



Rhode Island Department of Revenue Division of Taxation

Presentation to New England Tax School for Practitioners
November 14, 2024

Agenda

- About Us: Division of Taxation
- Taxpayer Experience Office
- Personal and Corporate Income Tax Updates
- Withholding Updates
- Excise and Estate Tax Updates
- Compliance and Collections Updates
- Additional Resources
- Closing Remarks

About Us

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

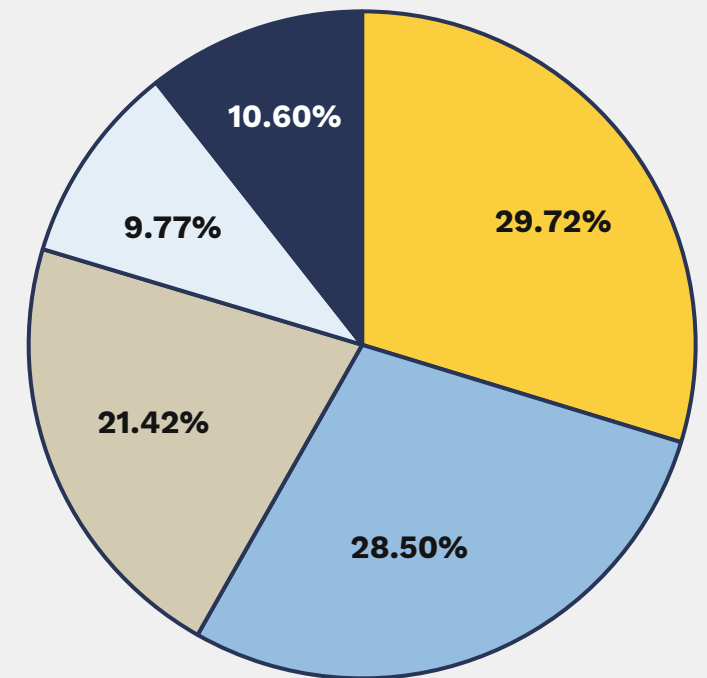
- The Rhode Island Division of Taxation employs **228 tax professionals**, administering more than **59 different taxes and fees**.
- Taxes represent **the most significant source of General Fund revenue** for Rhode Island – funds used to help pay for vital services including public safety, education, transportation, and recreation for all Rhode Islanders.
- Each year, the Division **collects and distributes more than \$5.14 billion** in funds to the State, municipalities, and other agencies (as of FY 24).

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 2024 (\$, In Millions)

