



Division of Taxation

Department of Revenue

Rhode Island Tax News

1st Quarter, 2025

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Updates

2025 Tax Changes



A number of tax changes 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 related to Tax Year 2024.

Find the details in [Advisory 2025-01](#).

Advisory 2025-01

New Webpage: fraud prevention resources



Fraud Protection

HOW-TO



Monitor your accounts

Monitor your financial statements, online accounts, and government correspondence for signs of fraud or identity theft.



Get an IP PIN

Get an identity protection PIN - learn how at <https://www.irs.gov/identity-theft-fraud-scams/get-an-identity-protection-pin>.



Strengthen your passwords

Use strong, unique, passwords for all online accounts. Do not reuse passwords.



Freeze your credit

Freeze your credit with all three bureaus; learn how at <https://www.usa.gov/credit-freeze>.



Use MFA verification

Enable multi-factor authentication on all of your online accounts.



Remain vigilant

Keep up these good habits. The danger of fraud does not lessen over time.

Learn more at www.tax.ri.gov

The Division has launched a new [fraud prevention webpage](#) that provides resources and information to help taxpayers and tax professionals combat fraud and identity theft.

Information, helpful links, and action items to assist taxpayers provide a roadmap of the best steps to take to keep personal and financial information safe. The webpage will be updated on an ongoing basis to provide the most timely information as emerging trends in fraud activity are identified.

The webpage also contains contact information for taxpayers that are victims of

fraud and need to report fraudulent activity impacting them.

Those who witness or suspect fraud can also find the contact information for the Division's confidential fraud tipline on the page.

Find the details in [Advisory 2025-05](#).

Fraud Guidance Webpage

ADV 2025-05



TY 2024 filing season reminders

Filing season for Tax Year 2024 personal income taxes opened on January 27 with a due date of April 15.

The Division has published its annual filing season reminders Advisory, containing important dates, information on which forms to file, and more.

Find the details in [Advisory 2025-04](#).

ADV 2025-04

Declaratory Rulings: webpage update

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Declaratory Rulings

A **Declaratory Order** is an explanation of a statute and/or regulation and its applicability to a requester's particular facts.

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

To submit any inquiries related to Declaratory Orders, including to request a Declaratory Order, to withdraw a request for issuance of a Declaratory Order, or to provide additional documents/information related to the request for an Order, direct your inquiry by email to: Tax.Legal@tax.ri.gov.

The Declaratory Rulings page of the Division's website, available at <https://tax.ri.gov/guidance/declaratory-rulings>, has always contained an archive of Declaratory Orders, and dates back to 1992.

New as of January 2025, the webpage contains additional information about Declaratory Orders, the Declaratory Ruling process, and now includes the email address that requests for rulings should be submitted through.

[Visit the page](#)

Free File

Rhode Island is one of many states nationwide offering the Free File program to taxpayers. The free service is made possible from Free File, which is a partnership between the Internal Revenue Service, the Rhode Island Division of Taxation, other states, and the Free File Alliance, a group of private-sector tax preparation companies that have agreed to provide free commercial online tax preparation and electronic filing.



Many Rhode Islanders making less than \$84,000 a year are eligible to benefit from Free File when filing Tax Year 2024 returns.

For information on eligibility, participating companies, and additional resources, or to utilize Free file services, visit the [Division's Free File webpage](#), visit the [IRS's Free File webpage](#), or find more details in [Advisory 2025-03](#).

[ADV 2025-03](#)

In the Community

Charitable Giving

The Division of Taxation's **mission** is composed of impartially and fairly administering and collecting all taxes as required by Rhode Island law, providing guidance on state tax issues, and engaging in quality interactions with taxpayers.

