



Rhode Island Department of Revenue **Division of Taxation**

RI/MA Chapter of NATP

January 8, 2026

Carlita Annicelli

Chief of Personal and Corporate Income Tax Section

Agenda

- About Us: Division of Taxation
- Personal and Corporate Income Tax Updates
- Excise and Estate Tax Updates
- Closing Remarks

About Us

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

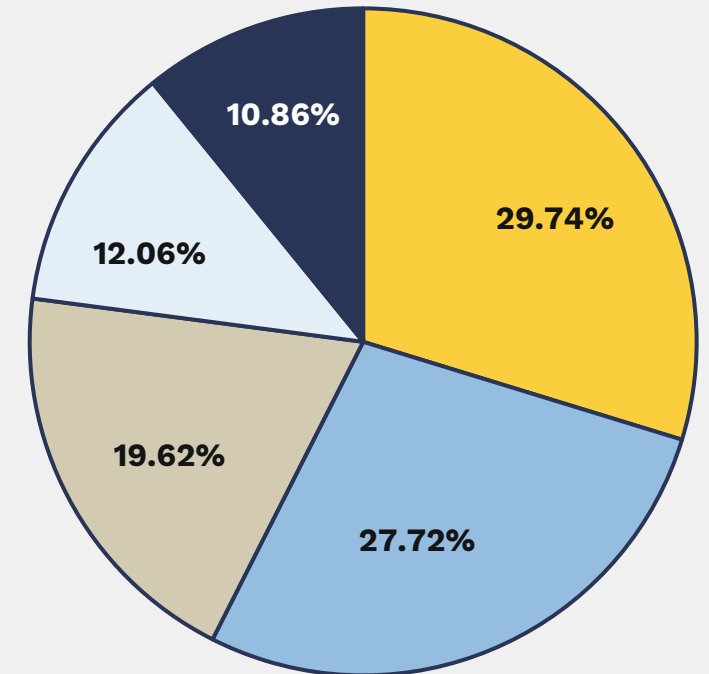
- The Rhode Island Division of Taxation employs **228 tax professionals**, administering more than **62 different taxes and fees**.
- Taxes represent **the most significant source of General Fund revenue** for Rhode Island – funds used to help pay for vital services including public safety, education, transportation, and recreation for all Rhode Islanders.
- Each year, the Division **collects and distributes more than \$5.45 billion** in funds to the State, municipalities, and other agencies (as of FY 25).

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.

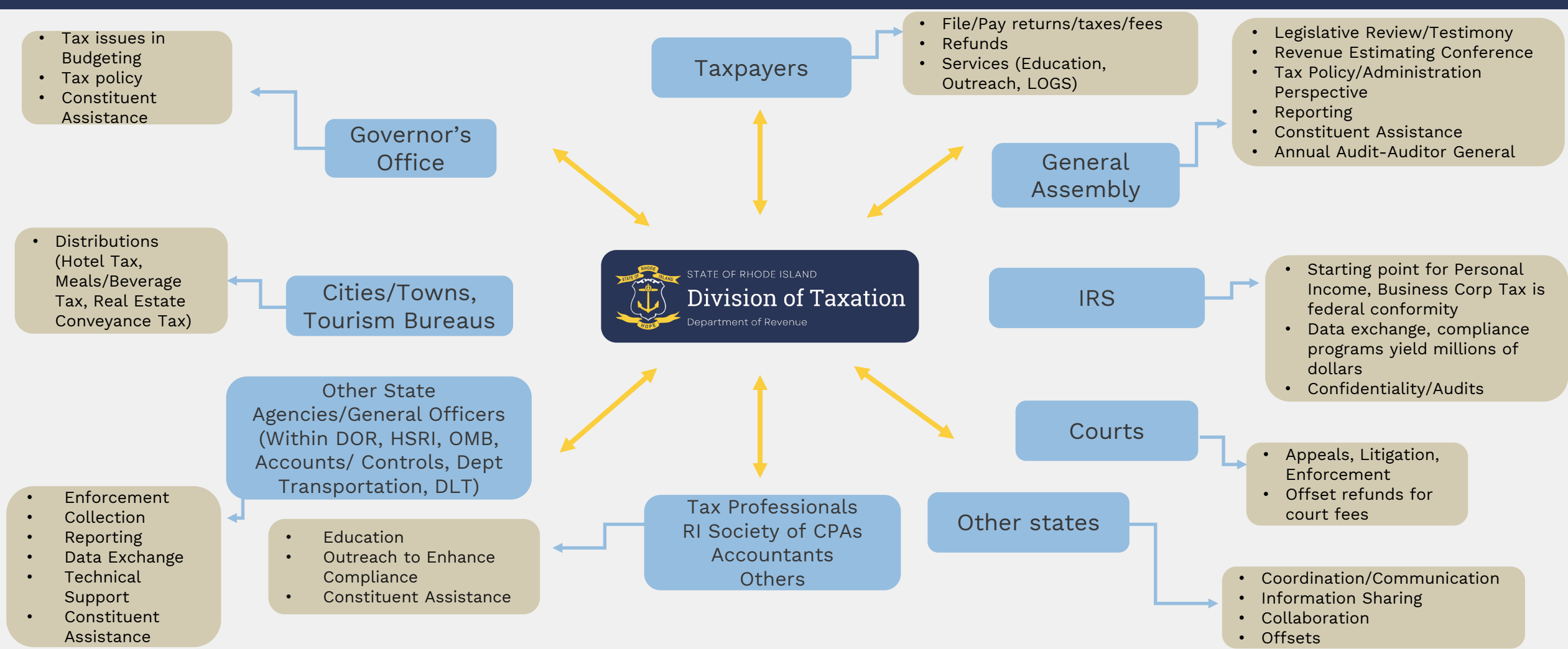
Total State Tax Revenue Collected by the Division of Taxation for Fiscal Year 2025 (\$, In Millions)