FY24 Receipts: \$5.14B

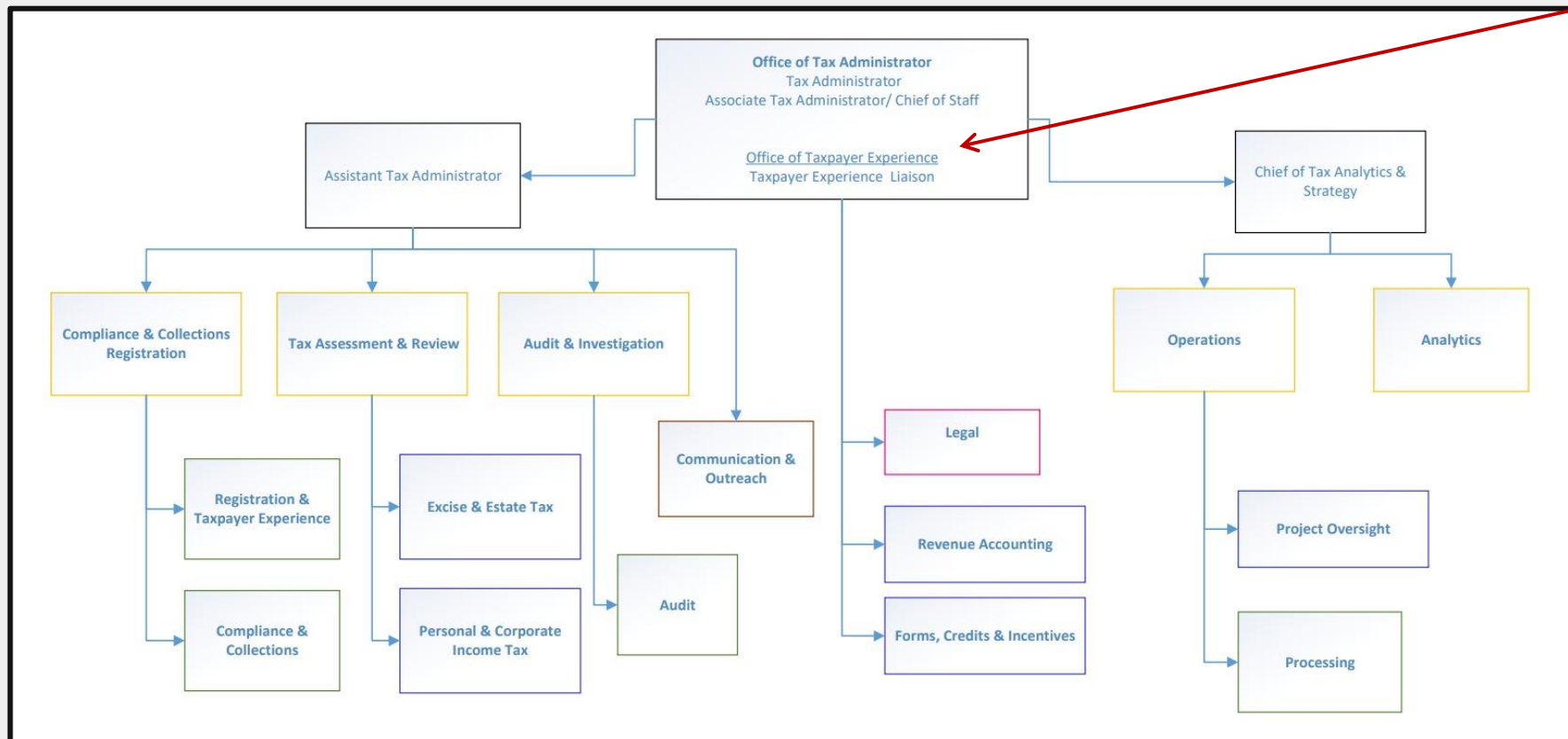


Withholding Sales Corp PIT Estate, M&B, Hotel & Other

About Us: Key Stakeholders/Interactions



Taxpayer Experience Office/Team

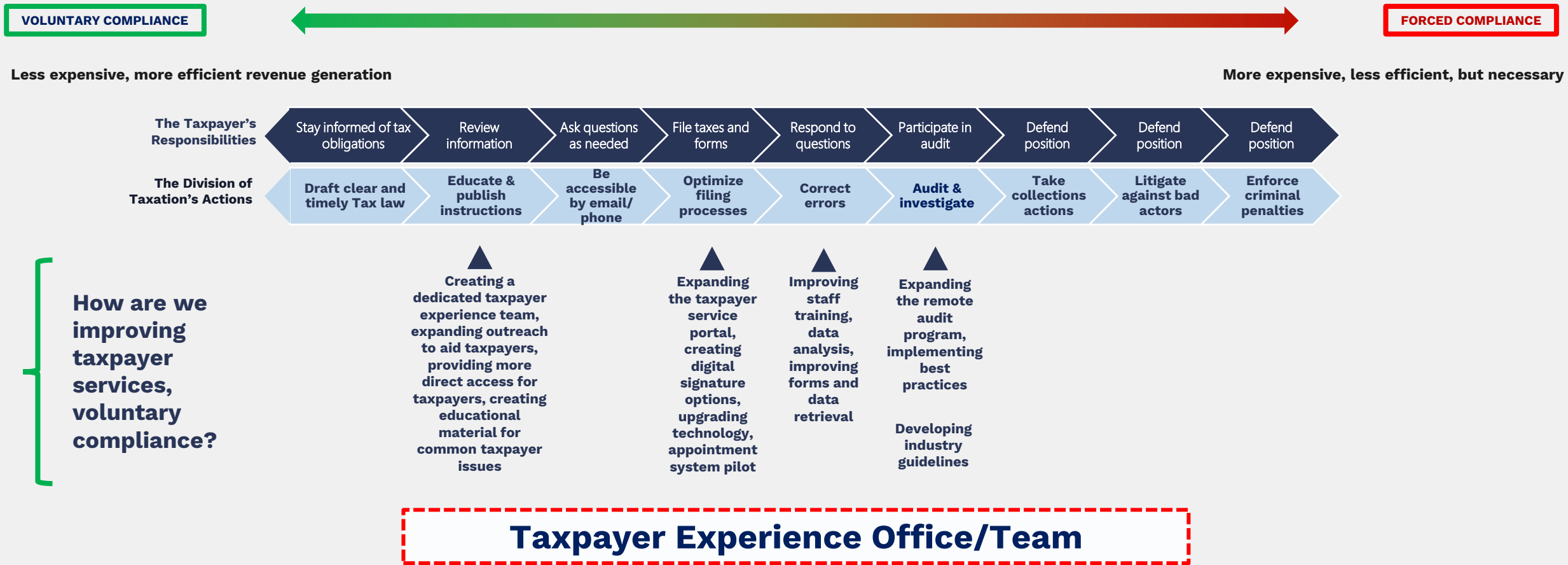


Taxpayer Experience Office Team

- 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



Poll Question

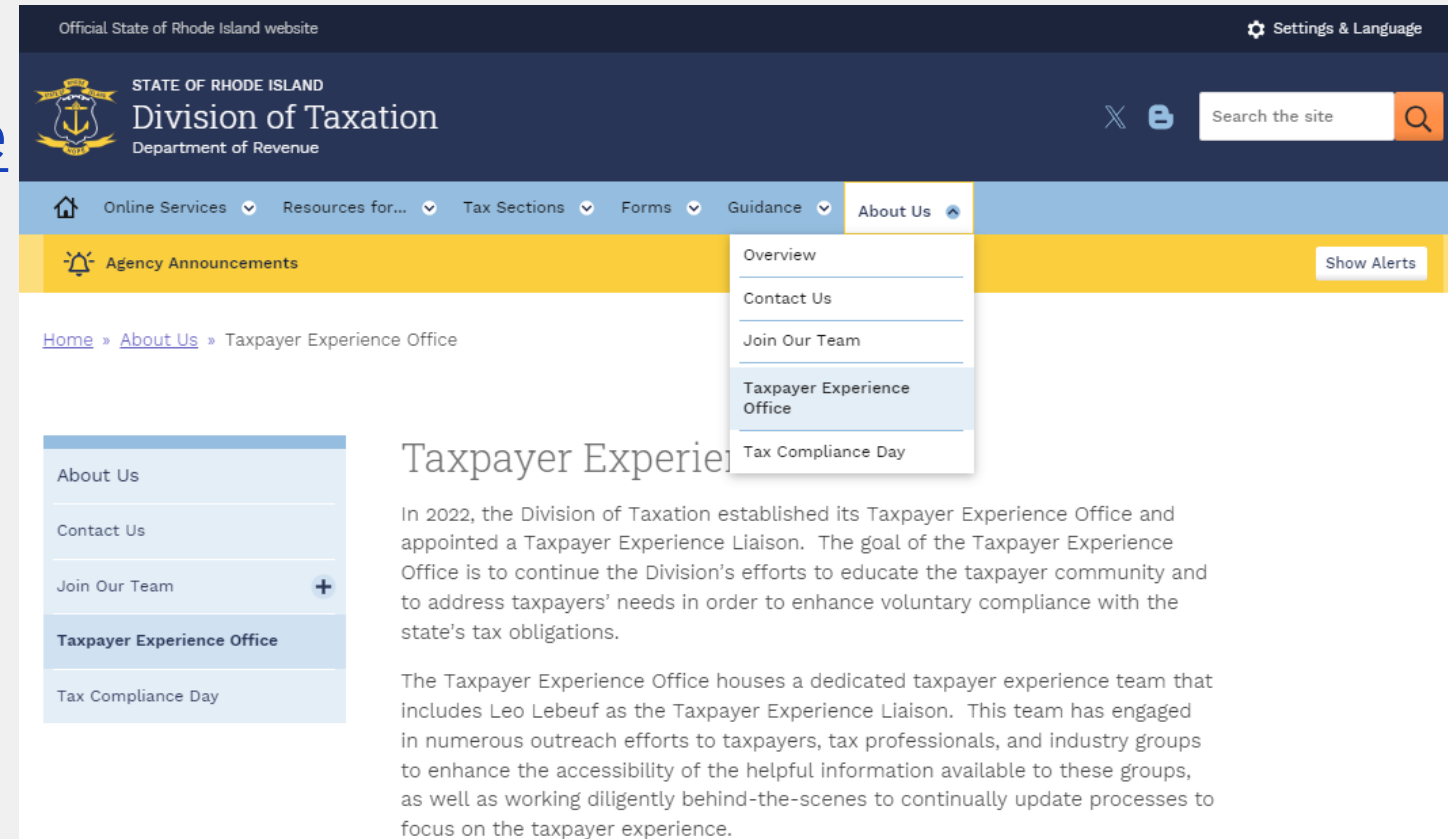


Taxpayer Experience Office

Taxpayer Experience Office

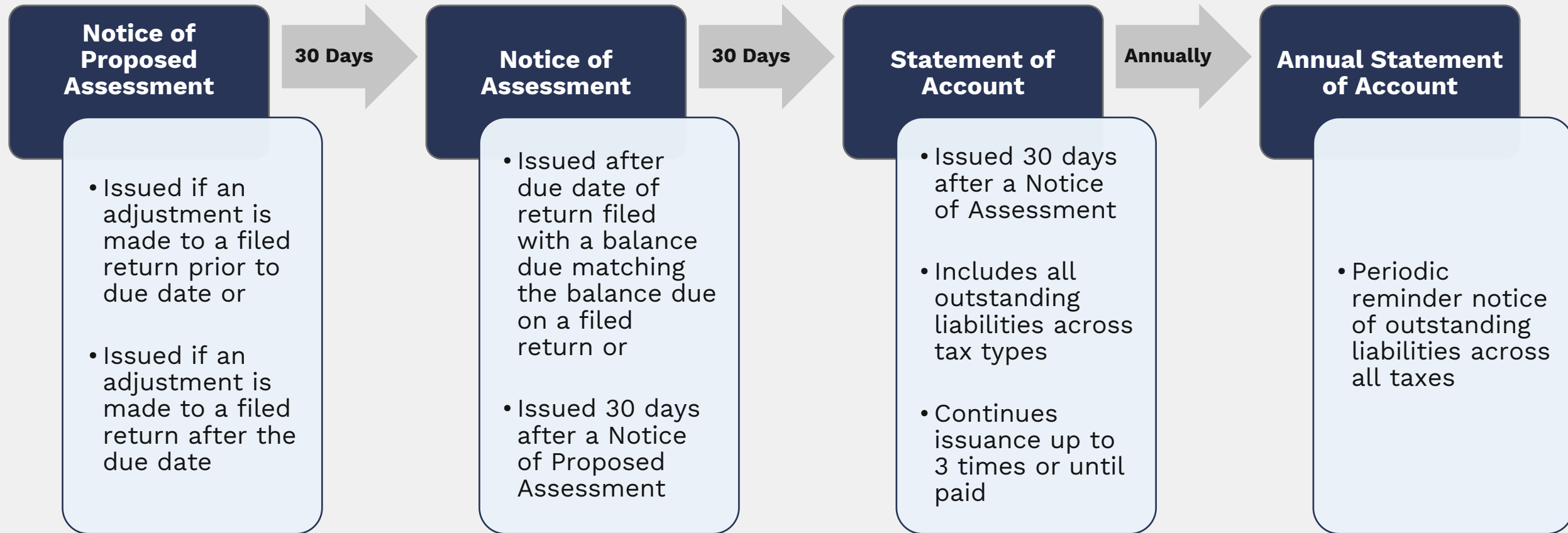
Website Components and Features

- Taxpayer Experience Office
 - Trainings and Presentations
 - Industry Guides
 - Compliant Taxpayer Profiles



Taxpayer Experience Office

State Tax Notices Timeline



Taxpayer Experience Office

State Tax Notices Timeline

- Other assessment notices
 - Compliance Notices – similar to the 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

Taxpayer Experience Office

Changes to the RI Notice of Assessment

- QR code to make payments easier
 - Use the invoice number and account ID number
- Language updates for clarity
- Hearing language separated to own section



State of Rhode Island
DIVISION OF TAXATION
One Capitol Hill
Providence, RI 02908-5800



Phone: (401) 574-8935
TTY Via 711
Fax: (401) 574-8932
Email: tax.corporate@tax.ri.gov

09/03/2024

NOTICE OF ASSESSMENT

TEST BUSINESS
1 CAPITOL HL
PROVIDENCE, RI 02908-5816

Account ID: [REDACTED]
Tax Type: CORPORATE
Notice ID: [REDACTED]
Bill Due Date: 10/03/2024

Dear Taxpayer,

This is a bill for an overdue balance of \$39,928.66. The filing and/or payment for your CORPORATE account was due on 07/15/2024. A breakdown of how the balance was determined for the tax period ending 12/31/2023 is on the back of this notice. Please make full payment of the balance due on or before 10/03/2024. If the balance is not paid on or before this date, additional interest and penalties will continue to accrue.

How to Make a Payment: use  or <https://taxportal.ri.gov> to pay online.

OR

Detach and return the bill voucher below with your check made payable Division of Taxation – include your Account ID on your check.

Request For Hearing

You may request a hearing under R.I. Gen. Laws § 44-1-32. All requests for hearing must be submitted in writing within thirty (30) days of the date of this notice. Please attach a copy of this notice and your request for hearing including the best phone number and/or email address to contact you. Mail all documents to: **The Division of Taxation—ATTN: Tax Administrator, One Capitol Hill Providence, RI, 02908-5800.**

