



STATE OF RHODE ISLAND
Division of Taxation
Department of Revenue

Rhode Island Tax News

4th Quarter, 2024

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In the Community



foster forward
@fosterforward

♥ Huge thanks to [@RhodeIslandTax](#) for their incredible generosity! Through their Jeans Day for Charity, they raised \$1,700—providing 68 gift cards for our Holiday Gifts Campaign!

These gift cards will brighten the season for youth impacted by foster care. We're so grateful! ♥



Pictured above, (L to R) Gail Belasco - Chief Program Development (RI Division of Taxation), Lisa Guillette - Executive Director (Foster Forward), Kristen Ledo - Chief Revenue Agent (RI Division of Taxation)

Did you know?

The Division of Taxation hosts a monthly fundraiser to support Rhode Island nonprofits. Each month, charities are nominated by staff, and one is selected as the recipient of that month's generosity. We also hold an annual holiday drive. This year was our most successful yet. The program, Jeans Days for Charity, raised \$1,700 dollars that purchased 68 gift cards donated to Foster Forward. Foster Forward distributed these gift cards to Rhode Island youth impacted by foster care.

Thank you, Foster Forward, for the important work you do.

Learn more about Foster Forward



Pictured above, (L to R) Neena Savage - RI Tax Administrator, Leo Lebeuf - RI Taxpayer Experience Liaison, Cheri O'Connor - Assistant Chief Revenue Agent, Nicole Coleman - Assistant Chief Revenue Agent, Justin Haas - Taxpayer Assistance Representative Supervisor.

Seminar for Tax Preparers

Thank you to all the tax professionals who attended the in-person sessions of the Division's annual Seminar for Tax Preparers. The sessions at CCRI's Newport and Warwick campuses on December 10th and 11th were lively and a great opportunity to interact with our fantastic local tax pro community.

If you missed the in-person sessions, read on below for information on the virtual session coming up next month!



Virtual Session Sign-up now open

Couldn't make the in-person sessions of the Seminar for Tax Preparers?

The Division is hosting a virtual session of the Seminar on January 23. The presentation will run from 9am - 1pm and will cover the same topics as the in-person sessions.

Register now



STATE OF RHODE ISLAND

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Tax Compliance Day

Collaborative event with the Division of Taxation, IRS, Volunteer Income Tax Assistance (VITA), RI Department of Labor and training (DLT), and the RI Department of State - Business Services Division.



January 13, 2025

10:00 AM - 6:00 PM

Adverse weather day January 15



**Rhode Island College
Alger Hall - Room 110**

600 MOUNT PLEASANT AVENUE
PROVIDENCE, RI 02908

Reserve your preferred time at:
<https://tax.ri.gov/about-us/tax-compliance-day>

Walk-ins welcome.

In collaboration with:



RI Business Services



TAXPAYER
ADVOCATE
SERVICE
YOUR VOICE AT THE IRS



DLT



Tax Compliance Day

Tax Compliance Day is an event hosted periodically by the Division of Taxation. These events provide taxpayers with an opportunity to seek resolution for complex Rhode Island and/or federal tax issues in easily accessible locations and at convenient times.

The next Tax Compliance Day event will be held on January 13, 2025 (inclement weather date is January 15). It will be hosted at Rhode Island College, Alger Hall, Room 110, from 10am - 6pm.

To learn more about Tax Compliance Day events, or to reserve a spot, [visit our website](#).

Updates

Motor Fuel Tax Increasing in July 2025

The Rhode Island Motor Fuel Tax rate that will be in effect as of July 1, 2025 has been posted. The tax will increase from 37 to 38 cents per gallon, effective July 1, 2025.

This information regarding the most recent adjustment in advance of the July 1, 2025 effective date is being shared now to allow stakeholders to take the necessary steps to accommodate the new rate.



Find the details in [Advisory 2024-29](#).

[Advisory 2024-29](#)

Inflation Adjusted Amounts Set for Tax Year 2025



The Rhode Island Division of Taxation has published the standard deduction amounts, tax bracket ranges, and other key items for Rhode Island Personal Income Tax for tax years beginning on or after January 1, 2025.