Our **passion** is serving Rhode Island and strengthening our communities. In addition to our state service, the Division of Taxation team also supports local non-profit organizations off-the-clock. Here are some of our favorite projects:

- United Way Workplace Giving - Many team members opt into United Way of Rhode Island's workplace giving program, which automatically transfers a small donation to United Way from each paycheck.
- Ongoing support of the Rhode Island Community Food Bank - Our team is comprised of kind and caring people. A few thoughtful team members have organized a centralized food collection that makes it easy for Division staff to support the Rhode Island Community Food Bank year-round with canned goods and other nonperishable food donations.
- Holiday drives - The last two months of the year are always dedicated to holiday drives - one that supports the Rhode Island Community Food Bank, and one that provides holiday gifts to children involved in the foster care system. In 2024, those two drives raised a combined \$2,700 of staff donations.
- Monthly donations - For the other ten months of the year, staff members nominate Rhode Island charities with missions close to their hearts to be selected as recipients of our monthly giving program. In 2024, we raised \$2,858 over ten months. That means each nonprofit received an average donation of \$317.56.

In 2024, we supported:

- Crossroads Rhode Island
- Three Angels Fund
- Project Hand up
- RI Kids Count
- Providence Animal Rescue League
- Audubon Society of Rhode Island
- The Avenue Concept
- East Bay Community Action
- Tomorrow Fund

Thank you to Rhode Island's vibrant nonprofit community. We are so proud to support the amazing work you are doing to uplift Rhode Islanders.

Tax Compliance Day

The Division of Taxation's second year of the Tax Compliance Day program kicked off with a Tax Compliance Day at Rhode Island College on January 13, 2025.

Approximately 50 taxpayers attended the event. For those unfamiliar with the Tax Compliance Day event model, Tax Compliance Day is an event hosted periodically by the Division of Taxation to give taxpayers an opportunity to seek resolution for complex Rhode Island and/or federal tax issues in easily accessible locations and at convenient times.







Tax Compliance Day events are intended to help taxpayers access representatives from the IRS, the RI Division of Taxation, and other state and federal agencies, all in the same location at the same time.

To learn more about Tax Compliance Days, visit the Division's [Tax Compliance Day webpage](#).



Tax Compliance Day - January 13, 2025

ATTENDEES RECEIVED THE FOLLOWING ASSISTANCE

<p>50% Received help from</p>	 <p>IRS Taxpayer Advocate Service</p> <ul style="list-style-type: none"> • Provides wage and income transcripts • Offers on-site resolution to IRS account issues and if unable to resolve on the spot will create a case
<p>22% Had taxes prepared by</p>	 <p>IRS Volunteer Income Tax Assistance (VITA)</p> <ul style="list-style-type: none"> • Free tax preparation as far back to 2017 for federal and state personal income tax returns • Electronic filing for tax years 2020-2022 • Paper filing for tax years 2017-2019
<p>5% Utilized services of</p>	 <p>RI Department of State's Division of Business Services</p> <ul style="list-style-type: none"> • Notarial services • Entity status checks • General filing and maintenance information • State-level licensing information • Business reinstatement or dissolution
<p>9% Inquired with</p>	 <p>RI Department of Labor and Training's Employer Tax Unit</p> <ul style="list-style-type: none"> • Resolution of billing issues • Registration questions • Referral to Unemployment and Temporary Disability Insurance (TDI) areas
<p>42% Were provided information by</p>	 <p>Division of Taxation Income Tax Section</p> <ul style="list-style-type: none"> • Tax status updates • State Wage and Income Transcripts, including state taxes withheld
<p>25% Began resolution</p>	 <p>Division of Taxation Collections and Compliance Section</p> <ul style="list-style-type: none"> • Balance resolutions including Payment Plans and Offer in Compromise considerations • License and Registration clearances

[Learn more](#)

Interested in the Division's other outreach programs?

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

Tax Talk

Sales permit - when is it required?

Any individual or business is required to have a sales permit when they are making sales at retail. Sales at retail include the sale, lease, or rental of tangible personal property, prewritten computer software including vendor hosted prewritten computer software, and specified digital products.