Interest and penalties will continue to accrue on any unpaid tax balance during the hearing period. If you fail to submit your written request for a hearing within thirty (30) days of the date of this notice, the assessment, including interest and penalties, will become final and collection activities will commence.

DIVISION OF TAXATION

-----Detach-----

State of Rhode Island
DIVISION OF TAXATION
NOA Voucher

Return this voucher with your payment

Make check(s) payable to: **Rhode Island Division of Taxation**

Include Account ID [REDACTED] on the check

Date: 09/03/2024

Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908-5800

Tax Type: CORPORATE

TEST BUSINESS

Invoice Number: [REDACTED]
Due Date: 10/03/2024
Balance Due: \$39,928.66

Amount Enclosed: \$ _____

Page 1

Slide 12

Taxpayer Experience Office

Changes to the RI Notice of Assessment

- New updated table
 - Breakdown of liabilities
 - Breakdown of credits and payments
- QR code to website for explanations of billing content (removing need for 3rd page)



State of Rhode Island
DIVISION OF TAXATION
One Capitol Hill
Providence, RI 02908-5800

Phone: (401) 574-8935
TTY Via 711
Fax: (401) 574-8932
Email: tax.corporate@tax.ri.gov

Notice ID: [REDACTED]

Account ID: [REDACTED]

CORPORATE

Period: 01/01/2023 - 12/31/2023

Return/Payment Due Date: 10/03/2024

<i>Liabilities</i>	<i>Amount</i>
Tax/Fees	\$34,958.00
Underestimating Interest	\$2,241.79
Late Payment Interest	\$548.49
Late Payment Penalty	\$334.58
Late Filing Penalty	\$3,345.80
Total Liabilities	\$41,428.66
<i>Payments/Credits</i>	
Credits	(\$750.00)
Payments	(\$750.00)
Total Payments/Credits	\$1,500.00
Balance Due	\$39,928.66

Interest is calculated through the date of this notice. A bill less than thirty (30) days old may not be included in the above total.

Need Help Understanding Your Bill?

For more information about your bill, please visit our website at: <https://tax.ri.gov/about-us/taxpayer-experience-office> or by using the QR code below:



Bankruptcy

If you are presently in bankruptcy, you may have received this bill in error. Please call the Collections section at 401-574-8941 Monday through Friday between the hours of 8:30am and 3:30pm.

Taxpayer Experience Office

Homework

Want more tax info?