FY25 Receipts: \$5.45B

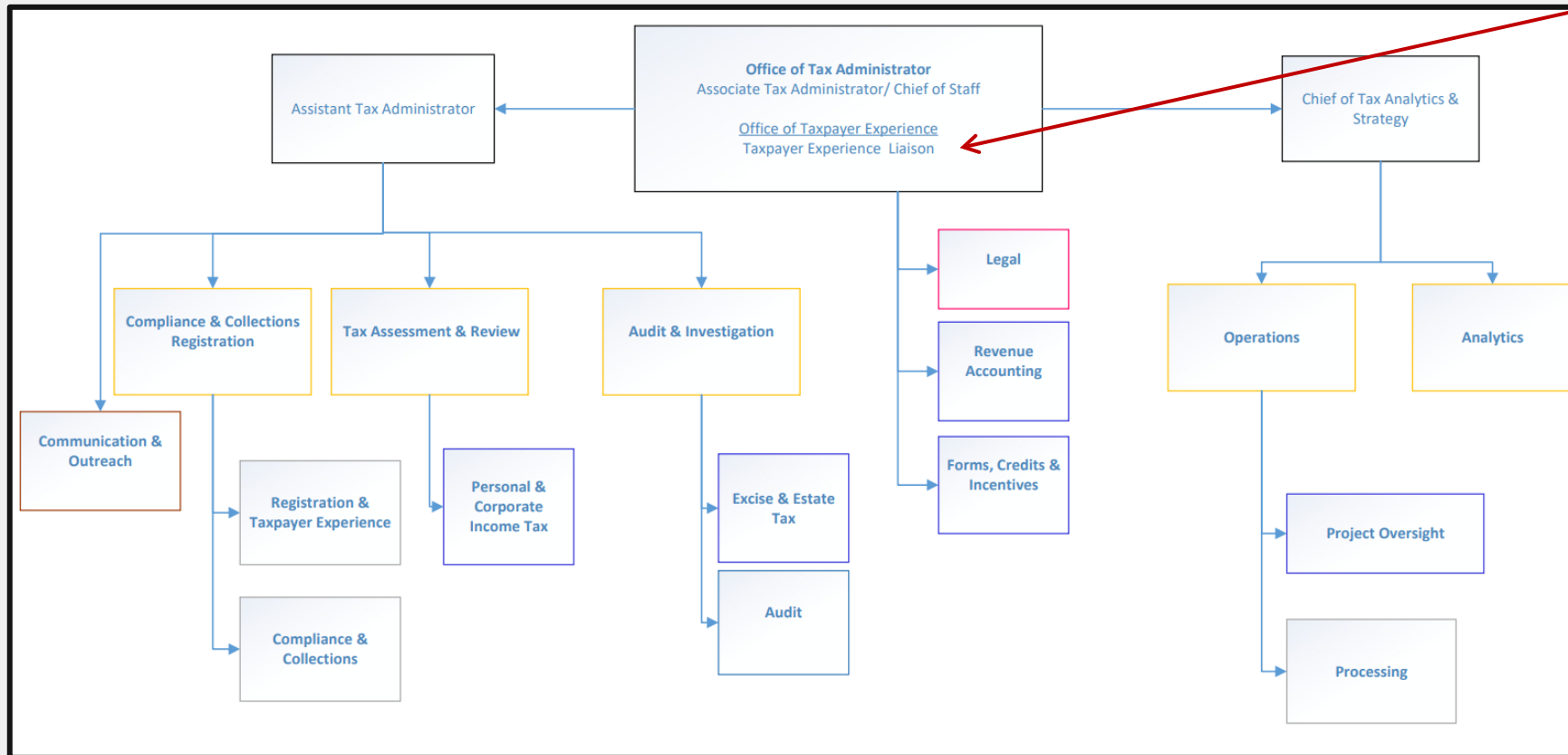


■ Withholding ■ Sales ■ Corp ■ PIT ■ Estate, M&B, Hotel & Other

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

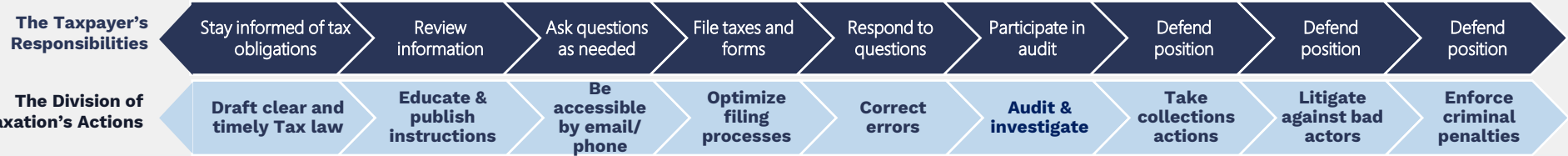
The Tax Administration Efficiency Continuum

VOLUNTARY COMPLIANCE

FORCED COMPLIANCE

Less expensive, more efficient revenue generation

More expensive, less efficient, but necessary



- ▲ Creating a dedicated taxpayer experience team, expanding outreach to aid taxpayers, providing more direct access for taxpayers, creating educational material for common taxpayer issues
- ▲ Expanding the taxpayer service portal, creating digital signature options, upgrading technology, appointment system pilot
- ▲ Improving staff training, data analysis, improving forms and data retrieval
- ▲ Expanding the remote audit program, implementing best practices
- ▲ Developing industry guidelines

How are we improving taxpayer services, voluntary compliance?

