

Rhode Island Tax News

Second Quarter, 2024

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In the Community



Tax Compliance Day

The Rhode Island Division of Taxation's mission is centered around the fostering of voluntary tax compliance. Meeting taxpayers where they are and instilling public confidence in government are integral aspects of increasing voluntary compliance, achieving that mission, and providing the best service possible to Rhode Island's taxpayers.

Identifying obstacles to voluntary compliance is at the forefront of our work. We recognize that taxpayers can sometimes feel overwhelmed by long-existing tax issues, as well as the multi-agency nature of certain tax situations. Taxpayers may find these issues difficult to resolve, and a lack of access to transportation and time off from work may make it even more difficult to navigate such issues.

This is why we launched the Tax Compliance Day initiative - periodic taxpayer assistance days that help taxpayers with complicated tax compliance issues through a collaborative, multi-agency, and holistic approach.

The first Tax Compliance Day assistance event on January 10th, 2024, was extremely successful. Using lessons learned from that inaugural Tax Compliance Day, the Division hosted a second Tax Compliance Day event on April 8, 2024.

The second Tax Compliance Day had a greater turnout and ran even more smoothly than the first. Partner agencies in attendance included the IRS's Taxpayer Advocate Service, IRS Volunteer Income Tax Assistance, the Rhode Island Department of State Business Services Division, and an agent from IRS Collections. The RI DMV and several other agencies were also available to provide phone support as needed.

The success of the Tax Compliance Day assistance events could not, and cannot, be achieved without the support and collaboration of our partners at these agencies. Together, we were able to resolve tax debts and delinquencies both on a state and federal level, remove tax-related license blocks, and provide refunds that taxpayers were unaware they were entitled to.

We are very proud to share that the Tax Compliance Day event model has received national recognition. We will share more details regarding this exciting news soon. In the meantime, we would like to remind both taxpayers and tax preparers that you do not need to wait for Tax Compliance Day events to resolve your compliance issues. Please reach out to our Compliance & Collections, Registration, and Taxpayer Experience Section by email at Tax.Collections@tax.ri.gov any time, or by phone at [401-574-8941](tel:401-574-8941) between 8:30 AM and 3:30 PM on business days.

Updates

Personal Income Tax Due Date

In April the Division extended the April 15 Rhode Island personal income tax filing and payment due date to July 15, 2024 for all Rhode Islanders. This change occurred in response to the IRS's announcement that it was extending the federal due date for some Rhode Island counties due to natural disasters in late 2023 and early 2024 that may have destroyed some taxpayers' records.



For a full listing of impacted filings see the Division's [Advisory 2024-16](#).

ADV 2024-16

If you have not filed for Tax Year 2023 yet, there is still time to do so ahead of the July 15 due date. If you need additional time, you may apply for a filing extension. As with other years, the extended filing due date is October 15.

The change to the regular due date for Rhode Island state income taxes does not impact the extended due date. Please note that unlike the automatic extension of the regular due date, the extended due date requires you to apply.

The October 15 filing due date is only an extension of time to file, not of time to pay. Payments are due July 15, 2024.

For more information on filing and paying personal income tax, as well as information on how to apply for a filing extension, please see the Division's [Advisory 2024-21](#).

ADV 2024-21

Fraud activity is still impacting Rhode Islanders



Rhode Island taxpayers and tax preparers should remain vigilant against scams targeting Rhode Islanders. Scams, such as scam calls claiming to be from the Rhode Island Division of Taxation, can compromise the data security, finances, and identities of victims.

The Division will never:

- Make threatening, insulting, hostile, or aggressive statements
- Request payment via gift card or wire transfer.

The Division will always:

- Mail you written notification regarding a tax debt or other tax issue before we call.

For information on how to spot a scam and what to do if you're targeted, see the Division's [Advisory 2024-18](#).

Advisory 2024-18



Sales Permits

The Division has mailed out sales permits covering the period from July 1, 2024, to June 30, 2025. The color of the permit to make sales at retail is blue for the year beginning July 1, 2024.

If you have not received your sales permit by July 1, 2024, contact the Division's Compliance & Collections, Registration, and Taxpayer Experience Section. The best way to contact us is by email at Tax.Collections@tax.ri.gov or by phone from 8:30 a.m. to 3:30 p.m. on business days at [\(401\) 574-8941](tel:4015748941).



Legislative Changes

This legislative session has provided many changes for Rhode Island's tax laws.

