

2024 Rhode Island Business Corporation Tax

GENERAL INSTRUCTIONS FOR FORM RI-1120C, FORM RI-1120S AND FORM RI-1065

1. WHO MUST FILE:

Domestic and Foreign Corporations:

Every business corporation, joint stock company or association exercising corporation functions or otherwise doing business in this state is required to file an annual tax return using Form RI-1120C and is subject to the income tax (minimum \$400.00) under R.I. Gen. Laws § 44-11-2.

Subchapter "S" Corporations:

A small business corporation having an election in effect under subchapter S of the Internal Revenue Code is required to file an annual tax return using Form RI-1120S and is subject to the income tax (minimum \$400.00).

If a subchapter S corporation is taxable for federal purposes, it must attach RI Schedule S and compute and pay any tax due at the 7% tax rate.

LLCs, LLPs, LPs, Partnerships and SMLLCs:

Limited liability companies, limited liability partnerships, limited partnerships, general partnerships, and single member limited liability companies not treated as a corporation on the federal level are required to file an annual tax return using Form RI-1065. Such entities, with the exception of general partnerships, shall be subject to an annual fee equal to the minimum tax imposed upon a corporation under R.I. Gen. Laws § 44-11-2(e). See Rhode Island Regulations 280-RICR-20-25-7 and 280-RICR-20-25-6 for more information.

Pass-through withholding requirements:

Pass-Through Entities such as "S" corporations, general partnerships, limited partnerships, limited liability partnerships, trusts or limited liability companies that are not taxed as corporations for federal tax purposes are required to withhold from the member's share of income of the entity which is derived from or attributable to sources within this state distributed to each nonresident member and pay the withheld amount to the tax division at either the highest individual rate or seven percent (7%) for corporations. A pass-through entity is not required to withhold tax for a nonresident member if:

1. the member has a pro rata or distributive share of income from the pass-through entity from doing business in this state of less than \$1,000.00 per annual accounting period, or
2. the tax administrator has determined by regulation, ruling or instruction that the member's income is not subject to withholding, or
3. the member elects to have the tax due paid as part of a composite return filed by the pass-through entity, or
4. the entity is a publicly traded partnership as defined by section 7704(b) of the Internal Revenue Code that is treated as a partnership for the purposes of the Internal Revenue Code and that has agreed to file an annual information return reporting the name, address, taxpayer identification number and other information requested by the tax administrator of each unit holder with an income in this state in excess of \$400.00.

Pass-through Entity Election Tax - Effective January 1, 2019

Legislation effective for tax years starting on or after January 1, 2019 allows a pass-through entity which normally would not pay tax on its income to elect to do so in order to realize a tax savings on the federal level.

Starting with tax years beginning on or after January 1, 2024, a pass-through entity will make this election using RI Schedule PTE rather than Form RI-PTE.

In order to realize the tax savings on the federal level, the pass-through entity must complete and attach RI Schedule PTE to Form RI-1120S or RI-1065 and pay the pass-through entity tax due on its net income. The pass-through entity tax elected to be paid is then passed through to the "owners" of the pass-through entity. Each owner will then include the tax paid on RI Schedule W along with any Rhode Island withholding AND claim as an increasing modification on Schedule M, line 2h. Both RI Schedule W and

RI Schedule M were updated to facilitate the claiming of the pass-through entity tax election. More information is available on the RI Division of Taxation's website at www.tax.ri.gov and in "FAQs on entity-level tax for pass-through entities".

2. WHEN AND WHERE TO FILE:

Form RI-1120C:

For calendar year and non-June 30 fiscal year end filers, Form RI-1120C is due on or before the fifteenth day of the fourth month following the close of the taxable year.

For June 30 fiscal year end filers, Form RI-1120C is due on or before the fifteenth day of the third month following the close of the taxable year (**September 15**).

