



STATE OF RHODE ISLAND

Division of Taxation

Department of Revenue

RHODE ISLAND RETIREMENT INCOME TAX GUIDE

MODIFICATIONS FOR RETIREMENT INCOME

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Introduction

The Rhode Island General Assembly has passed legislation that provides for retirement income-related modifications. This guide, published for Tax Year 2025 return preparation, covers three such modifications: the Pension and Annuity Income Modification, Military Service Pension Modification, and the Social Security Modification.

This guide is specific to Tax Year 2025. For prior-year guides, please [visit the Rhode Island Division of Taxation website](#). The guide you use should match the tax year for which you are preparing a return.

How to use this guide:

This guide is intended to assist taxpayers in determining how retirement income tax modifications may relate to their personal tax situation. It will focus on the Pension and Annuity Income Modification, the Military Service Pension Modification, and the Social Security Modification. This guide does not contain information on every modification that may be applicable to your specific tax situation. Please consult relevant statutory references, a tax professional, or attorney, as relates to your needs.

This document is intended to be a plain language discussion of the interaction of the Rhode Island General Laws with retirement income. It is not a substitute for the Rhode Island General Laws or for Rhode Island Division of Taxation regulations, rulings, or notices.

Note: It is important to make sure that you are using the correct forms and instructions posted by the Rhode Island Division of Taxation. Please ensure that you are using up-to-date information and the correct forms. Prior-year forms are not accepted for any year except the year for which the form was released. All forms and instructions can be found [on the Division of Taxation's website](#).¹

New for Tax Year 2025

As communicated in the [2025 edition](#) of the Retirement Income Guide, please note that an increase to the Pension and Annuity Income Modification amount has gone into effect for tax years beginning January 1, 2025. The amount of taxable pension and/or annuity income that can be exempted from Rhode Island personal income tax has increased from \$20,000 to \$50,000. This modification continues to be applied on an individual basis, meaning that for Tax Year 2025 joint filers may qualify for a combined total modification of \$100,000. This update does not change the qualifying income thresholds.

¹Prior year forms are not accepted for any year except the year for which the form was released. Do not alter forms; use the specific for the year for which you are filing.

Section 1: Pension and Annuity Income Modification – Overview

For Tax Year 2025, Rhode Island tax law allows up to \$50,000 of qualifying taxable pension and/or annuity income to be exempted from Rhode Island personal income tax.² This is called the Pension and Annuity Income Modification. This modification is applied on an individual basis. Because it is applied on an individual basis, for Tax Year 2025, joint filers may qualify for a combined total modification of \$100,000.

Requirements for Pension and Annuity Income Modification

A portion of your income is exempt from taxation in Rhode Island if you meet the following three requirements:

- 1) Your federal adjusted gross income (AGI) includes taxable income from pensions, 401(k) plans, annuities, and/or other such sources (see [Section 1a: Pension and Annuity Income Modification - Source of income](#));
- 2) You have reached “full retirement age” as defined by the Social Security Administration (see [Section 1b: Pension and Annuity Income Modification - “Full retirement age”](#)); and
- 3) Your federal AGI is below a certain threshold amount (see [Section 1c: Pension and Annuity Income Modification – Adjusted gross income \(AGI\)](#)).³

Each of these requirements is explored in detail in the following sections. For the reader’s convenience, the blue links in this document will bring you to the relevant information within this guide.

² For Tax Years 2017-2022, the law allowed a modification up to \$15,000 of federally taxable income from pensions, 401(k) plans, annuities, or other such sources, to be excluded as income subject to Rhode Island Personal Income Tax. This was increased to \$20,000 for Tax Years 2023 and 2024.

³ When the law was originally enacted, the threshold was \$80,000 for someone who is single and \$100,000 for a married couple filing a joint return. The amounts have increased with inflation. Amounts are subject to annual adjustment for inflation for tax years beginning on or after January 1, 2018, as required under [R.I. Gen. Laws § 44-30-12](#).

Section 1a: Pension and Annuity Income Modification – Source of income

There are many sources of retirement income that are included in Rhode Island’s Pension and Annuity Income Modification. This modification is sometimes also called the “pension/annuity” modification. No matter what it is called, retirement income is more varied than simply pension and annuity sources. This section will provide clarity on which sources of income the modification does and does not apply to.

At-a-glance table

The following table provides an at-a-glance summary of some items that are included, and some items that are not, for purposes of Rhode Island’s Pension and Annuity Income Modification under R.I. Gen Laws § 44-30-12.