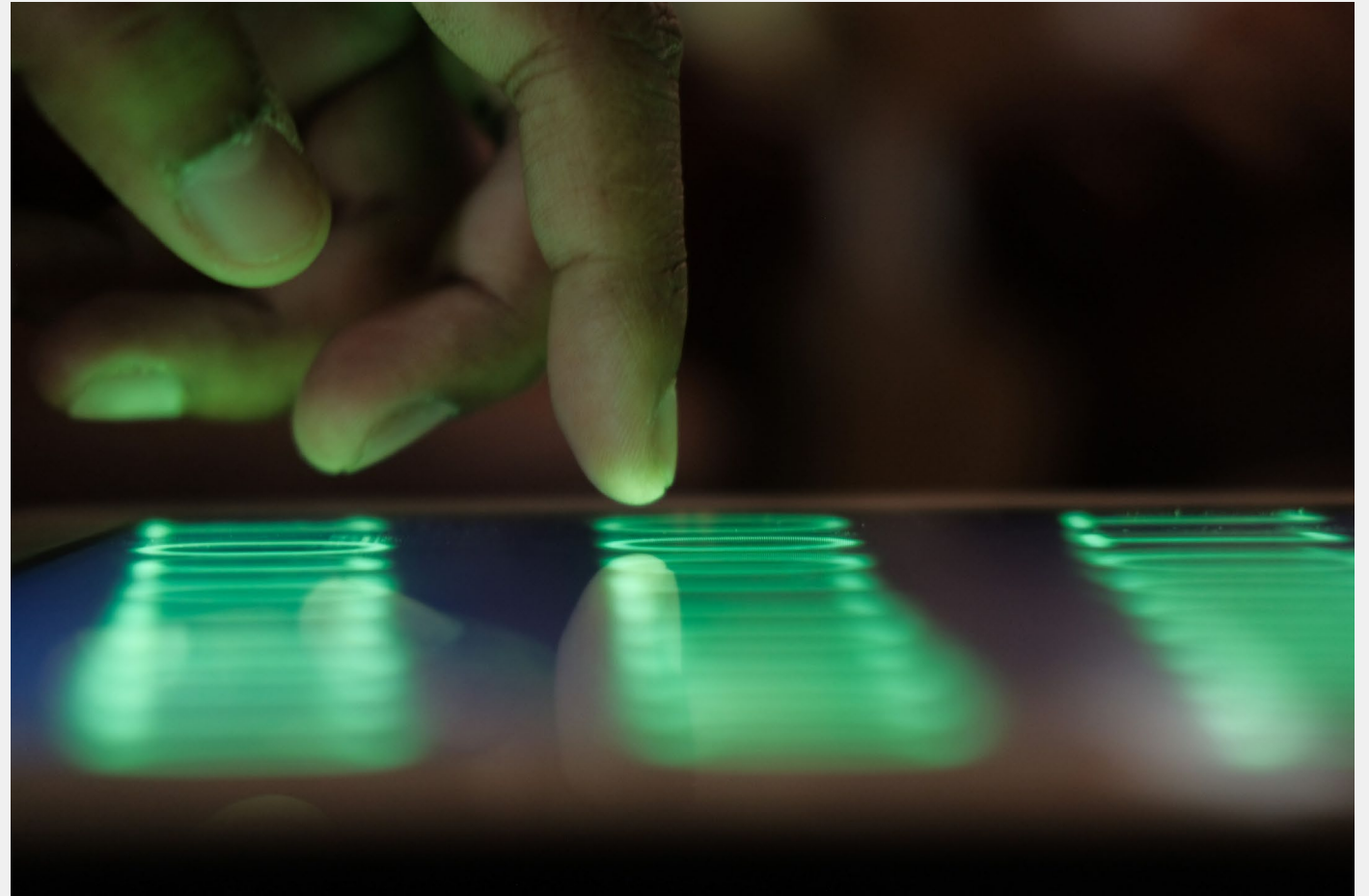
Taxpayer Experience Office/Team

Preventing Fraud

Tips and Best Practices

Fraud Trends

- IRS/States/Tax Software Industry collaborating on fraud detection and prevention and monitoring data/trends through the IDTTRF-ISAC and the Security Summit.
- [How Do You Report Suspected Tax Fraud Activity? | Internal Revenue Service \(irs.gov\)](#)
- [Dirty Dozen | Internal Revenue Service \(irs.gov\)](#)
- Criminals are becoming more creative, with better technology, and means to perpetrate fraud.



Preventing Fraud

Fraud Guidance webpage: <https://tax.ri.gov/guidance/fraud-guidance>



STATE OF RHODE ISLAND

Division of Taxation

Department of Revenue

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.

Preventing Fraud

How to Mitigate Fraud

- ☑ Consistently update software and operating systems with latest patches—outdated applications and operating systems are the most targeted vulnerabilities for ransomware.
- ☑ Train your staff about phishing, cyber security and to look carefully at emails before responding. Check and double check.
- ☑ Use multifactor authentication and strong passwords.
- ☑ Back up data on a regular basis—maintain it on a separate device and store it offline.
- ☑ Implement a disaster recovery plan.
- ☑ Check the Taxpayer Portal: [RI Taxpayer Portal](#).
- ☑ Visit [How Do You Report Suspected Tax Fraud Activity? | Internal Revenue Service \(irs.gov\)](#).
- ☑ Reach out to the RI Division of Taxation: [Contact Us | RI Division of Taxation](#).

Personal and Corporate Income Tax Section

Personal and Corporate Income Tax

- Personal Exemptions \$5,100
- Standard Deduction
 - Single \$10,900
 - Joint/Qualifying Widow(er) \$21,800
 - HOH \$16,350
 - Married filing Separately \$10,990

- Exemption and Deduction Phaseout Amounts
 - \$254,250 – \$283,250

2025 Tax Year
Inflationary changes

- Social Security Amounts
 - Single \$107,000
 - Joint \$133,500
- Pension and Annuity
 - Single \$107,000
 - Joint \$133,500