There are also several services that meet the definition of a retail sale including:

- pet services,
- investigation, guard and armored car services, and
- taxi-cab, limousine and ride share services.



It is a common misconception that a sales permit is only required when a retailer is selling taxable goods. In fact, the sales of non-taxable goods such as clothing does not relieve a retailer from being required to have a sales permit. All entities making sales at retail are required to have a sales permit, regardless of what they sell.

If a taxpayer selling goods or services has questions about sales permits, they should contact the Division's Excise Tax Section for assistance at: tax.excise@tax.ri.gov. Please provide as much detail as you can about your business and your specific question.



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.

[Report Online](#)

[401-574-TIPS \(8477\)](tel:401-574-TIPS)

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 Q4's Administrative Decisions, the issues addressed were:

[Administrative Decision 2024-22:](#)

It was determined that the taxpayer breached its 2023 Stipulation with the Division relating to the seizure of untaxed Other Tobacco Products (OTP). The Stipulation was breached due to nonpayment. As outlined in the Stipulation, this breach resulted in the taxpayer owing the full tax and penalties assessed by the Division in its initial notice of assessment as well as any accrued interest.

[Administrative Decision 2024-23:](#)

It was determined that the taxpayer breached its 2023 Stipulation with the Division relating to the Taxpayer's refusal to allow inspection of the business. The business is a tobacco dealer, and subject to inspection under R.I. Gen. Laws § 44-20-40.1. The Stipulation was breached due to nonpayment. As outlined in the Stipulation, this breach resulted in the taxpayer owing the full amount imposed by the Division's 2022 notice of assessment as well as a ten-day suspension of the Cigarette Dealer's License.

[Administrative Decision 2024-24:](#)

It was determined that the taxpayer owed the Other Tobacco Products (OTP) tax and penalties assessed by the Division as well as any accrued interest.

[Administrative Decision 2024-25:](#)

It was determined that the tax and penalty on Other Tobacco Products (OTP) were properly assessed. As appropriate recordkeeping procedures for the OTP were not followed by the taxpayer, and due to the taxpayer having interfered with the investigator's attempts to inspect invoices, the taxpayer was found to owe the cigarette and OTP tax and any accrued interest, as well as the assessment for interference. Additionally, the taxpayer's license was suspended for thirty days.

[Administrative Decision 2024-26:](#)

It was determined that the taxpayer owed the tax and penalties assessed by the Division for the seized Other Tobacco Products (OTP) as set forth in the notice of assessment, as well as any accrued interest.

[Administrative Decision 2024-27:](#)

It was determined that the taxpayer owed the tax and penalties on untaxed seized Other Tobacco Products (OTP) assessed by the Division, as well as any accrued interest.

[Administrative Decision 2024-28:](#)

It was determined that the taxpayer breached its Stipulation with the Division relating to the seizure of cigarettes and Other Tobacco Products (OTP). The taxpayer violated the tobacco tax statute four (4) times in addition to breaching its Stipulation. For this reason, it was determined the taxpayer owed the full amount of OTP and cigarette tax, as well as penalties and any accrued interest. In addition, the taxpayer's Cigarette Dealer's License was revoked.

[Administrative Decision 2024-29:](#)

It was determined that the taxpayer owed the tax and penalties assessed on seized untaxed cigarettes, as well as the accrued interest. Additionally, the taxpayer's Cigarette Dealer's License was suspended for 14 days.

[Administrative Decision 2024-30:](#)

It was determined that taxpayer owes the assessed tax and penalties on seized untaxed cigarettes, as well as any accrued interest.

[Administrative Decision 2024-31:](#)

It was determined that the taxpayers were not entitled to the refund claimed for 2020, and the Division properly denied the taxpayers' claim for refund, as the claim for refund was out of time.

[View Administrative Decisions Archive](#)



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

— Oliver Wendell Holmes Jr.

Connect