Pension and Annuity Income Modification: What qualifies, what does not	
In general, if you have income from one or more sources listed in the left column below, and that income is included in your federal adjusted gross income (AGI), it will qualify for purposes of Rhode Island’s Pension and Annuity Income Modification. Although federal rules govern federal returns, the Division of Taxation as a convenience provides the following partial list of what does and does not qualify as taxable pension and annuity income for purposes of Rhode Island’s modification:	
Income from the following may qualify:	Income from the following does <u>not</u> qualify:
Private and government pensions	Individual retirement accounts (IRAs)
Annuities	Corrective distributions ¹
401(k) plans	Completed rollovers ²
403(b) plans	SEP-IRAs
457(b) plans	SIMPLE-IRAs
Life insurance annuity contracts	
Profit-sharing plans	
¹ Corrective distributions (including earnings) of excess salary deferrals or excess contributions to retirement plans. ² Completed direct rollovers from an employer’s qualified retirement plan (QRP) to another QRP or to an IRA or simplified employee pension (SEP).	
<small>Note: The taxable portion of one’s pension and annuity income is reported for Tax Year 2025 on line 5b of U.S. Form 1040, line 5b of U.S Form 1040-NR, or line 5b of U.S. Form 1040-SR. See also IRS Publication 575, “Pension and Annuity Income.” Rhode Island’s Pension and Annuity Income Modification applies for tax years beginning on or after January 1, 2017, and various eligibility rules apply.</small>	

Individual retirement accounts (IRAs)

It is important to note that income from individual retirement accounts (IRAs) (line 4a/4b) does not qualify for purposes of the Rhode Island Pension and Annuity Income Modification. No income from a traditional IRA, Roth IRA, SEP-IRA, or any other type of IRA qualifies for the Pension and Annuity Income Modification.

Electronic filing

Over 90% of Rhode Island personal income tax returns are prepared and

electronically filed (“e-filed”), using computer tax-preparation software. Tax-preparation software should automatically determine which sources of income will qualify for purposes of the Pension and Annuity Income Modification.⁴

For paper filers

For informational purposes, and for those who prepare their returns on paper, below is helpful information regarding how the modification works.

Pension and annuity income and Form 1099-R

For purposes of Rhode Island’s Pension and Annuity Income Modification, you must determine the source of the income, and whether the income is taxable at the federal level.

Determining this amount is generally straightforward. The amount that you receive in any given year from a pension, a 401(k) plan, a 403(b) plan, an annuity, or other such source is reported by the payer on a Form 1099-R.

The organization which distributed the amount to you during the calendar year must send the Form 1099-R to you and to the IRS. You should expect this form early in the new year when you receive other tax forms used to complete your income tax filing. The full title of Form 1099-R is: “Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.”

You should be able to tell from your Form 1099-R what portion of the distribution is taxable for federal tax purposes. That portion will qualify for purposes of the Rhode Island Pension and Annuity Income Modification.

The source of the income on your Form 1099-R will be clear. For example, if the income shown on your Form 1099-R must be included on line 5b of your U.S. Form 1040 or U.S. Form 1040-SR, it qualifies for purposes of the Rhode Island Pension and Annuity Income Modification.

IRA income does not qualify and will not be included on line 5b of your return. The instructions on your Form 1099-R are helpful in such a case. The following pages provide instructions on how to use your Form 1099-R.⁵

What is taxable?

The determination of what represents federally taxable income from pensions and annuities is made at the federal level.

In this publication, the Division of Taxation provides general guidance, including examples, to tax preparers and taxpayers as an aid in compliance.

When it comes to federal tax matters, taxpayers should consult their tax professional, the Internal Revenue Service, and/or federal tax law, federal tax cases, and federal regulations.

⁴ When preparing returns via tax-preparation software, it is important to check the calculations, inclusions, and exclusions to ensure accuracy. Software is a helpful tool; however, taxpayers are responsible for the accuracy of all returns, including those prepared by software and tax professionals.

⁵ Please note that, for convenience, some images in this publication and the associated line references involve federal tax forms for certain tax years. The form and line references may be different for future tax years.

VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution \$ _____	OMB No. 1545-0119 2025 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
		2a Taxable amount \$ _____				
PAYER'S TIN RECIPIENT'S TIN		2b Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>		Copy 1 For State, City, or Local Tax Department	
		3 Capital gain (included in box 2a) \$ _____	4 Federal income tax withheld \$ _____			
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		5 Employee contributions/ Designated Roth contributions or insurance premiums \$ _____	6 Net unrealized appreciation in employer's securities \$ _____			
		7 Distribution code(s)	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$ _____ %		
		9a Your percentage of total distribution % _____	9b Total employee contributions \$ _____			
		10 Amount allocable to IRR within 5 years \$ _____	11 1st year of desig. Roth contrib.	12 FATCA filing requirement <input type="checkbox"/>	14 State tax withheld \$ _____	15 State/Payer's state no.
Account number (see instructions)		13 Date of payment \$ _____	17 Local tax withheld \$ _____	18 Name of locality \$ _____		19 Local distribution \$ _____

Form **1099-R** www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service

Income Placement on Federal Return

As noted elsewhere in this guide, distributions from pensions, annuities, 401(k) plans, 403(b) plans, and governmental 457(b) plans, qualify as “pension and/or annuity income” for purposes of Rhode Island’s Pension and Annuity Income Modification under R.I. Gen. Laws § 44-30-12.

The Rhode Island legislation that created the Rhode Island Pension and Annuity Income Modification described in this guide uses the term “pension and/or annuity income” - a reference to a line which is on U.S. Form 1040 (and on U.S. Form 1040-SR). That provides a shortcut for tax preparation purposes, too - whatever income is properly included on that particular line is included for purposes of Rhode Island’s modification.

Thus, whatever you properly include as taxable pension income and/or taxable annuity income on that line on your federal income tax return (whether U.S. Form 1040 or U.S. Form 1040-SR) qualifies for purposes of Rhode Island’s Pension and Annuity Income Modification. As mentioned in the [Military Service Pension section](#), although the military retirement pay qualifies for this modification, there is a restriction from using the same income for both modifications.

- Look at line 5b on your federal income tax return for Tax Year 2025. All taxable distributions properly included on line 5b of your U.S. Form 1040 for 2025, or line 5b of your U.S. Form 1040-SR for 2025, in accordance with federal tax law and federal tax regulations, qualify for purposes of Rhode Island’s Pension and Annuity Income Modification; exclude income used for the Military Service Pension Modification.

- When you prepare your federal income tax return, or you have someone prepare it for you, typically it will be either U.S. Form 1040 or the form that is intended mainly for those 65 or older - U.S. Form 1040-SR.

The following image highlights line 5a and line 5b of U.S. Form 1040 (“U.S. Individual Income Tax Return”) for Tax Year 2025. All taxable income properly included on line 5b, in accordance with federal tax law and federal tax regulations, qualifies for purposes of Rhode Island’s Pension and Annuity Income Modification.

z Add lines 1a through 1j		1z
Attach Sch. B if required.	2a Tax-exempt interest	2a
	3a Qualified dividends	3a
	c Check if your child's dividends are included in 1 <input type="checkbox"/> Line 3a	2 <input type="checkbox"/> Line 3b
	4a IRA distributions	4a
	c Check if (see instructions) 1 <input type="checkbox"/> Rollover	b Taxable amount
	5a Pensions and annuities	2 <input type="checkbox"/> QCD 3 <input type="checkbox"/>
	c Check if (see instructions) 1 <input type="checkbox"/> Rollover	b Taxable amount
	6a Social security benefits	2 <input type="checkbox"/> PSO 3 <input type="checkbox"/>
		b Taxable amount
		6b

Note: Income from line 4a and line 4b represents income from IRA distributions - and that does not qualify for purposes of Rhode Island’s Pension and Annuity Income Modification.

U.S. Form 1040-SR

The following image presents the top portion of U.S. Form 1040-SR (“U.S. Tax Return for Seniors”) for Tax Year 2025.⁶ Rhode Island forms have been updated

Form **1040-SR** Department of the Treasury—Internal Revenue Service **2025** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2025, or other tax year beginning , 2025, ending , 20 See separate instructions.

Filed pursuant to section 301.9100-2 Combat zone Deceased MM / DD / YYYY Spouse MM / DD / YYYY

Other

Your first name and middle initial Last name Your social security number

If joint return, spouse's first name and middle initial Last name Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Check here if your main home, and your spouse's if filing a joint return, was in the U.S. for more than half of 2025.

City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code

Foreign country name Foreign province/state/county Foreign postal code

Filing Status Single Head of household (HOH) Qualifying surviving spouse (QSS)
 Married filing jointly (even if only one had income) Married filing separately (MFS). Enter spouse's SSN above and full name here: If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent:
 Check only one box. _____

If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required): _____

to include line references to U.S. Form 1040-SR. Under federal law, taxpayers age 65 or older have the option to use U.S. Form 1040-SR instead of the usual U.S. Form 1040. When printed, Form 1040-SR features larger font and a standard deduction chart. This form was instituted to make it easier for older Americans to read and use. The form allows income reporting from other sources common to seniors such as investment income, Social Security, and distributions from qualified retirement plans, annuities, or similar deferred-payment arrangements.