The below table summarizes many of the changes:

Topic	Bill(s)	Effective	Summary
Taxation Of Banks	SB 3152-A HB 7927-A	Tax Year 2025	Creates an election with respect to the allocation and apportionment of the net income of banking, or financial, institution taxpayers beginning in Tax Year 2025. Implements unitary business addbacks (with exceptions). Authorizes a combined reporting study.
Pass-through Entity Tax Credit Percent	HJR 7225-Aaa	01/01/2025	Decreases the credit percentage that the individual receives for the tax paid by the entity from 100% to 90%.
Cannabis - Allowance of 280E Deduction	HJR 7225-Aaa	01/01/2025	Allows for a deduction for the business expenses disallowed federally by IRC 280E.
NOL Carryforward	HJR 7225-Aaa	01/01/2025	Increases the number of years that a business may carryforward a NOL from 5 to 20 years.
Pension Income Modification Increase	HJR 7225-Aaa	01/01/2025	Increases the Pension and Annuity Income Modification from \$20,000 to \$50,000 (or \$100,000 for filers married filing jointly). It does not change the qualifying income thresholds.
Expansion of "Top 100" List	HJR 7225-Aaa	07/01/2024	Expands the population of taxpayers eligible for publishing on the top delinquents' list from the current top 100 taxpayers to include all taxpayers that cumulatively owe over \$50,000.
Removal of Application Fee for Certificate of Exemption for Tax Exempt Organizations	HJR 7225-Aaa	01/01/2025	Removes the \$25 fee for applications for a certificate of exemption from sales and use tax under 44-18-30(5)

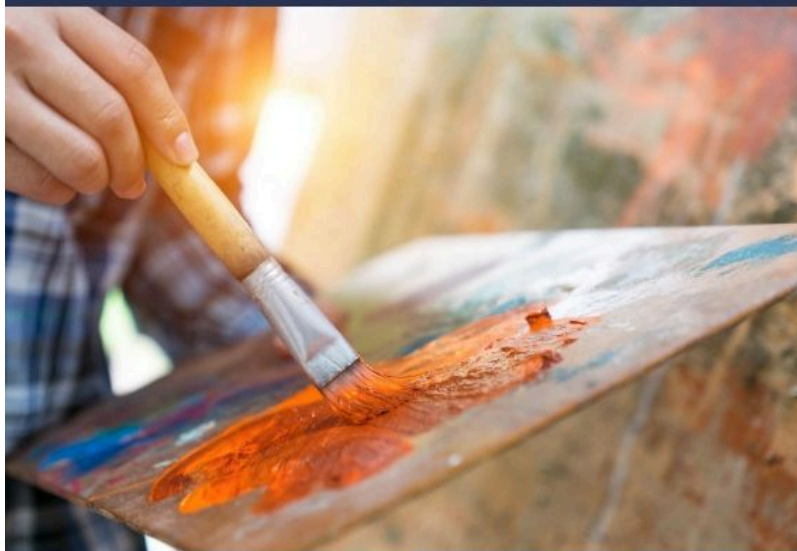
			(i) for tax exempt organizations.
ENDS (aka Vape)	HJR 7225-Aaa	01/01/2025 (certain licensing changes to occur earlier)	ENDS (aka vape) tax imposed, unified licensing enacted, and a ban on flavored ENDS. A dealer/retailer must purchase all cigarettes, other tobacco products (except for cigars), and ENDS products from a RI-licensed distributor.*
Cigarette Tax	HJR 7225-Aaa	09/01/2024	Increases the cigarette tax to \$4.50/pack of 20 and imposes a floor tax on existing inventory.
Elimination of Estate Tax Filing Fee	HJR 7225-Aaa	01/01/2025	Removes the \$50 fee associated with filing the RI Estate Tax return.
Many Credits Extended, Some Expanded	HJR 7225-Aaa	07/01/2024	<p>Extends:</p> <ul style="list-style-type: none"> -Musical and Theatrical Production Tax Credits; -Historic Preservation Tax Credits; -Qualified Jobs Tax Credits; -Rebuild Rhode Island Tax Credits; -Motion Picture Production Tax Credits; -Wavemaker Fellowship; and -Tax Increment Financing. <p>Clarifies:</p> <ul style="list-style-type: none"> -Motion Picture Production Tax Credits. <p>Expands:</p> <ul style="list-style-type: none"> -Wavemaker Fellowship.

*Please note: a technical correction for accuracy has been made to this chart.