- Property Tax Relief Credit \$700
 - Income Limitation \$40,730

Personal and Corporate Income Tax

TY 2025 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

Legislative Changes – Tax Credits and Sunsets

Credit	Change	Affects
Jobs Growth Act Tax Credit	Eliminates any tax credits for tax years beginning on or after 1/1/2026.	42-64.11-7
Tax Increment Financing	The Rhode Island Commerce Corporation shall enter into no tax increment financing agreement after 12/31/2026.	42-64.21
Specialized Investment Tax Credit	Eliminates any tax credits for tax years beginning on or after 1/1/2026.	44-31-2
Elective Deduction for Research and Development Facilities	Eliminates any deductions for tax years beginning on or after 1/1/2026 with carry forward for deductions allowed for tax years ending on or before 12/31/2025.	44-32-1
Research and Development Property Tax Credit	Eliminates any tax credits for tax years beginning on or after 1/1/2026 with carry forward for credits allowed for tax years ending on or before 12/31/2025.	44-32-2
Employment Tax Credit	Eliminates any tax credits for tax years beginning on or after 1/1/2026.	44-39.1-5
Tax Incentives for Capital Investment in Small Businesses	Eliminates any tax credits, deductions, or modifications for tax years beginning on or after 1/1/2026.	44-43-2 44-43-3

Personal and Corporate Income Tax

Pension and Annuity Modification

- Modification cap TY 25 = \$50,000
- Inflation increase to current AGI limit
 - TY 25:
 - Single: \$107,000
 - Joint: \$133,500
- Modification is based on full retirement age of 66 years and 10 months
 - Born on or before March 1, 1959
- Does not include IRAs

Social Security Income Modification

- Tax Year 2025 = No modification cap
- AGI and income limits are the same as RI Pension and Annuity Modification

Retirement
Income
Modifications
– Tax Year
2025

Military Pension Modification

- Tax Year 2025 = No modification cap

For more information regarding retirement income see the annual [Rhode Island Retirement Income Tax Guide](#)

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: **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

Visit [census.gov](https://www.census.gov) for more information on NAICS Codes.

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.		2024 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”
- R.I. Gen Laws § 44-30-71.3 requires withholding on the sale of real estate by non-residents
- [Non-resident Real Estate Withholding Instructions](#)
- Two methods
 - Net Proceeds Method
 - Gain Method
- Net Proceeds
 - Funds are withheld at the closing based on the net proceeds to the seller

Personal and Corporate Income Tax

Non-resident Real Estate Withholding

- Gain Method
 - [Regulation 280-RICR-20-10-1](#) requires the Election and Certificate Combination form be submitted 20 or more days before the date of the closing.
 - Please remember - most mail is received 3 to 5 days after it is mailed.
 - 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

- 71.3 withholding payment lines
 - RI-1040NR, Line 17c
 - RI-1041, Line 15c
 - RI-1065, Line 9c
 - RI-1120C, line 17a
 - RI-1040C, Line 14

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 Requests

Penalty Waivers

- Requests should be in writing and all balances should be paid in full less the penalty.
- Allow at least 30 days to process.
- Notification will be sent to the taxpayer once processed.

Requests for Information

- Responses should be **received within 20 days** of request.
- Documentation can be mailed, emailed, faxed, or submitted through drop box.
- **Email** or **fax** encouraged, as it allows for proof of receipt.
- Once response is submitted, please allow **5 business days** before checking the status.
- **Only send copies**, we are not responsible for originals sent via mail.

Personal and Corporate Income Tax

Income Tax Forms Best Practices

Common Errors/Best Practices:

- Incorrect Federal identification numbers - ID numbers are used to verify withholding amounts and should be completed correctly.
- 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.

Personal and Corporate Income Tax

Income Tax Forms Best Practices

Common Errors/Best Practices:

- 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.
- Accurately complete non-resident allocation indicators and schedules.
- Include all schedules with Amended RI-1040, even if nothing has changed.

Personal and Corporate Income Tax

H.R. 1 (Public Laws No.: 119-21) Rhode Island Response

Tax Base Retention:

- Creates advisory working group to study impact.
- Maintains tax base as is until next legislative session and allows for emergency regulations.
 - [280-RICR-20-25-16 \[86axasebb.cc.rs6.net\]](#)
 - [280-RICR-20-55-16 \[86axasebb.cc.rs6.net\]](#)
- Report with policy options and estimated fiscal impacts submitted on 10/30/25.
- [H.R. 1 \(Public Laws No.: 119-21\) | RI Division of Taxation](#)

Personal and Corporate Income Tax

H.R. 1 (Public Laws No.: 119-21) Rhode Island Response

State of Rhode Island Division of Taxation
2025 RI Schedule HR1 Individual
 Addback of Federal P. L. 119-21, H.R.1 Provisions

Name	Social security number
<input type="text"/>	<input type="text"/>

The following P. L. 119-21, H.R.1, 119th Cong. (2025) items taken as deductions on your Federal return are to be added back in order to determine your Rhode Island Modified Federal AGI.

1a Business interest expense deduction included on Federal Form 1040, Schedule C, line 16; or RI Schedule K-1, Section II, line 5 [I.R.S. Code 163(j)] (See instructions).....	1a		
b Section 174A Amortization Adjustment for research and development expensing from RI Schedule K-1, Section II, line 6 [I.R.S. Code 174A].....	1b		
c Depreciation of business assets [I.R.S. Code 179(b)].....	1c		
d Qualified sound recording production deduction from RI Schedule K-1, Section II, line 7 [I.R.S. Code 181].....	1d		
e Reserved for future use.....	1e		
f Total amount of P. L. 119-21, H.R.1 deductions. Add lines 1a - 1e. Enter here and on RI Sch. M, line 2k.....	1f		

State of Rhode Island Division of Taxation
2025 RI Schedule HR1 Individual
 Addback of Federal P. L. 119-21, H.R.1 Provisions

Name Social security number

The following P. L. 119-21, H.R.1, 119th Cong. (2025) items taken as deductions on your Federal return are to be added back in order to determine your Rhode Island Modified Federal AGI.