The inflation-adjusted amounts apply for Tax Year 2025. These adjusted amounts will not appear on tax returns in 2025 covering Tax Year 2024. However, they are important to know in advance of Tax Year 2025 for tax-planning purposes and will be the amounts on tax returns seen in early 2026 for Tax Year 2025.

The inflation-adjusted amounts will also aid tax professionals and taxpayers throughout 2025 for many purposes, including making any needed adjustments to withholding or estimated payments.

Find the details in [Advisory 2024-26](#).

Advisory 2024-26

Select inflation-adjusted amounts are presented in the below tables. Please find all amounts in Advisory 2024-26.

Rhode Island standard deduction amounts by Tax Year

Filing Status	2024	2025
Single	\$10,550	\$10,900
Married filing jointly*	\$21,150	\$21,800
Head of household	\$15,850	\$16,350
Married filing separately	\$10,575	\$10,900

**Or qualifying widow or widower.*

Note: Amounts are determined based on inflation as calculated by U.S. Bureau of Labor Statistics and applied to formulas under Rhode Island General Laws § 44-30-2.6.

Phase-out range for standard deduction, exemption amounts by Tax Year

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2024	2025
\$246,450 to \$274,650	\$254,250 to \$283,250

Phaseout increment (amount used in computing phaseout), which was \$7,050 for 2024, will be \$7,250 for 2025.

Uniform tax rate schedule for Tax Year 2024 (Personal Income Tax)

Taxable income:

Over	But not over	Pay	+ percent on excess	of the amount over
\$0	\$77,450	\$ --	3.75%	\$0
\$77,450	\$176,050	\$2,904.38	4.75%	\$77,450
\$176,050	\$ --	\$7,587.88	5.99%	\$176,050

Uniform tax rate schedule for Tax Year 2025 (Personal Income Tax)

Taxable income:

Over	But not over	Pay	+ percent on excess	of the amount over
\$0	\$79,900	\$ --	3.75%	\$0
\$79,900	\$181,650	\$2,996.25	4.75%	\$79,900
\$181,650	\$ --	\$7,829.38	5.99%	\$181,650

Interest rates posted for 2025



The interest rates for Rhode Island tax overpayments and underpayments for Calendar Year 2025 have been posted.

The rates are based on formulas set in statute.

- Interest on overpayments (refunds) for calendar year 2025 shall be at the rate of 8.00% per annum.
 - For calendar year 2024, the rate was 8.50% per annum.
- Interest on underpayments (delinquencies) for Calendar Year 2025 of Trust Fund Taxes shall be at the rate of 18.00% per annum.
 - For calendar year 2024, the rate was 18.00% per annum.
- Interest on underpayments (delinquencies) for Calendar Year 2025 of other tax types shall be 12.00% per annum.
 - For calendar year 2024, the rate was 12.00% per annum.

Find details and historical data in [Advisory 2024-27](#).

ADV 2024-27

Annual MeF Shutdown and Switchover

Each year, the Rhode Island Division of Taxation temporarily closes its Modernized e-File (MeF) system to prepare the system for the upcoming tax-filing season. Both Rhode Island and Federal Personal Income Tax Returns filed through electronic filing (e-file) software are impacted by the shutdown.



The Division's annual MeF electronic filing shutdown and switchover for Personal Income Tax 1040 returns occurred on November 30, 2024. Individuals seeking to file their Rhode Island Personal Income Tax returns will not be able to do so electronically during the shutdown. The Division plans to reopen its system to e-filing in January 2025, on the same schedule that the Internal Revenue Service (IRS) will follow for accepting e-filed 1040 returns for the new tax-filing season.

The date for the annual business shutdown, impacting such filings as the Form RI-1120C, Form RI-1120S, Form RI-1065, and Form RI-1041 was December 5, 2024. Please refer to IRS guidance and be on the lookout for IRS updates for federal filings.

Find the details in [Advisory 2024-28](#).

ADV 2024-28

Fiduciary Returns

The mission of the Rhode Island Division of Taxation includes educating taxpayers and tax professionals. Guidance and clarifying information on a number of tax topics is issued regularly – particularly when stakeholders express a need for such information. Recently, the Division conducted a survey of tax professionals, where several respondents requested guidance regarding fiduciary returns.