Form RI-1065 and RI-1120S:

For all filers except for single-member LLC filers, Forms RI-1065 and RI-1120S are due on or before the fifteenth day of the third month following the close of the taxable year.

For calendar year and non-June 30 fiscal year end single-member LLC filers, Form RI-1065 is due on or before the fifteenth day of the fourth month following the close of the taxable year.

For all June 30 fiscal year end filers, Forms RI-1065 and RI-1120S are due on or before the fifteenth day of the third month following the close of the taxable year (**September 15**).

ELECTRONIC MANDATE

The RI Division of Taxation has an electronic mandate that requires Larger Business Registrants use electronic means to file returns and remit taxes beginning on January 1, 2023.

A "larger business registrant" is defined as any person who:

- 1) Operates as a business whose combined annual liability for all taxes administered by the Division of Taxation for the entity is or exceeds \$5,000; or
- 2) Operated as a business whose annual gross income is over \$100,000 for the entity.

If you meet either of the above criteria you are required to file returns and remit taxes electronically.

Visit the RI Division of Taxation's website for additional information.

Taxation website: <https://tax.ri.gov/online-services/tax-portal>

Taxation's portal website: <https://taxportal.ri.gov/>

If you do not have a portal account already, be sure to create one timely in order to get a PIN number and be ready to file your return and/or remit your payment by the due date.

YOU MAY BE SUBJECT TO A PENALTY FOR FAILURE TO FILE RETURNS AND/OR REMIT PAYMENTS VIA ELECTRONIC MEANS.

If you are not required to file and pay via electronic means, use the following address to send in your return and payments:

Rhode Island Division of Taxation
One Capitol Hill, Suite 9
Providence, RI 02908-5811

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A return is considered timely filed if it is mailed so as to bear a U.S. postmark on or before the applicable due date.

When the due date for filing Form RI-1120C, Form RI-1120S or Form RI-1065 falls on a Saturday, Sunday, or a Rhode Island legal holiday, the filing is due on the next business day.

3. EXTENSION OF TIME FOR FILING:

An automatic extension of time for the filing of Form RI-1120C, Form RI-1120S or Form RI-1065 may be requested using Form BUS-EXT. The extension request may be granted provided Form BUS-EXT reasonably estimates the full amount of tax due for the taxable year based on income, or the minimum tax of \$400.00, whichever shall yield the greater tax. If payment for the full amount of tax due is not sent in with Form BUS-EXT, any amount due when the tax return is filed is subject to late payment interest and late payment penalty.

Extension requests:

Automatic six (6) month extension for filers of Form RI-1120C (except for filers with a June 30 fiscal year end), Form RI-1120S or Form RI-1065 (LLC, LLP, LP, Partnership, SMLLC).

Automatic seven (7) month extension for June 30 year end filers of Form RI-1120C.

A proper estimate of the amount of tax due for the taxable year is required to be reported on the extension when it is filed, otherwise the extension will be void.

4. PAYMENT OF TAX:

The balance of tax shown on the return to be due must be paid in full with the return. Failure to pay the tax on time will subject the taxpayer to an assessment of interest and penalties.

Interest Generally

Any tax not paid when due is subject to interest from the time the tax was originally due at the rates of 18% per annum (1.5% per month) prior to January 1, 2023, and 12% per annum (1.0% per month) on or after January 1, 2023.

Penalties - Failure to file returns on time

In case of failure to file a return within the time prescribed by law, or within the extension period, there shall be added to the tax 5% of such tax if delinquency is for not more than one month plus an additional 5% for each additional month or fractional part thereof during which such failure continues not exceeding 25% in the aggregate.

The law provides for the imposition of fines up to \$5,000.00 for failure to file the required returns or the filing of false or fraudulent returns.

Penalties - Failure to pay tax on time

In case of failure to pay the tax with the return on or before the date prescribed (determined with regard to any extension of time for payment) there shall be added to the amount shown as tax on such return five-tenths percent (0.5%) of the amount of such tax if the failure is for not more than one month, plus an additional five-tenths percent (0.5%) for each additional month or fractional part thereof during which such failure continues, not exceeding 25% in the aggregate.

