



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

Presentation to RI/MA Chapter of NATP  
January 5, 2023

# Agenda



# Carlita Annicelli

Chief, Personal and Corporate Income Tax

# Child Tax Rebate

Legislation signed by Governor McKee on 06/27/22 as part of budget bill H7123Aaa

Eligible taxpayers received a rebate payment of \$250 per child, up to maximum of \$750

Rebates were issued to eligible taxpayers based on a 2021 Personal Income Tax filing

To qualify, 2021 Personal Income Tax return on extension must have been 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 were issued by check
- Rebate is exempt from state income tax
- 1099Gs will be issued for federal tax purposes for amounts over \$600
- 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 available

# 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

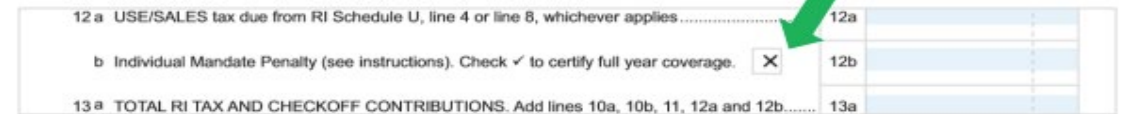
- Increase cap from \$15,000 to \$20,000
- No change to current AGI limit
  - For 2022: Single \$95,800  
Joint \$119,750

# Personal and Corporate Income Tax

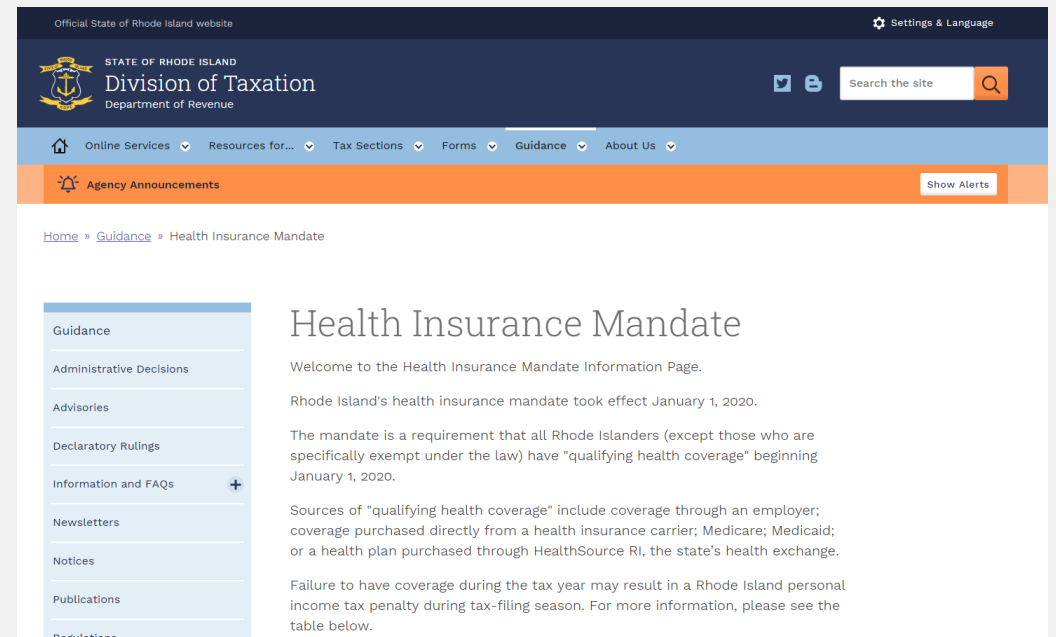
- **Individual Mandate Update**

- 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



A screenshot of a tax form table. The table has three rows and two columns. The first row is labeled '12a USE/SALES tax due from RI Schedule U, line 4 or line 8, whichever applies.....' and the second row is labeled 'b Individual Mandate Penalty (see instructions). Check ✓ to certify full year coverage.' The checkbox in the second row is checked, and a green arrow points to it. The third row is labeled '13a TOTAL RI TAX AND CHECKOFF CONTRIBUTIONS. Add lines 10a, 10b, 11, 12a and 12b.....'. The columns are labeled '12a', '12b', and '13a'.



A screenshot of the Rhode Island Division of Taxation website. The page is titled 'Health Insurance Mandate' and is part of the 'Guidance' section. The website header includes the State of Rhode Island logo, the Division of Taxation name, and a search bar. The main content area features a sidebar with navigation links (Guidance, Administrative Decisions, Advisories, Declaratory Rulings, Information and FAQs, Newsletters, Notices, Publications, Regulations) and a main text area with the heading 'Health Insurance Mandate'. The text explains that the mandate took effect on January 1, 2020, and provides information about qualifying health coverage and the consequences of non-compliance.

