" and "File a Form (alone or with payment)".
- Customer Support:** A text box 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." Below this is a bolded warning: "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." Below the text is a photograph of the Rhode Island State Capitol building.
- 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".
- Frequently Asked Questions:** A list of links including "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?", and "How do I link my tax entity to my portal account?".

Virtual Training Sessions to come

Contact info to request a pin or any other questions:

- taxportal@tax.ri.gov
- 401-574-8484

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](#)

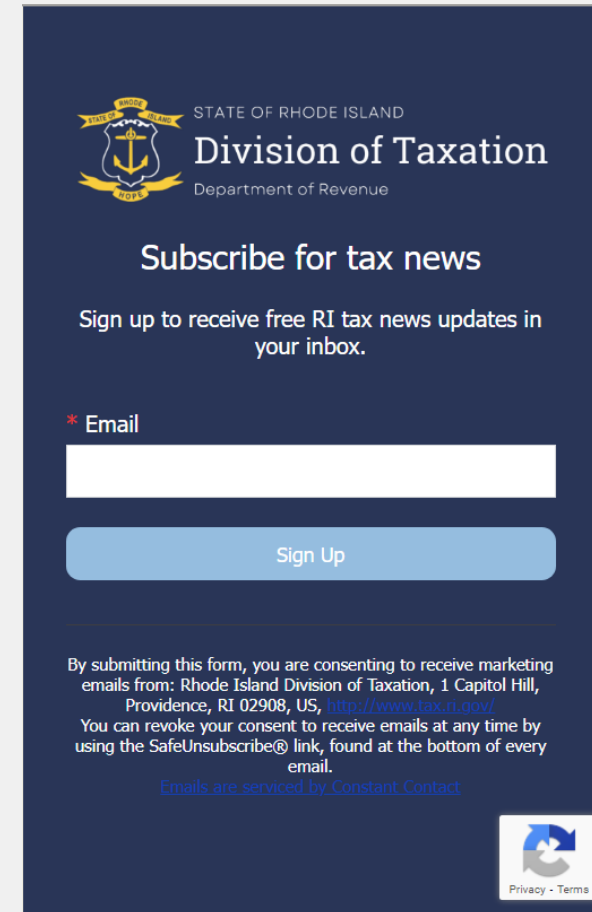
Record Keeping Requirements

What records should a taxpayer maintain?

- 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 needed

More Tax Resources

- Sign up for our emails
 - Tax news delivered to your inbox
 - Quarterly newsletters
 - Important updates



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Division of Taxation
Department of Revenue


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Questions?



Thank you



STATE OF RHODE ISLAND

Division of Taxation

Department of Revenue

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