Watch our joint presentation with the RI Department of State,
Business Services Division “LLC Fundamentals for the Solopreneur”



YouTube Video at the QR code above or at:

<https://www.youtube.com/watch?v=efl7bHaYnsc&t=3284s>

Personal and Corporate Income Tax

Single Member LLC vs Sole Proprietor

Single Member LLC

- Entity separate 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, E or F to pay federal income taxes
- Files RI-1040/RI-1040NR to pay state income tax on Federal AGI including Schedule C income

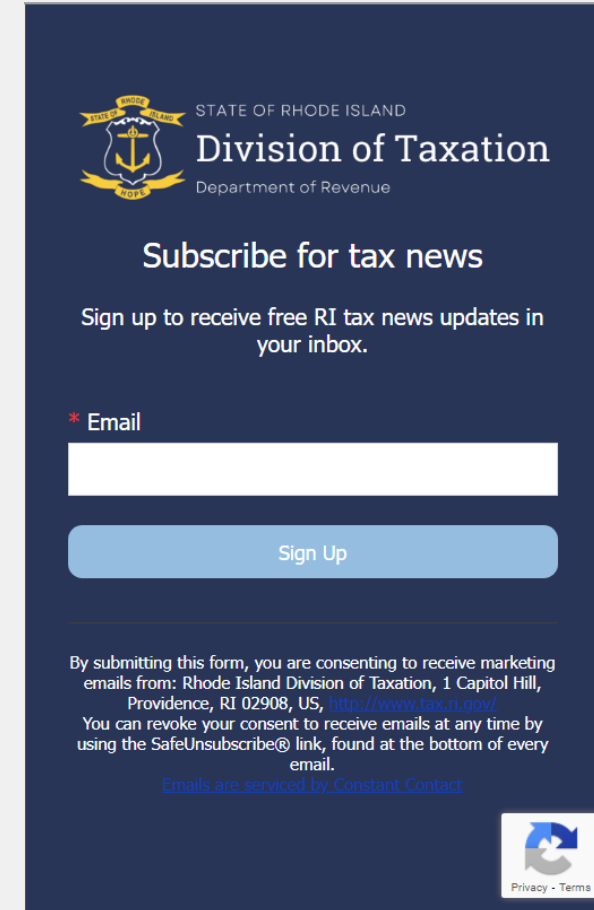
Sole Proprietor

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

Taxpayer Experience Office

More Tax Resources

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



The screenshot shows a dark blue sign-up form for the Rhode Island Division of Taxation. At the top left is the state seal, and to its right is the text "STATE OF RHODE ISLAND", "Division of Taxation", and "Department of Revenue". Below this is the heading "Subscribe for tax news" and the text "Sign up to receive free RI tax news updates in your inbox." A label "* Email" is positioned above a white text input field. Below the field is a blue "Sign Up" button. At the bottom, there is a paragraph of legal text: "By submitting this form, you are consenting to receive marketing emails from: Rhode Island Division of Taxation, 1 Capitol Hill, Providence, RI 02908, US, [http://www.tax.ri.gov/](\"http://www.tax.ri.gov/\"). You can revoke your consent to receive emails at any time by using the SafeUnsubscribe® link, found at the bottom of every email." followed by the link "[Emails are serviced by Constant Contact](\"#\")". In the bottom right corner is a small icon with the text "Privacy - Terms".

Taxpayer Experience Office

Section Contact Information

Taxpayer
Experience Office

- Phone: 401-574-8983
- Email:
Taxpayer.Experience@tax.ri.gov

Poll Question



Personal and Corporate Income Tax Section

Personal and Corporate Income Tax

- Personal Exemptions \$4,950
- Standard Deduction
 - Single \$10,550
 - Joint/Qualifying Widow(er) \$21,150
 - HOH \$15,850
 - Married filing Separately \$10,575

- Exemption and Deduction Phaseout Amounts
 - \$246,450 – \$274,650

2024 Tax Year
Inflationary changes

- Social Security Amounts
 - Single \$104,200
 - Joint \$130,250
- Pension and Annuity
 - Single \$104,200
 - Joint \$130,250

- Property Tax Relief Credit \$675
 - Income Limitation \$39,275

Personal and Corporate Income Tax

Legislative Changes – Impacting Tax Year 2025

- Pass-through Entity Tax Credit Percent
 - Decreases the credit percentage that the individual receives for the tax paid by the entity from 100% to 90%.
- Cannabis - Allowance of 280E Deduction
 - Allows for a deduction for the business expenses disallowed federally by IRC 280E.
- NOL Carryforward
 - Increases the number of years that a business may use a NOL carryforward from 5 to 20 years.
- Pension Income Modification Increase
 - This change 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.

Personal and Corporate Income Tax

Withholding

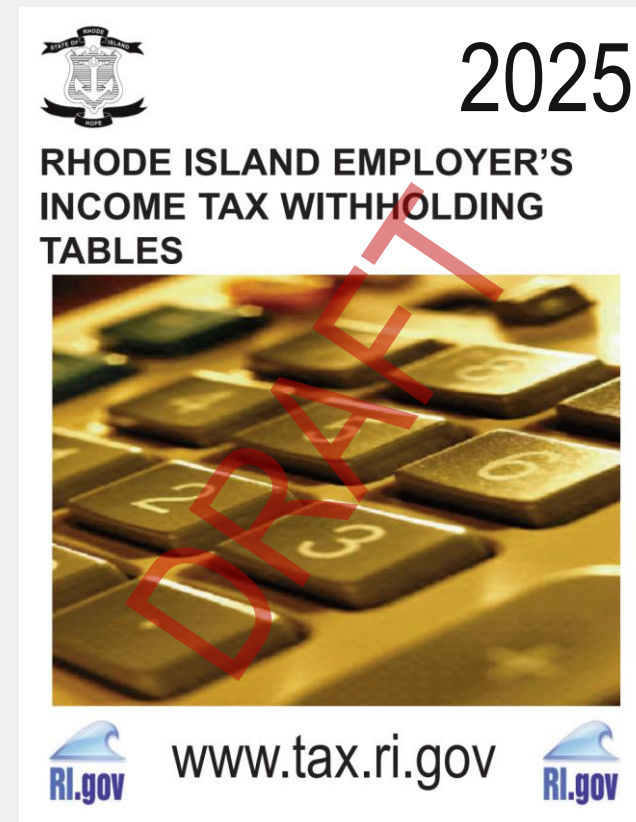
- All employers will receive a “Withholding Account Summary” notice from the RI Division of Taxation.
 - Sent in December of each year informing them of required due dates for payment of their taxes withheld and their return filings for the upcoming calendar year.
- Effective with tax year 2024, the process for filing W-2s, W-3s, and 1099s is changing.
 - Employers and/or their authorized representative will be able to submit properly formatted W-2 and 1099 files electronically using the R.I. Division of Taxation’s Taxpayer Portal.

Personal and Corporate Income Tax

Withholding

Updates

- Withholding booklet. →
- LOI specific to Withholding for this season for software vendors.



Personal and Corporate Income Tax

Withholding

How do I file W-2s?

- If you are an employer submitting W-2s for your business, you can:
 - Upload your W-2 file in Taxation's Portal, or
 - Send your W-2 file on a CD or DVD to the Division of Taxation.
- If you are an accounting firm submitting W-2s for your client(s) AND you are authorized to access your client(s) Taxpayer Portal account, you can upload one file containing your client(s) W-2 information via the Portal.
- If you are a payroll company or third-party vendor registered as a bulk filer, you can upload bulk files containing your clients W-2 information via the Portal.

Personal and Corporate Income Tax

Withholding

How do I file W-2s? (continued)

- NOTE: **Regardless of the filer type**, the W-2 file **must** be in the proper [EFW2 format](#).
- See the [Withholding Filing Requirements Guide](#) for information on the EFW2 file requirements and specifications.
- This file format is the same as last year's.