In Rhode Island, the fiduciary of a resident or nonresident estate or trust is required to file a RI-1041 return to report the income of the estate or trust that may be entirely comprised of resident and/or nonresident beneficiaries. For most items reported on the return, Rhode Island follows the same tax treatment as the federal return. As needed, the return may require the filing of the RI-Schedule M for RI-1041, which is a modification schedule that is similar to the modification schedule filed with the RI-1040 or RI-1040NR. Some items on this schedule may not pertain to an estate or trust and are noted.

The Rhode Island fiduciary return is, in essence, a flow through return; the income reported on the return will flow through to the beneficiaries. The beneficiaries will receive an RI-K1 that will report their share of the income from the estate or trust. If the beneficiaries are Rhode Island residents, the estate or trust may elect to pay the tax liability at the entity level and file the RI Schedule PTE-1041 in addition to the RI-1041. If the beneficiaries are nonresidents and withholding is due on their behalf, the estate or trust is required to file the RI Schedule PTW-1041 in addition to the RI-1041, or they may file the RI Schedule PTE-1041 in its place.

If you have more questions regarding fiduciary returns, reach out to Tax.Assist@tax.ri.gov with the subject line "Tax Talk - Fiduciary question." We will get back to you and will also add common questions to our guidance going forward.

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

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 Q3's Administrative Decisions, the issues addressed were:

[Administrative Decision 2024-16:](#)

It was determined that the taxpayer owes the Division's assessment for Tax Year 2019. The IRS disallowed the taxpayer's 2019 federal Earned Income Credit. As a result, the taxpayer was no longer entitled to the State's Earned Income Tax Credit as the State's Earned Income Tax Credit is based on a taxpayer receiving the federal Earned Income Tax Credit.

[Administrative Decision 2024-17:](#)

It was determined that the taxpayer owes the Division's assessment for Tax Year 2020. The taxpayer received unemployment compensation in 2020. The taxpayer was required to pay tax on all his unemployment compensation including the \$10,200 exempted from his 2020 federal adjusted gross income but did not. The decision rejected the taxpayer's argument that federal law regarding taxable federal income tax preempted Rhode Island income tax law. The taxpayer owes the assessed income tax, interest, and penalty for 2020.

[Administrative Decision 2024-18:](#)

It was determined that the Division properly denied the taxpayer's sales tax refund claim. The taxpayer filed a claim for sales tax refund. Some claims were filed more than three (3) years from the 15th day after the close of the month for which the tax was paid. For the other claims, the taxpayer did not provide the information requested by the Division to

substantiate those refund claims. The taxpayer is not entitled to its claim for sales tax refunds because they were either out of time or failed to be substantiated upon request by the Division.

[Administrative Decision 2024-19:](#)

It was determined that the taxpayer made sales at retail without a sales permit and did not regularly file sales taxes. The taxpayer was found to owe sales tax and use tax and respective penalties.

[Administrative Decision 2024-20:](#)

It was determined that the taxpayer breached its Stipulation with the Division. In order to settle a notice of deficiency for Other Tobacco Products (OTP) tax issued on June 9, 2021 to the taxpayer for tax owed for OTP, the taxpayer entered into the Stipulation and agreed to pay a reduced amount of the total amount of the deficiency. However, the taxpayer agreed to pay the full amount of the deficiency if it defaulted on the Stipulation. The taxpayer breached the Stipulation by its nonpayment of the amount due and now owes the total amount of the deficiency.

[Administrative Decision 2024-21:](#)

It was determined that the taxpayer breached its stipulations with the Division. In order to settle a notice of assessment for tax owed for Other Tobacco Products (OTP), the taxpayer entered into the First Stipulation and agreed to pay a reduced amount of the total amount of the deficiency. The taxpayer agreed to pay the full amount of the deficiency if it defaulted on the Stipulation. The taxpayer did not pay the amount due under the First Stipulation and entered into a Second Stipulation to pay the entire amount of the assessment by February 12, 2024. The taxpayer did not pay any of the amount owed under the Second Stipulation, thus the taxpayer breached the Second Stipulation by its nonpayment of the amount due. As provided for in the Second Stipulation, the taxpayer owes the full amount of tax and penalties imposed in the notice of assessment and as provided for in the Second Stipulation as well as any accrued interest.

[View Administrative Decisions Archive](#)



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

— Oliver Wendell Holmes Jr.

Connect