5. RATE OF TAX:

Seven percent (7%) of net income apportioned to Rhode Island; or a minimum of \$400.00, whichever amount shall yield the greatest tax.

Limited liability companies, limited liability partnerships, limited partnerships, and single member limited liability companies not treated as a corporation on the federal level shall pay an annual charge equal to the minimum tax imposed upon a corporation under R.I. Gen. Laws § 44-11-2(e).

6. DECLARATION OF ESTIMATED TAX BY CORPORATIONS:

Every corporation shall file a declaration of its estimated tax for the taxable year if its estimated tax for such taxable year can reasonably be expected to exceed \$400.00. The entire amount of such estimated tax shall constitute the amount of the advance required to be paid. The due dates and amounts of the installments are as follows: The 15th day of the 4th month of the taxable year (25%), the 15th day of the 6th month of the taxable year (25%), the 15th day of the 9th month of the taxable year (25%) and the 15th day of the 12th month of the taxable year (25%)

Underpayment-Interest on declaration of estimated tax

In case of any underpayment of the estimate by a corporation there shall be added to the tax as the case may be for the taxable year, an amount determined at the rate of 12% per annum upon the amount of the underpayment for the period of the underpayment. "The amount of the underpayment" shall be the excess of the installment or installments which would be required to be paid if the advance payments were equal to eighty percent (80%) of the tax shown on the return for the taxable year or, if no return was filed eighty percent (80%) of the tax for such year, over the amount, if any, of the installment paid on or before the last date prescribed for payment.

The law provides for the assessment of a penalty of 5% of the tax imposed on such corporations for such taxable year for failure to file required estimated tax payments.

7. CHANGE IN NET INCOME BY FEDERAL GOVERNMENT:

Any change in net income for any prior year directly affects the tax liability to the State of Rhode Island and such changes must be reported to the Tax Administrator within 60 days of final adjustment or determination. For tax years 2014 and prior, such changes must be reported using Form RI-1120X. For tax years 2015 and forward, such changes must be reported using Form RI-1120C, Form RI-1120S or Form RI-1065, whichever is applicable, and by checking the amended check box.

8. SUPPORTING SCHEDULES:

All schedules are to be firmly attached to the back of the return. Each schedule must be clearly identified with the item which it supports. Write upon one side of the sheet only, so that schedule may be read without detaching from the return. If space permits, more than one schedule may be placed on a single sheet.

9. COMBINED RETURNS:

For tax years beginning on or after January 1, 2015, a business which is treated as a C corporation for federal income tax purposes, and which is part of a combined group engaged in a single or common business enterprise – a "unitary" business – must file a combined return with Rhode Island.

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Under mandatory unitary combined reporting, R.I. Gen. Laws § 44-11-4.1, an entity treated as a C corporation for federal income tax purposes must report on its Rhode Island return not only its own income, but also the combined income of the other corporations, or affiliates, that are part of a combined group under common ownership and part of a unitary business. They may do so by filing Form RI-1120C, checking the box for Combined Return, and including a Schedule CGM listing each member of the combined group.

An entity that is doing business in this state and is treated as a C corporation for federal income tax purposes, where such entity stands alone and has no affiliates or related companies, is **not** subject to combined reporting. Please refer to the "Domestic and Foreign Corporations" section of these instructions for instructions on how to file for these entities.

See the most recent version of the Rhode Island Combined Reporting Regulation for more information.

10. CAPITAL INVESTMENT IN SMALL BUSINESSES:

R.I. Gen. Laws § 44-43 provides a deduction for purposes of computing net income under the Rhode Island Business Corporation Tax (R.I. Gen. Laws § 44-11) for a qualifying investment in a certified venture capital partnership and for credits to entrepreneurs of a qualifying business entity for certain wages paid to employees of such entity.