Or click/tap the guide, right.



**STATE OF
RHODE ISLAND
DIVISION OF
TAXATION**

**WITHHOLDING
TAX FILING &
TRANSMITTAL
REQUIREMENTS**

Personal and Corporate Income Tax

Withholding

How do I file W-3s?

- If you are an employer submitting W-3s for your business, you can:
 - Upload your W-3 file in the Taxpayer Portal, or
 - Send your W-3 file on a CD or DVD to the Division of Taxation.
- If you are an accounting firm submitting W-3s for your client(s) AND you are authorized to access your client(s) Taxpayer Portal account, you can upload one file containing your client(s) W-3 information via the Taxpayer Portal.
- If you are a payroll company or third-party vendor registered as a bulk filer, you can upload bulk files containing your clients W-3 information via the Taxpayer Portal.

Personal and Corporate Income Tax

Withholding

How do I file W-3s? (continued)

- NOTE: This process will replace the prior process of uploading to the secure EFT link sent to you by Tax.ProdControl@tax.ri.gov.

More information in the [guide](#), right. →

**STATE OF
RHODE ISLAND
DIVISION OF
TAXATION**

**WITHHOLDING
TAX FILING &
TRANSMITTAL
REQUIREMENTS**

Personal and Corporate Income Tax

Withholding

How do I file 1099s?

- If you are an individual submitting 1099s for your business:
 - You can upload your 1099 file in the Taxpayer Portal.
- If you are an accounting firm submitting 1099s for your client(s):
 - You can upload one file containing all of your client(s) 1099 information via the Taxpayer Portal.
- If you are a payroll company or third-party vendor registered as a bulk filer:
 - You can upload bulk files containing your clients 1099 information via the Taxpayer Portal.
 - *To register as a bulk filer, complete and submit the Payroll Letter of Intent found on the [Software Developers page](#).*
- NOTES:
 - Regardless of the filer type, the 1099 file must be in the proper [FIRE format](#). See the [Withholding Filing Requirements Guide](#) for information.
 - 1099s should only be filed with the Division of Taxation if there is Rhode Island withholding listed on the 1099.

Poll Question



Personal and Corporate Income Tax

Fiduciary

- Filed on Form RI-1041
- Fiduciary income follows federal tax treatment on most items of income
- Follows same increasing/decreasing modifications as personal income tax
- Flow through income to beneficiary(ies) is on Line 19 of Federal 1041
 - Nonresident beneficiaries subject to pass-through withholding on Schedule PTW
 - Schedule PTE available for tax year 2024
 - K-1 reporting on the flow through income

State of Rhode Island Division of Taxation
2023 RI-1041
Fiduciary Income Tax Return

23101799990101

You must check a box:

☐ Estates and Trusts
☐ Bankruptcy Estate
☐ Amended Return

Name of estate or trust _____ Federal employer identification number _____

Name and title of fiduciary _____

Address 1 _____

Address 2 _____

City, town or post office _____ State _____ ZIP code _____ E-mail address _____

Year End ☐ Calendar Year: 01/01/2023 through 12/31/2023 ☐ Fiscal Year: beginning MM/DD/2023 through MM/DD/2024

Income

1 Federal total income of fiduciary from Federal Form 1041, line 9..... 1 _____

Personal and Corporate Income Tax

Pass-Through Entity Changes

Pass-Through Withholding

Tax Year 2023:
Use BUS-EST
instead of RI-
1096PT-ES

04/15/23

Tax Year 2023:
Use BUS-EXT
instead of RI-
4868PT or filing of
Entity Return with
PTW Schedule

03/15/24

Tax Year 2023:
Filing of Entity
Return on
extension with
PTW 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 Tax

Personal and Corporate Income Tax

TY 2024 Updated Filing Options

MeF

- RI-1040
- RI-1120C, RI-1120S, RI-1065 (with PTE & PTW Schedules)
- RI-1041 (with PTE & PTW Schedules)
 - (PTE for corp. only)
 - May issue a K1 to its beneficiaries, but it cannot receive a K1 that notes PTE credit.
- Return Payments
- Extensions

Portal

- Extensions
- Estimates

Estimates Available on Paper*

- RI-1040ES
- BUS-EST
- RI-1041ES

*Please note, if the taxpayer is an entity subject to RI's Electronic Filing Mandate, filing on paper may subject the taxpayer to penalties.

Personal and Corporate Income Tax

Pension and annuity modification – Tax Year 2024

- Modification cap = \$20,000 (increasing to \$50,000 in Tax Year 2025)
- Inflation increase to current AGI limit
 - For 2024: Single – For 2024: Single – \$104,200/ Joint – \$130,250
- Modification is based on full retirement age of 66 years and 8 months
 - Born on or before May 1, 1958
- All filing statuses (single, separate, head of household, married joint or widow(er))
- Once AGI limitations are passed, no modification
- Does not include IRAs
- \$20,000 limitation applies per individual for pension/annuity - unlimited for SSI
- “Rhode Island Retirement Income Tax Guide - Modifications For Retirement Income”
 - Produced annually (TY 2024 version to be forthcoming) - [TY 2023 version is online](#)

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: 2018-2023=15.0%, **2024-2025=16.0%**.
- 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 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.](#)

Personal and Corporate Income Tax

Earned Income Tax Credit Reminders

- RI conforms to federal eligibility and income thresholds.
 - We do also review and approve or deny, if denial is warranted.
 - If credit ineligibility is suspected, we may need to take extra steps to validate the EITC claim.
- Other points to consider:
 - Returns without expenses.
 - Documentation for income reporting (e.g. requests for licenses, records, statements, etc.).

Personal and Corporate Income Tax

Earned Income Tax Credit Reminders

- NAICS Codes:
 - Schedule C must be submitted with a valid NAICS code
 - NAICS code should be 6 digits & match closely to a valid business activity code (per IRS)
 - Check that invalid NAICS codes are not carried over from prior years

SCHEDULE C (Form 1040)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065. Go to www.irs.gov/ScheduleC for instructions and the latest information.		2023 Attachment Sequence No. 09	
Name of proprietor				Social security number (SSN)	
A Principal business or profession, including product or service (see instructions)				B Enter code from instructions	
C Business name. If no separate business name, leave blank.				D Employer ID number (EIN) (see instr.)	
E Business address (including suite or room no.)					

Personal and Corporate Income Tax

Non-resident Real Estate Withholding

- Referred to as “71.3 Withholding”
- Any seller that is not an individual is required to obtain an EIN per the IRS.
 - Link - [Do you need an EIN? | Internal Revenue Service \(irs.gov\)](https://www.irs.gov/individuals/international/faq-ein)
- If property is owned by a LLC or Trust, required to provide the selling entity’s info, not the individual’s information.
- Discharges should match the election forms if the election method was used.
- Please make every attempt to adhere to the 20-day rule, regarding submissions
 - We must receive the election form 20 or more days before the date of the closing.
 - Please remember - most mail is received 3 to 5 days after it is mailed.
 - Do not submit forms with a past date.
 - Avoid mail delays by using our email process:
 1. Email: Tax.NonRes713@tax.ri.gov.
 2. Always include the name of the seller and the property address in the email subject line.
 3. Remittances that require payment cannot be emailed.
 4. Complete forms entirely.