⁶ Taxpayers officially began using Form 1040-SR during the tax-filing season which began in January 2020.

If you are using U.S. Form 1040-SR, income from your pensions, annuities, and other such sources is entered on line 5a. The taxable portion of that income is entered on line 5b (please see highlights in the following image). All taxable income properly included on line 5b, in accordance with federal tax law and federal tax regulations, qualifies for purposes of Rhode Island’s Pension and Annuity Income Modification.

5a Pensions and annuities	5a	b Taxable amount . .	5b
c Check if (see instructions): 1 <input type="checkbox"/> Rollover 2 <input type="checkbox"/> PSO 3 <input type="checkbox"/>			
6a Social security benefits	6a	b Taxable amount . .	6b
c If you elect to use the lump-sum election method, check here (see instructions) <input type="checkbox"/>			
d If you are married filing separately and lived apart from your spouse the entire year (see inst.), check here <input type="checkbox"/>			

Note: Income from line 4a and line 4b represents income from IRA distributions and that does not qualify for purposes of Rhode Island’s Pension and Annuity Income Modification.

To determine what income qualifies for purposes of Rhode Island’s Pension and Annuity Income Modification, look to see how much income is listed on line 5b of your U.S. Form 1040-SR (for U.S. Form 1040 filers, this is also on line 5b of your U.S. Form 1040) Up to \$50,000 of that amount qualifies under Rhode Island’s modification less any amount claimed under the Military Service Pension Modification. The Pension and Annuity Income Modification is an individual modification, so a joint filing return may report up to a \$100,000 modification, if both individuals qualify for the modification.

Example #1

Noah is a retired federal government employee. He receives income from a federal government pension. A Form 1099-R is sent to him each year. One of the items shown on his Form 1099-R is the taxable portion of his federal government pension. He enters the amount of that taxable portion on line 5b on his federal income tax return. The amount qualifies as “pension and annuity income” for purposes of Rhode Island’s modification.

Noah still must meet all of the other requirements to qualify for Rhode Island’s Pension and Annuity Income Modification, including those involving age and income, as described in the [Requirements section](#) of this guide.

Example #2

Emma is retired from a business. She regularly withdraws money from a 401(k) plan. A Form 1099-R is sent to her each year. Included on her Form 1099-R is the taxable portion of her 401(k) plan distributions. She enters the amount of that taxable portion on line 5b on her federal income tax return.

The amount qualifies as “pension and annuity income” for purposes of Rhode Island’s modification.

z Add lines 1a through 1n				1z	
Attach Sch. B if required.	2a Tax-exempt interest	2a		b Taxable interest	2b
	3a Qualified dividends	3a		b Ordinary dividends	3b
	c Check if your child's dividends are included in 1 <input type="checkbox"/> Line 3a			2 <input type="checkbox"/> Line 3b	
	4a IRA distributions	4a		b Taxable amount	4b
	c Check if (see instructions) 1 <input type="checkbox"/> Rollover			2 <input type="checkbox"/> QCD 3 <input type="checkbox"/>	
	5a Pensions and annuities	5a		b Taxable amount	5b
	c Check if (see instructions) 1 <input type="checkbox"/> Rollover			2 <input type="checkbox"/> PSO 3 <input type="checkbox"/>	
	6a Social security benefits	6a		b Taxable amount	6b
	c If you elect to use the lump-sum election method, check here (see instructions) <input type="checkbox"/>				

Emma still must meet all of the other requirements to qualify for Rhode Island’s Pension and Annuity Income Modification, including those involving age and income, as described in the [Requirements section](#) of this guide.

Example #3

When Liam retired from a corporation, he chose to transfer everything from his retirement savings plan at work directly into an individual retirement account (IRA). At around the time he turned 70, he began making regular withdrawals from his IRA.

Each January, the IRA custodian sends a Form 1099-R to him and to the IRS. One of the items on his Form 1099-R is the total amount of his IRA withdrawals. He reports the withdrawal information as “IRA distributions” on the appropriate line of his federal income tax return. Liam is not eligible for Rhode Island’s modification because the modification does not apply to IRA withdrawals (also known as “distributions”). This is the case even if Liam meets all of the other requirements for Rhode Island’s modification, as described in the [Requirements section](#) of this guide.