These updates and any additional legislative changes from this year's legislative session will be available in the Division's annual "Summary of Legislative Changes" coming soon. Keep an eye on your inbox for the announcement of its posting. Visit our website's [Guidance page](#) for [Summary documents](#) from previous years.

[Summary of Legislative Changes Archive](#)

June 26, 2024



Impact of Sales Tax Exemption for Artists

Annual Report - 2024



In collaboration with RISCA



Report on the Impact of the Sales Tax Exemption for Artists

Rhode Island is the only state that has a specific state-wide sales tax exemption for artists or artistic works. To qualify for and receive the Sales Tax Exemption for Artists, artists, writers, and composers must apply for the exemption. Artistic works that may qualify for the exemption include limited edition or one-of-a-kind works such as books or other writings, musical compositions, paintings, photographs, sculptures, creations of film, and creations of dance.

[Read the Report](#)

Interested in the Division's outreach programs?

The [Taxpayer Experience Office webpage](#) contains both an archive of past presentations and a list of upcoming outreach events.

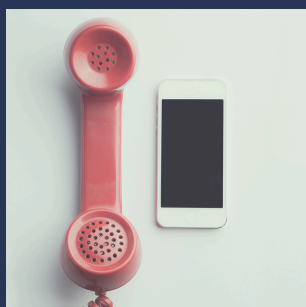


Newsletter Archive

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

[Newsletter Archive](#)

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 Decisions

An administrative decision is a final decision issued following an agency proceeding in which an individual or entity formally requests a hearing.

In 2024 Q1's Administrative Decisions, the issues addressed were:

[Administrative Decision 2024-01:](#)

It was determined that the Taxpayer owed income tax, interest, and penalties for Tax Years 2011 and 2012.

[Administrative Decision 2024-02:](#)

The Taxpayer's claim for a sales and use tax refund for their tax payment on a car that they purchased was denied by the Division. The claim for refund submitted by the Taxpayer was on the incorrect form, the taxpayer did not respond to requests to re-file on the proper form, and the claim did not include the required documentation for a claim for refund in relation to a casual sale.

[Administrative Decision 2024-03:](#)

It was determined that the Taxpayer owed cigarette and other tobacco products tax, as well as penalties and interest.

[Administrative Decision 2024-04:](#)

It was determined that the Taxpayer does not qualify for a sales tax exemption for her self-published book. Because the Taxpayer's online and in-person sales of the book do not provide books that are one-of a-kind creations nor limited editions, the Taxpayer does not qualify for the sales tax exemption for artistic works. It was found that the Division appropriately denied the Taxpayer's application for such an exemption including the request for a sales tax exemption solely for in-person sales.

[Administrative Decision 2024-05:](#)

It was determined that the Taxpayer is not entitled to his partial refund request for payment of tax on a truck. Taxpayer did not file his request on time pursuant to R.I. Gen. Laws § 44-18-20. Taxpayer's request was determined to be out of time and was denied.

[Administrative Decision 2024-06:](#)

It was determined that the Taxpayer breached its 2023 Stipulation with the Division in settlement of a tobacco tax and penalties owed. Because of this, the Taxpayer now owes the full tax and penalties assessed by the Division in its initial notice of assessment and its cigarette dealer's license was suspended for 20 days.

[View Administrative Decisions Archive](#)

Declaratory Rulings

A Declaratory Ruling is issued at the request of a taxpayer and is limited to the facts set forth therein. The Ruling has precedential value and may be generally relied on by all persons with respect to substantially similar transactions.

In 2024 Q1's Declaratory Ruling, the issue addressed was:

[Declaratory Order 2024-01:](#)

The Taxpayer (a company) requested a ruling that the charges for entertainment services provided are not subject to Rhode Island sales and use taxes. The Taxpayer also requested a ruling that the charges for entertainment services provided are not subject to any other Rhode Island state or local taxes.

Based on the facts provided, the Taxpayer's entertainment charges alone are not subject to sales and use tax. However, the sale of meals and/or beverages with or without a game ticket is subject to both sales tax and meals and beverage tax. No tax is owed for the redemption of digital points if the items for which the points are redeemed are nontaxable; however, the redemption of digital points for upgrades and rewards such as VIP e-mail access or a free pretzel is taxable to the extent the upgrade or reward for which the points are redeemed is taxable. Further, the Taxpayer may be liable for income and other taxes depending on their activity.

[View Declaratory Rulings Archive](#)



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

— Oliver Wendell Holmes Jr.

Contact



RI Division of Taxation | 1 Capitol Hill | Providence, RI 02908 US