Personal and Corporate Income Tax

Non-resident Real Estate Withholding

- Helpful Links
 - Latest Advisory regarding electronic signature submission:
https://tax.ri.gov/sites/g/files/xkgbur541/files/2022-11/ADV_2022_32_electronic_signature.pdf
 - Non-resident Real Estate Withholding forms:
<http://www.tax.ri.gov/taxforms/nrrewh.php>

Personal and Corporate Income Tax

Income Tax Forms Best Practices

Common Errors:

- Incorrect Federal identification numbers. ID numbers are used to verify withholding amounts.
- Use the correct code for the document on Sch W (“P” or “G”).
- Late employer filings could delay withholding verification.
- “Other payments” on RI-1040, line 14f and RI-1040NR, line 17e, generally will be used for extension payments only - do not include RI-TDI.
- Do NOT include Non-resident Real Estate Withholding on Schedule W (should be included on RI-1040NR, Line 17c).
- Make sure the taxpayer’s name is consistent year to year
- Non-resident allocation indicators and schedules
- Include all schedules with Amended RI-1040, even if nothing has changed.
- Use the correct code for the document on Sch W (“P” or “G”).

Personal and Corporate Income Tax

Section Contact Information

Personal Income Tax

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

Non-resident Real Estate Withholding

- Phone: 401-574-8829 Option#4
- Email: Tax.NonRes713@tax.ri.gov

Corporate Income Tax

- Phone: 401-574-8829 Option #6
- Email: Tax.Corporate@tax.ri.gov

Poll Question



Excise and Estate Tax Section

Excise and Estate Tax

Legislative Changes

Elimination of Fee for Obtaining or Renewing Exemption Certificate

- Beginning on or after January 1, 2025, no fee to apply for or renew Sales Tax Exemption Certificate for qualifying charitable organizations.
 - Exemption Certificate for qualifying charitable, educational, and religious organizations to make qualifying purchases at retail without paying sales tax.
 - In 2017, legislation established that Sales Tax Exemption Certificates are to be valid for four (4) years from the date of issuance.
 - The process for applications and renewals will remain unchanged, except there will no longer be a fee (\$25.00) for applications or renewals due on or after January 1, 2025.

Elimination of Estate Tax Filing Fee

- For decedents with date of death on or after January 1, 2025, no fee to file a Rhode Island Estate Tax return.
 - For decedents with dates of death before January 1, 2025, the Estate Tax filing fee (\$50.00) is still required, including for Estate Tax returns filed on or after January 1, 2025.

Excise and Estate Tax

Legislative Changes

Increase of the Cigarette Tax

- Tax through August 31, 2024
 - \$4.25 per pack of 20 cigarettes
- As of 12:01 am on September 1, 2024
 - Cigarette tax increased by \$.25 per pack of 20 to \$4.50 per pack
- “Floor tax” on existing inventory
 - Was measured as of 9/3/2024
 - Return was due 9/16/2024
- Floor tax returns and payments not available on the Portal
- The prepaid sales tax on cigarettes also increased by \$.30
 - As of 9/3/2024 increased to \$0.88 per pack of 20
- [Notice to Cigarette Dealers](#)

OTP Change:

- OTP (except cigars) now required to be purchased from a RI licensed distributor

Excise and Estate Tax

Legislative Changes

Electronic Nicotine-Delivery Systems (aka Vape): Tax, Unified Licensing, & Required Purchase from a Licensed Distributor

- Regulation of Electronic Nicotine-Delivery System (ENDS) products, commonly known as vape under Division of Taxation as of January 1, 2025.
- ENDS products for sale at retail may only be purchased from distributors with Rhode Island licenses.
 - Licenses for manufacturers, importers, and distributors consolidated into a single license application.
- Licenses for ENDS products retailers will be combined with licenses for cigarette retailers (known as a Cigarette Dealer License), and OTP.
- As of January 1, 2025, an ENDS tax is imposed on all ENDS products.
 - \$0.50/mL of the e-liquid and/or e-liquid products (prefilled closed systems).
 - All other ENDS products (open system products) taxed at 10% of the wholesale cost of the product.
- The sale, or offer for sale of, or the possession with intent to sell or to offer for sale, flavored ENDS products to individuals in Rhode Island is prohibited ([Notice 2024-03](#)).
- [ENDS Webpage](#)

Excise and Estate Tax

Best Practices for Filing an Estate Tax Return

- Removal of \$50 fee starting DOD after 01/01/2025
- Form-RI-706 Estate Tax return
 - Form used for taxable and non-taxable estates
 - 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
 - Taxable estate with DOD prior to 01/01/2015 should email Tax.Estate@tax.river.gov for Form 100A
 - 2024 Inflation adjusted amounts:
 - Threshold \$1,774,583 - Credit \$83,370
 - 2025 Inflation adjusted amounts:
 - Threshold \$1,802,431 - Credit \$85,375

Excise and Estate Tax

Best Practices for Filing an Estate Tax Return

- All applicable items on Part 6, Recapitulation Schedule must be completed for taxable and non-taxable estates.
- Backup must be provided for all items listed on part 6 for estates greater than \$1.3M.
- Early lien releases only provided when the decedent / estate owns multiple properties.
 - Full payment of the estimated liability must be included.
- Book value at date of death hierarchy:
 - Purchase and sale within 6 months of DOD;
 - Appraisal; and
 - Assessed values (may request appraisal based on return review).

Excise and Estate Tax

Best Practices for Filing an Estate Tax Return

- Other items required of all returns:
 - Certificate of Appointment;
 - Power of attorney, if applicable;
 - Wills;
 - Trust agreements; and
 - Other items listed on part 5.
- Copies of federal schedules are not acceptable in place of the RI schedules. All RI schedules must be completed.

Excise and Estate Tax

Estate Tax Update

Notes on non-taxable estates

Non-taxable estates may file an Estate Tax return for various reasons, including:

- To obtain a discharge of the automatic statutory lien that attaches to all real estate that a decedent owns at death.
- To obtain a Notice of No Tax Due for probate court purposes.
- To obtain a Waiver to allow the sale of Rhode Island securities, including Rhode Island incorporated stock, Rhode Island state and municipal bonds, and mutual funds organized as business trusts that do business in Rhode Island.

Excise and Estate Tax

Electronic Filing & Payment Mandate

Electronic filing and payment mandate for larger business registrant taxpayers effective 01/01/2023

- Larger 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

Portal Update

- Meals and Beverage Tax
 - Schedule A must be completed
 - Itemized listing of city and towns required
 - Will be unable to submit return without this information being fully completed

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

- Member Sign In:** Contains a warning about 3 sign-in attempts, fields for "User ID" and "Password", a "SIGN IN" button, and links for "Forgot User ID?" and "Forgot password?".
- New User?:** Contains a link "Create a New User".
- Don't Have a Portal User Account?:** Contains links for "Use our Same-Day Services", "Make a Payment (same day withdrawal)", and "File a Form (alone or with payment)".
- Customer Support:** A text block stating support is available weekdays between 8:30am - 3:30pm at 401-574-8484 or via email at taxportal@tax.ri.gov. It includes links for "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." and "The File a Form link is located on the bottom left of this page." A "NEW" banner mentions changes to filing meals and beverage tax returns.
- 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?". A "More >" link is at the bottom.

