



Rhode Island Department of Revenue

Division of Taxation

ADV 2025-01
Tax Administration

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS
January 13, 2025

2025 Tax Changes

Division reminds taxpayers of new year changes

PROVIDENCE, R.I. – The Rhode Island Division of Taxation reminds taxpayers and tax professionals of the tax changes that took effect on Wednesday, January 1, 2025.

Many of these changes apply for tax years beginning on or after January 1, 2025, and generally do not affect the tax returns that businesses and individuals will file over the next few months related to Tax Year 2024. The changes can be used for tax-planning purposes throughout the 2025 calendar year.

■ ENDS AND OTP

Electronic Nicotine-Delivery System (ENDS) products, commonly known as Vape

Effective January 1, 2025, a tax is imposed on all Electronic Nicotine-Delivery System (ENDS) products. These products are also commonly called Vape. This tax includes ENDS, e-liquids, and e-liquid products. The ENDS products tax is in addition to other Rhode Island taxes, including sales tax at the rate of seven percent (7%).

The ENDS products tax rate depends on the product:

- Prefilled products that are manufacturer-sealed and not refillable (also known as closed system products) are taxed at a rate of \$0.50/mL of the e-liquid and/or e-liquid products.
- For all other ENDS products (also known as open system products), the tax is 10% of the wholesale cost of the product.

All ENDS licensed distributors making sales in Rhode Island on or after January 1, 2025 are required to pay tax on such sales or use by electronically filing a monthly return and making electronic payments of the tax to the Rhode Island Division of Taxation. As of January 1, 2025, the ENDS products tax applies to all ENDS products, including the pre-existing inventory of each ENDS retailer. This “floor tax” on existing inventory is calculated at the same rate and the Division has communicated the requirements for complying with the floor tax to distributors and dealers.

Also effective January 1, 2025, ENDS products for sale at retail may only be purchased from distributors with Rhode Island licenses.

The sale of flavored ENDS in Rhode Island is prohibited by law.

Other Tobacco Products

The passage of the State Fiscal Year 2025 budget enacted new legislation requiring that the purchase of other tobacco products (OTP) by a licensed retailer must be from a distributor, manufacturer, or importer with a Rhode Island license.

In addition to cigarettes and ENDS products, effective January 1, 2025, all OTP, except for cigars, must be purchased from a distributor with a Rhode Island license. Purchasing and/or obtaining OTP from an unlicensed person or entity is prohibited, and those products are contraband.

Further details are available in several Division Notices:

- [Notice 2024-03](#)
- [Notice 2024-04](#)
- [Notice 2024-07](#)
- [Notice 2024-08](#)
- [Notice 2024-09a](#)
- [Notice 2024-09b](#)

■ ESTATE TAX - CREDIT, THRESHOLD

Because of an inflation adjustment prescribed by statute, the Rhode Island estate tax credit amount is \$85,375 for decedents dying on or after January 1, 2025. This represents an increase from the credit amount of \$83,370 which applied for decedents dying in Calendar Year 2024.

As a result, the Rhode Island Estate Tax threshold is \$1,802,431 for decedents dying on or after January 1, 2025, up from the threshold of \$1,774,583 for decedents dying in Calendar Year 2024.

In general, for a decedent dying in 2025, a net taxable estate valued at \$1,802,431 or less will not be subject to Rhode Island's Estate Tax. In certain circumstances, the Rhode Island Estate Tax will not apply regardless of the estate's size: [R.I. Gen. Laws § 44-22](#) provides full details on the computation of the tax, including such factors as the marital and charitable deductions.

Estate tax update		
	2024*	2025**
Estate tax credit amount	\$83,370	\$85,375
Estate tax threshold	\$1,774,583	\$1,802,431

*For decedents dying in Calendar Year 2024. ** For decedents dying in Calendar Year 2025.

For more information about the Rhode Island estate tax credit and threshold, please see [ADV 2024-30](#).

■ ESTATE TAX – FILING FEE ELIMINATED

The passage of the State Fiscal Year 2025 budget removes the \$50.00 filing fee imposed on the transfer of estate assets. Beginning on or after January 1, 2025, there is no fee to file a Rhode Island Estate Tax return for decedents with dates of death on or after January 1, 2025. For decedents with dates of death before January 1, 2025, the Estate Tax filing fee is still required, including for Estate Tax returns that have not been filed by January 1, 2025.

For more information about the elimination of the Estate Tax filing fee, please see [ADV 2024-31](#).

■ INTEREST RATES

Interest on overpayments (refunds) for Calendar Year 2025 is at the rate of 8.00% per annum, a decrease of .5% from the rate for Calendar Year 2024. For Calendar Year 2025, the interest rate on underpayments (delinquencies) remains at 18% for Trust Fund taxes, and 12% for all other taxes.

Interest rates update		
	2024	2025
Overpayments	8.5%	8%
Underpayments – Trust Fund Taxes	18%	18%
Underpayments – Non-Trust Fund Taxes	12%	12%
Note: Rates are determined by formulas set forth in statute.		

For more details regarding interest rates please see [ADV 2024-27](#).

■ PERSONAL INCOME TAX

The Personal Income Tax inflation-adjusted amounts have been calculated for 2025. These amounts apply for **Tax Year 2025**. This means the adjusted amounts will not appear on tax returns filed in 2025 covering Tax Year 2024. They are important to know now for tax-planning purposes and will be the amounts on tax returns seen in early 2026 for Tax Year 2025.

For details about personal income tax standard deduction amounts, exemptions, tax brackets, and related information for Tax Year 2024, please see [ADV 2024-26](#).

■ ELIMINATION OF FEE FOR OBTAINING OR RENEWING EXEMPTION CERTIFICATE

The passage of the State Fiscal Year 2025 budget removed the \$25.00 fee for application for, or renewal of, a Sales Tax Exemption Certificate for qualifying charitable, educational, and religious organizations. Sales Tax Exemption Certificates are valid for four (4) years from the date of issuance.

While the process for applications and renewals remains unchanged, there is no longer a fee for applications or renewals due after January 1, 2025.

For more information about the elimination of the fee for application for, or renewal of, a Sales Tax Exemption Certificate for qualifying charitable, educational, and religious organizations, please see [ADV 2024-31](#).

■ TAX CREDITS EXTENDED

Under legislation enacted in the 2024 legislative session, a number of tax credit and incentive programs that were scheduled to expire are now extended into 2025. The following table shows the updated sunset dates:

Tax credits and incentives update		
PROGRAM:	OLD SUNSET DATE:	NEW SUNSET DATE:
Stay Invested in RI Wavemaker Fellowship	December 31, 2024	December 31, 2025
Rebuild Rhode Island Tax Credit	December 31, 2024	December 31, 2025
Rhode Island Qualified Jobs Incentive Act of 2015	December 31, 2024	December 31, 2025
Rhode Island Tax Increment Financing	December 31, 2024	December 31, 2025
Historic Preservation Tax Credits 2013	June 30, 2024	June 30, 2026

■ PERSONAL AND CORPORATE INCOME TAX CHANGES

Under legislation enacted in the 2024 legislative session, several changes to personal and corporate income taxes in Rhode Island went into effect on January 1, 2025 for the 2025 Tax Year. These changes are summarized in the following table:

Change	Description
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.

The Rhode Island Division of Taxation, part of the Rhode Island Department of Revenue, is open to the public from 8:30 a.m. to 3:30 p.m. business days. For more information, contact the Division of Taxation at (401) 574-8829 or see <https://tax.ri.gov/about-us/contact-us>.