1a Business interest expense deduction included on Federal Form 1040, Schedule C, line 16; or RI Schedule K-1, Section II, line 5 [I.R.S. Code 163(j)] (See instructions)..... 1a

b Section 174A Amortization Adjustment for research and development expensing from RI Schedule K-1, Section II, line 6 [I.R.S. Code 174A]..... 1b

c Depreciation of business assets [I.R.S. Code 179(b)]..... 1c

d Qualified sound recording production deduction [I.R.S. Code 181]..... 1d

e Reserved for future use..... 1e

f Total amount of P. L. 119-21, H.R.1 deductions. Add lines 1a - 1e. Enter here and on RI Sch. M, line 2k..... 1f

State of Rhode Island Division of Taxation
2025 RI Schedule HR1 Entity
 Addback of Federal P. L. 119-21, H.R.1 Provisions

Name Federal employer identification number

The following P. L. 119-21, H.R.1, 119th Cong. (2025) items taken as deductions on your Federal return are to be added back in order to determine your Rhode Island taxable income.

1a Business interest expense deduction included on Federal Form 1065, line 15; Federal Form 1120, line 15; or Federal Form 1120-S, line 13 [I.R.S. Code 163(j)]..... 1a

b Section 174A Amortization Adjustment for research and development expensing [I.R.S. Code 174A]..... 1b

c Depreciation of business assets [I.R.S. Code 179(b)]..... 1c

d Qualified sound recording production deduction [I.R.S. Code 181]..... 1d

e Reserved for future use..... 1e

f Total amount of P. L. 119-21, H.R.1 deductions. Add lines 1a - 1e. Enter here and on Form RI-5041, Sch. M, line 2k; Form RI-1005, Sch. C, line 1f; Form RI 1120C, Sch. C, line 1c; or Form RI-1120S, Sch. C, line 1f..... 1f

Personal and Corporate Income Tax

H.R. 1 (Public Laws No.: 119-21) Rhode Island Response

Tip and Overtime Income Exemptions

- Below the line deductions on federal return
- No RI impact (since below the line deduction)

Research and Experimental Expenses (Section 174A)

- [ADV 2025-18](#)
- Decoupling from accelerated expensing
- Max 20% per year

Filing guidance for individuals and entities

- [ADV 2025-20](#)

Dedicated webpage

- <https://tax.ri.gov/guidance/hr-1-public-laws-no-119-21>

Personal and Corporate Income Tax

H.R. 1 (Public Laws No.: 119-21) Rhode Island Response

State of Rhode Island Division of Taxation
RI Schedule 174A
Section 174A Amortization Worksheet

Name	Tax Year	Federal employer identification number
------	----------	--

Did you make an election to amortize Section 174A research and experimental expenditures for this tax year? Yes No
 If "YES", do not complete this schedule.
 If "NO", complete this schedule and attach to your tax return.

Amortization Schedule

(a) Description of Costs	(b) Date Amortization Begins	(c) Amortizable Amount	(d) Code Section	(e) Period / %	(f) Amortization for the Year
1 Amortization of costs that begins during tax year _____					
2 Total amount of amortization. Add the amounts from line 1, column f					

Recalculation of Research and Experimental Expenditures (Section 174A) Amortization

Instructions:
Enter the amount of "research and experimental expenditures" Amortization claimed on Federal Form 4562, Part VI, line 42 and identified in column d as Section 174 on returns filed prior to July 4, 2025; and Section 174A for returns filed after July 4, 2025.

	Amortization # of years / %	Amortizable Amount	Tax Year 2022	Tax Year 2023	Tax Year 2024
TY22 - Original					
TY22 - Amended					
TY23 - Original					
TY23 - Amended					
TY24 - Original					
TY24 - Amended					
Adjustment					

Now
08/2025

State of Rhode Island Division of Taxation
RI Schedule 174A
Section 174A Amortization Worksheet

Name	Tax Year	Federal employer identification number
	2025	

Did you make an election to amortize Section 174A research and experimental expenditures for this tax year? Yes No
 If "YES", do not complete this schedule.
 If "NO", complete this schedule and attach to your tax return.

Part 1: Amortization Schedule

1 Amount of Section 174A research and experimental expenditures claimed on this tax year's Federal return	1	
---	---	--

(a) Description of Costs	(b) Date Amortization Begins	(c) Amortizable Amount	(d) Code Section	(e) Period / %	(f) Amortization for the Year
2 Amortization of costs that begins during tax year 2025					
3 Total amount of amortization. Add the amounts from line 2, column f					3

4 Amount to be added back on this year's Rhode Island return. Subtract line 3 from line 1. Enter here and on line 1b of 2025 RI Schedule HR1 - Entity	4	
---	---	--

Part 2 - Rhode Island Amortization Deduction Amount

For each year in which you began amortizing Section 174A research and experimental expenditures, enter the amount of Section 174A research and experimental expenditures to be deducted for Rhode Island purposes.