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

Excise and Estate Tax

Sales Tax Responsibilities

When is a sales permit required?

- Every business making sales at retail or renting living quarters.
- Retail sale
 - Sale, lease or rental of tangible personal property
 - “Tangible personal property” means personal property which may be seen, weighed, measured, felt, or touched, or which is in any other manner perceptible to the senses.
 - Prewritten computer software
 - Specified digital products
 - Taxable services
- Sales permit is required even though all products sold are exempt from sales tax.
- Annual renewal by 02/01 for no fee.

Excise and Estate Tax

Sales Tax Responsibilities

- What is Taxable?
 - All Tangible Personal Property and certain enumerated services.
 - [§ 44-18-7.3. Services defined](#)
 - Taxicab and limousine services
 - Other road transportation services
 - Pet care services
 - Room resellers
 - Investigation, Guard, and Armored Car Services
- A better question: “What is **not** taxable?”
 - [§ 44-18-30. Gross receipts exempt from sales and use taxes](#)

Excise and Estate Tax

Sales Tax Responsibilities

- Exemptions
 - Food and Food Ingredients—substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value.
 - Does not include “alcoholic beverages,” “tobacco,” “candy,” “dietary supplements,” and “soft drinks.”
 - Prepared foods are taxable
 - Manufacturing purposes (exemption certificate required)
 - Electricity and Gas
 - Clothing less than \$250
 - Exempt Organizations (exemption certificate required)
 - Sales for resale (exemption certificate required)

Excise and Estate Tax

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

Poll Question



Compliance and Collections, Registration, and Taxpayer Experience Section

Compliance and Collections

Expansion of Rhode Island's Tax Delinquent Public Disclosure List

- Previously:
 - Two lists posted on the Division of Taxation's website.
 - One includes up to 100 taxpayers with the largest amount of delinquent personal income tax.
 - Second list includes up to 100 taxpayers with the largest amount of delinquent business taxes.
- Now:
 - Two lists posted on the Division of Taxation's website
 - Criteria for inclusion on each of these lists expanded to taxpayers that owe at least \$50,000.

Compliance and Collections

Expansion of Rhode Island's Tax Delinquent Public Disclosure List

- Our process:
 - Formal notice sent by regular and certified mail.
 - Notice sent to taxpayer 30 days in advance of intent to publish the taxpayer's name and account information.
- Taxpayer process:
 - Taxpayer can choose to pay the delinquency or to enter into a reasonable installment agreement to pay the outstanding debt.

Compliance and Collections

Expansion of Rhode Island's Tax Delinquent Public Disclosure List

- Conditions for inclusion:
 - State tax balance has been unpaid for a period in excess of 90 days following the date their tax was due.
 - Cases are not on appeal.
- Removal:
 - A taxpayer's account information is removed from the list as promptly as possible after that taxpayer pays the outstanding debt or enters into a reasonable installment agreement.
- Processes set by law: [R.I. Gen. Laws § 44-1-34.](#)

Compliance and Collections

Levy Program

- Liability must be in Collections
- Notifications
 - Numerous 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.

Compliance and Collections

Installment Agreements: What You Need to Know

Requirements:

- Complete Installment Agreement Request: [Form RI-9465](#)
- Full compliance with all filing requirements

Option 1

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

Result

Option 2

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

Result

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)

Compliance and Collections

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

Compliance and Collections

Section Contact Information

Compliance and Collections Section

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

Taxpayer Portal Section

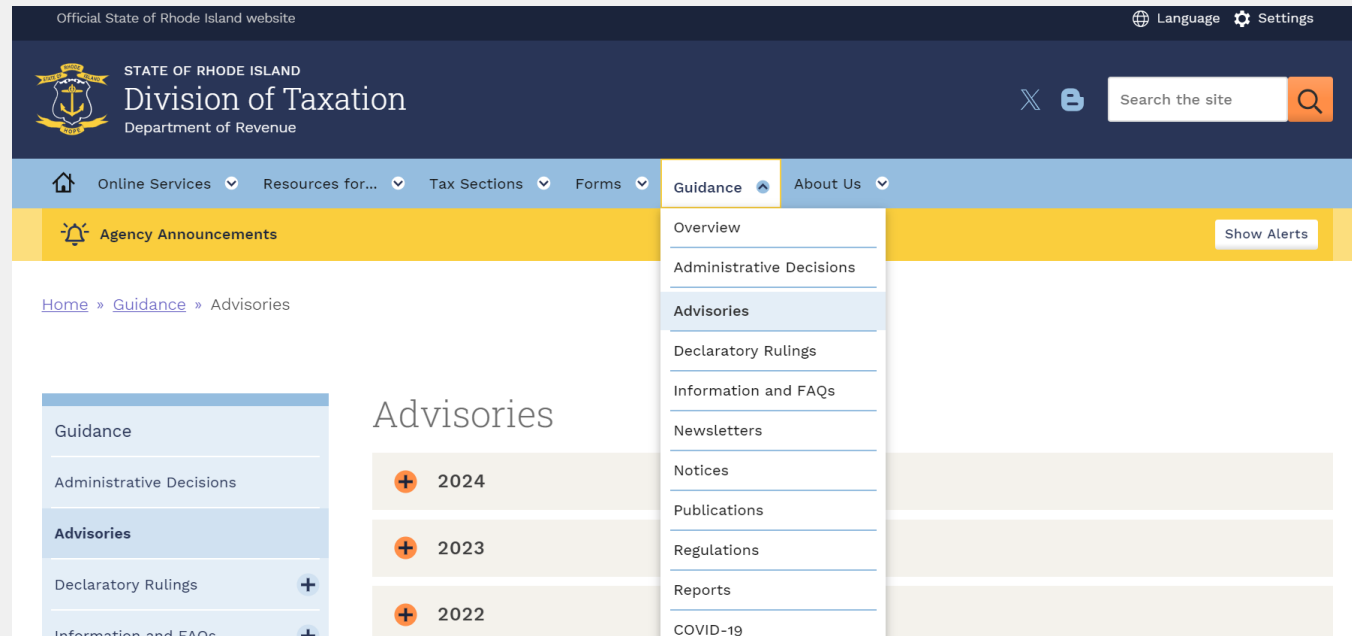
- Phone: 401-574-8484
- Email: Taxportal@tax.ri.gov