# 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: \_\_\_\_\_

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Social Security Number: _____												
Check <input type="checkbox"/> if under 18 years of age as of 01/01/2021												
Exemption Number: _____	Number of months for which an exemption did not apply: _____											

# Personal and Corporate Income Tax

## Property Tax Relief

Maximum Credit for 2022 = \$600.00

Household income (taxable and nontaxable) = \$35,000 or less

One credit per household

Home or dwelling unit must be subject to property tax

Nonresidents do not qualify, full-year Rhode Island residents only

Must be 65 or older or disabled (receiving social security disability, SSI, or SSDI qualifies)

Form update – bank account withdrawals

Responses to previous questions [RI-1040H FAQ](#)

# 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

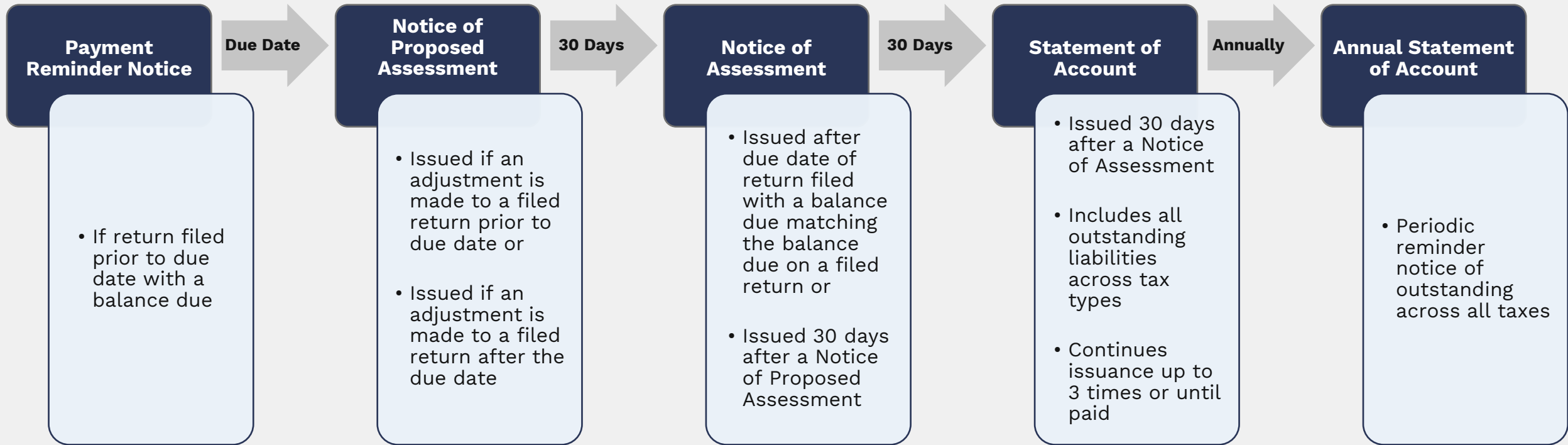
## Why Change?

- 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

# 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

## Section Contact Information

### Personal Income

- Phone: 401-574-8829 Option #3
- Email: [tax.assist@tax.ri.gov](mailto:tax.assist@tax.ri.gov)

### Nonresident Real Estate

- Phone: 401-574-8829 Option #4
- Email: [tax.nonres713@tax.ri.gov](mailto:tax.nonres713@tax.ri.gov)

### Corporate Income

- Phone: 401-574-8935
- Email: [tax.corporate@tax.ri.gov](mailto:tax.corporate@tax.ri.gov)



# Theriza Iafrate

## Chief, Excise & Estate

# 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
- Exempt from Cigarette Tax if rolling paper or cone sold with cannabis inside.
- License as Cigarette Dealer (for sale of rolling papers/cones); \$25 fee

### Returns

- Cannabis Excise Tax Form (on Portal)
- Monthly Sales & Use Tax Return
- T-19 Form for cigarette tax on unstamped, unfilled rolling papers or cones (for Cannabis Retailers Only)

## Medical Cannabis

### Taxes

- Exempt from State Excise Tax
- Exempt from Local Excise tax
- Still subject to 7% Sales Tax
- Subject to 4% Compassion Center Surcharge
- Exempt from Cigarette Tax if rolling paper or cone sold with cannabis inside.
- License as Cigarette Dealer (for sale of rolling papers/cones); \$25 fee/License application.

### Returns

- CCS-67 Compassion Center Surcharge Return
- Monthly Sales & Use Tax Return
- T-19 Form for cigarette tax on unstamped, unfilled rolling papers or cones (for Cannabis Retailers Only)

# 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#

# 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

# 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](mailto: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

# 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
  - Change in guidance
  - [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](mailto:Tax.Estate@tax.ri.gov)

### Sales & Excise Tax

- Phone: 401-574-8955
- Email: [Tax.Excise@tax.ri.gov](mailto:Tax.Excise@tax.ri.gov)

# Thank you



STATE OF RHODE ISLAND

## Division of Taxation

Department of Revenue

### Contact Us

[Tax.Outreach@tax.ri.gov](mailto:Tax.Outreach@tax.ri.gov)

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STATE OF RHODE ISLAND

Division of Taxation

Department of Revenue

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