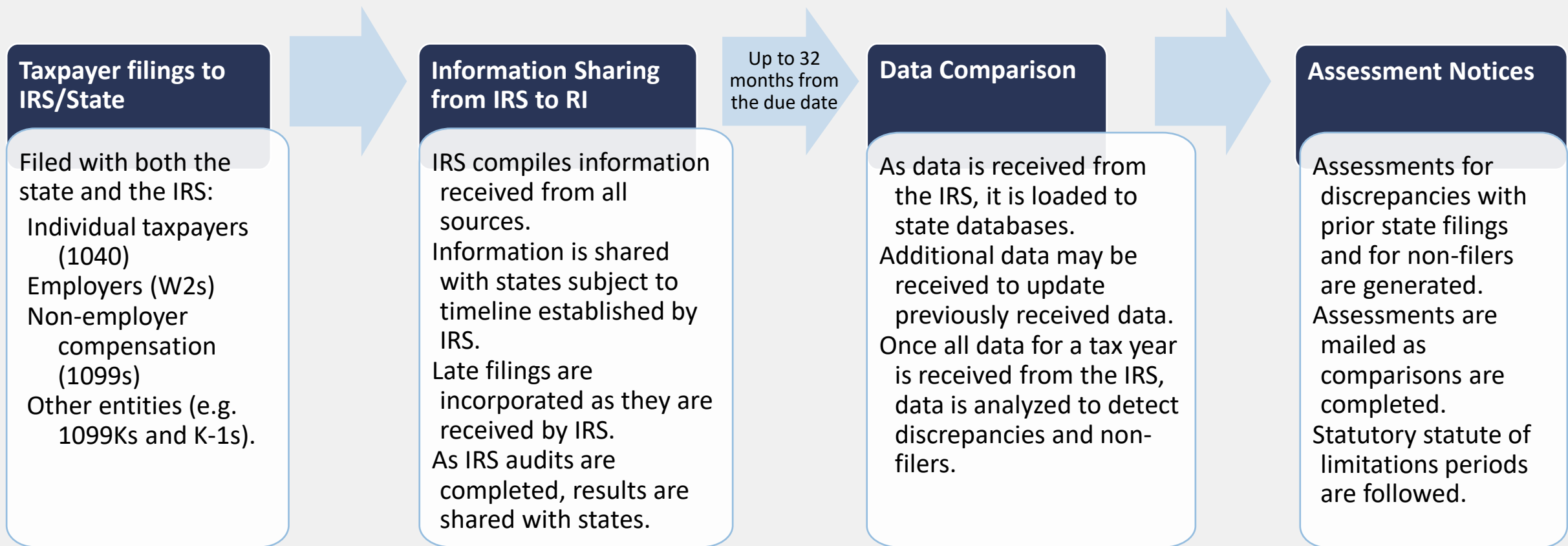
Amortization Begin Year	Amortization %	Amortizable Amount	Annual Rhode Island Amount
2022 *			
2023 *			
2024 *			
2025			
5 Rhode Island Amortization Deduction Amount. Add the Annual Rhode Island Amounts for all years. Enter here and on RI-1065, Sch. B, line 1e; RI-1120C, Sch. B, line 1g; RI-1120S, Sch. B, line 1e or T-74, Sch. B, line 5....			

* These tax years only apply to those entities who are eligible small business taxpayers with annual gross revenues of \$31 million or less. [H.R. 1 P.L. 119-21 § 70302(f)]

Now
08/2025

Personal and Corporate Income Tax

For IRS compliance audits, the Division receives and reviews information as available from the IRS as follows:



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

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 your Withholding account in the Taxpayer Portal.
- If you are an accounting firm submitting 1099s for your client(s):
 - You can upload your 1099 file in 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 be filed with the Division of Taxation if there is **Rhode Island income** listed on the 1099.

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

Theriza Iafrate

Chief of Excise and Estate Tax Section

Excise and Estate Tax

Legislative Changes - Summary



Motor Fuel Tax Increase

Effective 07/01/25



Real Estate Conveyance Tax Increase

Effective 10/01/25



Parking Services Now Subject to Sales Tax

Effective 10/01/25



Expansion of the Definition of Other Tobacco Products (OTP) to Include Nicotine Products

Effective 10/01/25



Increase of Local Rate for Hotel Tax

Effective 01/01/26



Whole Home Short-term Rental Tax

Effective 01/01/26



Tax on Kratom

Effective 04/01/26



Tax on Non-Owner Occupied Properties >\$1M

Effective 07/01/26

Excise and Estate Tax

Legislative Changes

Motor Fuel

- Motor Fuel Tax increase to \$.40 per gallon
 - Effective 07/01/25
 - Subject to inflation adjustments every 2 years starting on July 1, 2027
- [Advisory 2025-11](#)



Excise and Estate Tax

Legislative Changes

Real Estate Conveyance Tax Increase

On and After October 1, 2025:

- Tier 1 rate increase from \$2.30 to \$3.75 per \$500.
 - Tier 1 applies to the entire consideration paid.
- Tier 2 rate increase from \$2.30 to \$3.75 per \$500.
 - Tier 2 applies only to the consideration paid for Residential Real Property in excess of \$800,000.
- The Tier 1 and Tier 2 amounts are added together to determine the total conveyance tax due.
- The Tier 2 consideration threshold will be indexed for inflation.
- [ADV 2025-13](#)

Excise and Estate Tax

Legislative Changes

Real Estate Conveyance Tax Increase

Rhode Island real estate conveyance tax: on and after October 1, 2025

Tax rate:	Applies to:
\$3.75 for each \$500.00 of the consideration paid	The entire consideration paid
\$3.75 for each \$500.00 of the consideration paid	The consideration paid for <u>Residential Real Property</u> in excess of \$800,000.00
If the consideration exceeds \$100.00, tax applies to the entire amount.	

Excise and Estate Tax

Legislative Changes

Real Estate Conveyance Tax Increase

	9/30/2025 and prior	As of 10/01/25
Sales Price	\$ 1,200,000.00	\$ 1,200,000.00
Tax Rate per \$500	\$ 2.30	\$ 3.75
Tier 1 Tax Due	\$ 5,520.00	\$ 9,000.00
Tier 2 Amount	\$ 400,000.00	\$ 400,000.00
Tax Rate per \$500	\$ 2.30	\$ 3.75
Tier 2 Tax Due	\$ 1,840.00	\$ 3,000.00
Total Conveyance Tax	\$ 7,360.00	\$ 12,000.00

Excise and Estate Tax

Legislative Changes

Real Estate Conveyance Tax Increase

On and after October 1, 2025, if the consideration paid for a property is \$800,500, the tax would be calculated as follows:

Tier 1 rate of \$3.75 per \$500 on the entire \$800,500 = \$6,003.75.

Tier 2 rate of \$3.75 per \$500 applies only to the \$500 over \$800,000 = \$3.75.

Tier 1 and Tier 2 are added together to determine the total conveyance tax due = \$6,007.50.