Poll Question



Even More Tax Resources

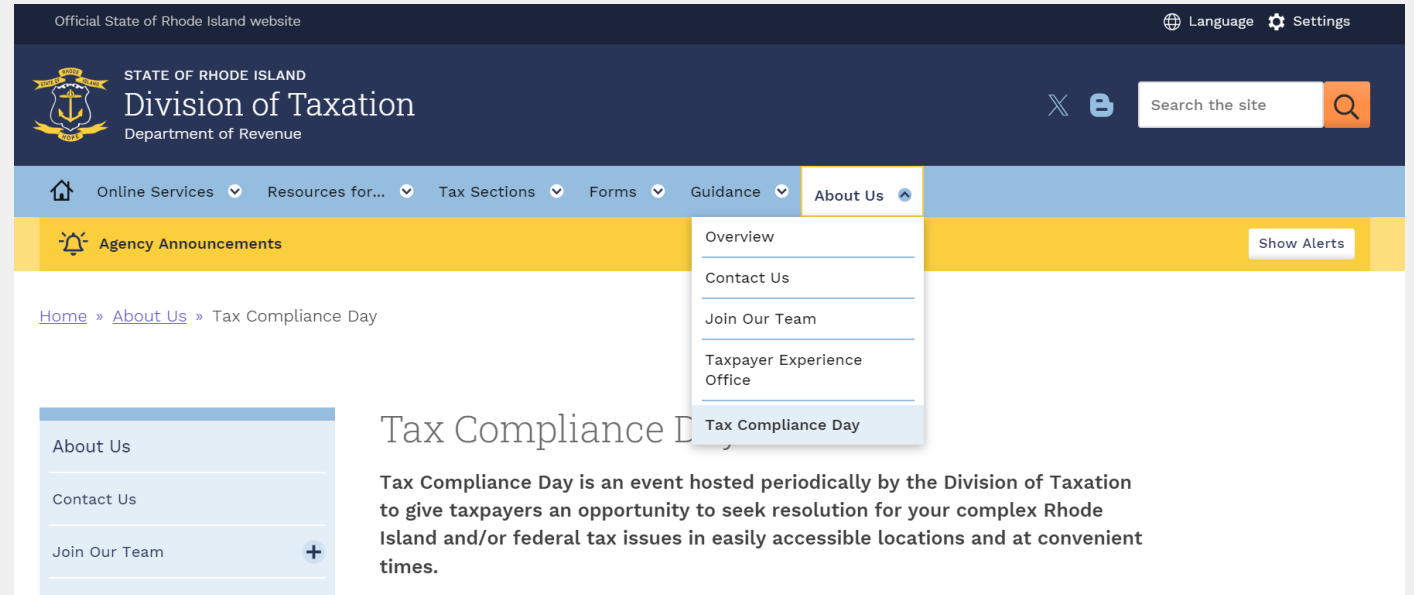
Advisories



- www.tax.ri.gov > “Guidance” > “Advisories” > select the appropriate year
- <https://tax.ri.gov/guidance/advisories>

Even More Tax Resources

Tax Compliance Days



- www.tax.ri.gov > “About Us” > “Tax Compliance Day”
- <https://tax.ri.gov/about-us/tax-compliance-day>

Even More Tax Resources

Compliant Taxpayer Profiles

Outreach and Useful Materials

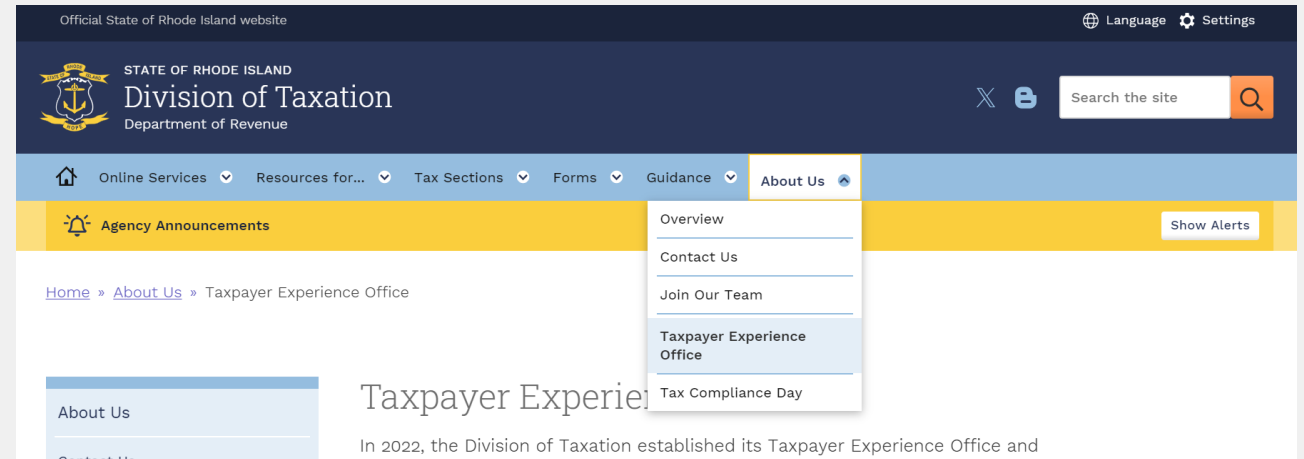
- Industry guides:

[Contractors & Rhode Island Tax - A Guide for Businesses](#)

[The Restaurant Industry & Rhode Island Tax - A Guide for Businesses](#)

- Compliant Taxpayer Profiles:

[Profiles](#)



- www.tax.ri.gov > “About Us” > “Taxpayer Experience Office” > scroll to “Outreach and Useful Materials”
- <https://tax.ri.gov/sites/g/files/xkgbur541/files/2024-01/2024%20Taxpayer%20Profiles%20132024.pdf>

Even More Tax Resources

Upcoming Events

Calendar Events/Upcoming Events

— This Month's Calendar Events

There are no events scheduled for this month

— Upcoming Calendar Events

October 3, 2024
CPE Associates
RI College



Official State of Rhode Island website

STATE OF RHODE ISLAND
Division of Taxation
Department of Revenue

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About Us

Contact Us

Taxpayer Experience Office

In 2022, the Division of Taxation established its Taxpayer Experience Office and

- www.tax.ri.gov > “About Us” > “Taxpayer Experience Office” scroll to “Calendar Events/Upcoming Events” > “This Month’s Calendar Events” or “Upcoming Calendar Events”
- [Taxpayer Experience Office | RI Division of Taxation](http://www.tax.ri.gov)

Even More Tax Resources

Past presentations

Calendar Events/Upcoming Events

- + This Month's Calendar Events
- + Upcoming Calendar Events
- Past Calendar Events - 2024

January 4, 2024
[RI/MA Chapter of NATP](#)
Southbridge Hotel and Conference Center

January 9, 2024
[RIAPA Annual Presentation](#)
Chelo's Warwick

February 7, 2024
[Food Policy Council – Specialty Crop Farmers](#)
Via Zoom

Official State of Rhode Island website

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About Us

Taxpayer Experience Office

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- www.tax.ri.gov > “About Us” > “Taxpayer Experience Office” scroll to “Calendar Events/Upcoming Events” > select the appropriate year
- [Taxpayer Experience Office | RI Division of Taxation](#)

Questions



Poll Question



Thank you



STATE OF RHODE ISLAND

Division of Taxation

Department of Revenue

Contact Us

401-574-8829

Taxpayer.Experience@tax.ri.gov

One Capitol Hill

Providence, RI 02908

www.tax.ri.gov