Examples - Rhode Island real estate conveyance tax: On and after October 1, 2025

Total Consideration Paid	Tax rate Tier 1 \$3.75/\$500 for entire consideration paid	Consideration paid over \$800,000	Tax rate Tier 2 Additional \$3.75/\$500 for consideration paid over	Total Tax Due
\$ 1,000,000.00	\$ 7,500.00	\$ 200,000.00	\$ 1,500.00	\$ 9,000.00
\$ 800,000.00	\$ 6,000.00	\$ -	\$ -	\$ 6,000.00
\$ 5,000,000.00	\$ 37,500.00	\$ 4,200,000.00	\$ 31,500.00	\$ 69,000.00
\$ 195,000.00	\$ 1,462.50	\$ -	\$ -	\$ 1,462.50
\$ 300,000.00	\$ 2,250.00	\$ -	\$ -	\$ 2,250.00
\$ 105,240,000.00	\$ 789,300.00	\$ 104,440,000.00	\$ 783,300.00	\$ 1,572,600.00

Excise and Estate Tax

Legislative Changes

Sales Tax on Short-term Parking Services

- Starting October 1, 2025, short-term paid parking services are subject to the 7% Rhode Island sales tax.
 - Added to the definition of services which are taxable.
 - For purposes of occupancy by a patron in exchange for a parking fee.
- In this instance, short-term parking is defined as any parking services where the duration of use by the vehicle is less than a month.
- Any parking services with a duration of a month or longer are not subject to sales tax.
- Examples include beach parking lots, event parking, and store parking garages.
 - Applies to parking services provided by businesses as well as state and local governments.
- [ADV 2025-14](#)

Excise and Estate Tax

Legislative Changes

Definition of OTP Expanded

- Effective October 1, 2025.
- The definition of other tobacco products (OTP) expanded to include all products that contain nicotine, whether natural or artificial.
- Starting October 1, OTP tax imposed on nicotine products, including those which were not previously taxed as OTP.
- Tax rate = 80% of the wholesale cost for OTP, with certain exceptions.

Excise and Estate Tax

Legislative Changes

OTP Floor Tax

Nicotine Products which now meet the definition of OTP

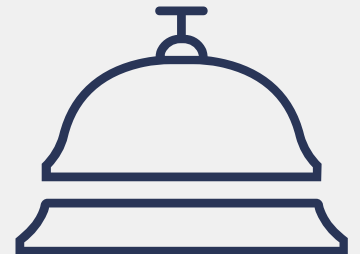
- As of 12:01 am on October 1, 2025
 - 80% of the wholesale cost
- “Floor tax” on existing inventory
 - Return is due 10/16/2025
- Floor tax returns and payments must be filed/paid only on the RI Taxpayer Portal
 - Must be filed by all CTE Dealers and CTE Distributors
- Any non-filers will receive estimated assessments
- Notice to CTE Dealers and Distributors: [Notice 2025-07](#) and [Notice 2025-08](#)

Excise and Estate Tax

Legislative Changes

Hotel Tax Increase

- Rhode Island's local hotel tax rate will increase from 1% to 2%
- This tax applies to:
 - Hotels & short-term lodging rentals
 - Offered for rent for periods of 30 consecutive days or fewer
- Effective January 1, 2026



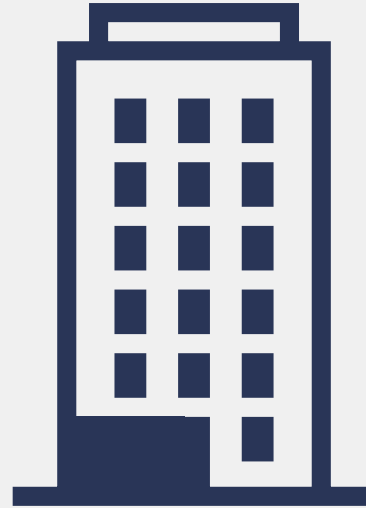
Excise and Estate Tax

Legislative Changes

Whole Home Short-term Rental Tax

- The whole home short-term rental tax will be **5%**
- Rentals subject to the tax are rentals of entire residential dwellings such as:
 - Houses
 - Condos
 - Mobile homes
 - Other residential dwellings
 - Includes vacation rentals and/or rentals offered through online hosting platforms
- This tax applies to:
 - Short-term rental of a residential dwelling in its entirety
 - Offered for rent for periods of 30 consecutive days or fewer
- In addition to the 2% local hotel tax and the 7% sales tax
- Effective January 1, 2026
- [ADV 2025-16](#)

Comparison



Entire Residential Dwelling

Type of tax	Tax rate before 1/1/26	Tax rate on & after 1/1/26
State sales tax:	7%	7%
State hotel tax:	-	-
Local hotel tax:	1%	2%
Whole Home Short-term Rental Tax	-	5%
Total:	8%	14%

Traditional Hotel Room

Type of tax	Tax rate before 1/1/26	Tax rate on & after 1/1/26
State sales tax:	7%	7%
State hotel tax:	5%	5%
Local hotel tax:	1%	2%
Whole Home Short-term Rental Tax	-	-
Total:	13%	14%

Room Rental

Type of tax	Tax rate before 1/1/26	Tax rate on & after 1/1/26
State sales tax:	7%	7%
State hotel tax:	5%	5%
Local hotel tax:	1%	2%
Whole Home Short-term Rental Tax	-	-
Total:	13%	14%

Excise and Estate Tax

Legislative Changes

Whole Home Short-term Rental Tax FAQs

Q. If a rental is booked for the summer of 2026, but the customer booked it in 2025, is it subject the new tax rates for 2026?

A. Yes. All stays in 2026 are subject to the 2026 rates.

Any tax on the stay, including the difference of the 2026 tax rates from the 2025 rates, should be collected from the customer upon checkout and remitted as you would for any other stay during that time period.

[Whole Home Short-term Rental Tax FAQ](#)

Excise and Estate Tax

Legislative Changes

Sale of Kratom Legalized in Rhode Island

- The ability to sell Kratom and the tax imposed on all Kratom and Kratom products sold, or held for sale, in the state will go into effect on April 1, 2026.
- All Kratom and Kratom products sold at wholesale in Rhode Island must be sold by a licensed distributor and products sold at retail must be sold by a licensed retailer.
- The licenses for Kratom sales and distribution will be issued through the Rhode Island Department of Health (DOH).
- The tax rate will be 15% of the wholesale cost. This tax will be paid by the licensed distributors to the Division of Taxation.

Excise and Estate Tax

Legislative Changes

Non-Owner Occupied Property Tax

- Effective July 1, 2026.
- A new tax on real property with an assessed value over one million dollars (\$1M) if the property is not owner-occupied, as defined by law.
 - “Non-owner occupied” means that the residential property does not serve as the owner’s primary residence and is not occupied by the owner of the property for a majority of days during a given taxable year.
- Properties or buildings are exempted from the tax if they are rented for more than 183 days each year and:
 - Are subject to the Residential Landlord Tenant Act; or
 - Are subject to sales tax and/or hotel taxes.
- Assessed value is as of 12/31 as assessed by the town.

Excise and Estate Tax

Legislative Changes

Non-Owner Occupied Property Tax

- Tax will be \$2.50 per \$500 (or fractional part of \$500) of the assessed value over \$1,000,000. Tax will be paid in 4 equal installments paid throughout the tax year.
- **Calculation of Tax:**
 - The tax rate is \$2.50 per \$500 (or fractional part) of assessed value over \$1,000,000
 - Formula: $([\text{City/Town Assessed Value} - \$1,000,000] \div \$500) \times \$2.50 = \text{Annual Tax Due}$
 - For Quarterly Tax Due: $\text{Annual Tax Due} \div 4 = \text{Quarterly Tax Due}$
 - Installment due dates are 09/15, 12/15, 03/15, and 06/15

Excise and Estate Tax

Excise General News and Notes

- RI-STR Best Practices
 - Gross Receipts means Gross Receipts
 - Deductions should be completed correctly
 - Third-party delivery sales should be listed as sales for resale
 - Sales to exempt organizations should be included on the proper line
 - Reminder: all exemption certificates must be renewed every 4 years, if qualified
 - Inclusion of NAICS code
- Meals and Beverage Filings
 - City/Town Allocation Required
- Also Note:
 - Elimination of T-204A and T-204W requirement beginning with Tax Year 2024

Excise and Estate Tax

Estate Tax Closing Letters Updated

DOR Rhode Island Department of Revenue
Division of Taxation

[REDACTED]

[REDACTED]

[REDACTED]

NOTICE OF NO TAX ACCOUNT ID NO: [REDACTED]


ESTATE OF: [REDACTED]

LATE OF: [REDACTED] DATE OF DEATH: [REDACTED]

Based on the Estate Tax return filed, at this time it appears there is no Estate Tax due to the State of Rhode Island.

The Division of Taxation may examine the return filed in the future to determine estate tax liability of the decedent if there is: (i) evidence of fraud, malfeasance, collusion, concealment, or misrepresentation of material fact; (ii) a clearly defined substantial error; (iii) a serious administrative error; or (iv) IRS notification of audit, re-examination, or redetermination of estate tax liability.

THIS LETTER SHOULD BE KEPT AS A PERMANENT RECORD


Neena S. Savage
Tax Administrator

Issued: [REDACTED]

One Capitol Hill, 1st Floor, Providence, RI 02908 | Tel: (401) 574-8900 Fax: (401) 574-8956 TTY Relay via 711

State of Rhode Island
DIVISION OF TAXATION
One Capitol Hill
Providence, RI 02908-3800

Phone: (401) 574-8955
TTY Via 711
Fax: (401) 574-8914
Email: Tax.Estate@tax.ri.gov

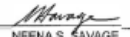
ESTATE CLOSING LETTER

Notice ID: [REDACTED]
Account ID: [REDACTED]

RE: Estate of [REDACTED], Date of Death: [REDACTED], Late Of: [REDACTED]

The Division of Taxation may examine this return in the future to determine estate tax liability of the decedent if there is: (i) evidence of fraud, malfeasance, collusion, concealment, or misrepresentation of material fact; (ii) a clearly defined substantial error; (iii) a serious administrative error; or (iv) IRS notification of audit, re-examination, or redetermination of estate tax liability.

THIS LETTER SHOULD BE KEPT AS A PERMANENT RECORD.


NEENA S. SAVAGE
TAX ADMINISTRATOR

ISSUED: [REDACTED]

CC: [REDACTED]

Reminder: No deed should be updated without a T-77 release

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

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

Taxpayer Portal

Same-Day Services aka “Guest Payments”

In Summary – Authentication Requirements

- Business Estimated Payment
 - Notice ID#
- Personal Estimated Payment
 - Prior Federal AGI
- Business Extension Filing **and** Payments
 - Notice ID#
- Personal Extension Filing **and** Payments
 - Prior Federal AGI
- Bill Payments
 - Invoice Number
- File a Form
 - Prior payment amount for the tax type

Member Sign In

Maximum of 3 sign-in Attempts are allowed. After 3 failed sign-in attempts, the account will be locked. Please use the Forgot UserID and/or Forgot Password links or wait 15 minutes to retry.

User ID

Password

SIGN IN

[Forgot User ID?](#) [Forgot password?](#)

New User?
[Create a New User](#)

Don't Have a Portal User Account?
Use our Same-Day Services
[Make a Payment \(same day withdrawal\)](#)
[File a Form \(alone or with payment\)](#)

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: Tax.Portal@tax.ri.gov

More Tax Resources

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



STATE OF RHODE ISLAND
Division of Taxation
Department of Revenue

Subscribe for tax news

Sign up to receive free RI tax news updates in your inbox.

Questions



Thank you



STATE OF RHODE ISLAND

Division of Taxation

Department of Revenue

Contact Us

401-574-8983

Taxpayer.Experience@tax.ri.gov

One Capitol Hill

Providence, RI 02908