This example assumes that Liam has no income from pensions, annuities, 401(k) plans, or other such sources. He may be eligible for the separate Rhode Island Social Security Modification, depending on his circumstances.

Keep in Mind

- Taxable distributions must be reported by you as income on your federal return even if a distribution is not shown on a Form 1099-R.
- If a distribution on your Form 1099-R is shown as “Taxable amount not determined,” you must determine the taxable amount.
- Certain distributions shown on Form 1099-R do not qualify for

purposes of Rhode Island's Pension and Annuity Income Modification, including IRA distributions.

- Only taxable distributions properly included on line 5b of your federal income tax return, in accordance with federal tax law and federal tax regulations, qualify for purposes of Rhode Island's Pension and Annuity Income Modification.

In summary

When it comes to federal tax matters, consult your tax professional, the Internal Revenue Service, and/or federal tax laws, federal tax regulations, and federal tax cases.

However, as a general rule, income from the following sources - that is taxed at the federal level - is eligible for Rhode Island's Pension and Annuity Income Modification, assuming you meet all of the requirements as described in the [Requirements section](#) of this guide, including the rules involving age and income threshold. Such income includes:

- 401(k) plans
- 403(b) plans
- Private-sector pension plans (from within Rhode Island or elsewhere)
- State government pension plans (State of Rhode Island or another state)
- Local government pension plans (from within Rhode Island or elsewhere)
- Civil Service Retirement System (CSRS)
- Federal Employees Retirement System (FERS)
- Foreign pension plans
- Section 457(b) plans
- Federal Thrift Savings Plan (TSP)

Note: The list above is for illustration purposes only and is not all-inclusive.

Section 1b: Pension and Annuity Income Modification - “Full retirement age”

To qualify for Rhode Island’s Pension and Annuity Income Modification, you must have reached full retirement age. Full retirement age is determined based on social security rules and depends on your year of birth.⁷ Please see the following table for more information.

At-a-glance table

The following table provides an at-a-glance summary of the rules regarding Social Security full retirement age for purposes of Rhode Island’s Pension and Annuity Income Modification under Rhode Island General Laws § 44-30-12.

Pension and annuity income: Finding your “full retirement age”	
“Full retirement age” for Social Security purposes is based on when you were born, as the following shows.	
If you were born in:	Your “full retirement age” is:
1943-1954	66
1955	66 and two months
1956	66 and four months
1957	66 and six months
1958	66 and eight months
1959	66 and ten months
1960 or later	67
Note: If you were born on January 1 of any year, refer to previous year in table. For a married couple filing joint return, “full retirement age” requirement applies to each spouse. If only one spouse has reached full retirement age, the Rhode Island Pension and Annuity Income Modification applies only to that spouse’s taxable pension and annuity income.	

Example #1

Olivia, 70, is single and retired. She has already reached full retirement age as defined by social security rules. This means that she is of eligible age for Rhode Island’s Pension and Annuity Income Modification.

Whether Olivia qualifies to take the modification will depend on whether she meets the other requirements of the provision, including her federal adjusted gross income and her source of retirement income.

Example #2

William, 64, is single and retired. During his working years, he was employed as a public schoolteacher. The school district did not participate in social security. Thus, William did not contribute to social security. He did contribute to the municipal pension plan, which provides him with pension benefits in

⁷ At one time, full retirement age was deemed to be age 65. However, your full retirement age for Social Security purposes now depends on your year of birth.

retirement. William is not eligible for Rhode Island's Pension and Annuity Income Modification because he has not reached full retirement age under social security rules.

Note: Even though William did not contribute to social security, he is still subject to the "full retirement age" requirement for purposes of the Rhode Island Pension and Annuity Income Modification based on Social Security Administration rules. Once William does reach full retirement age, he will be eligible for Rhode Island's Pension and Annuity Income Modification (his municipal schoolteacher pension qualifies), assuming that he meets all other requirements.

Section 1c: Pension and Annuity Income Modification - Adjusted gross income (AGI)

Federal adjusted gross income (AGI) is one of the key factors in determining whether you qualify for Rhode Island's Pension and Annuity Income Modification. The federal adjusted gross income (AGI) limitation that applies to you is dependent on your filing status. The limitations are subject to an annual adjustment based on inflation.

The annual adjusted amounts are typically posted just before the start of the tax-filing season. Therefore, when you file your return, check the most current version of the Rhode Island Form RI-1040 and instructions to make sure you are using the correct income limits.

At-a-glance table

The following table provides an at-a-glance summary of the rules regarding the income limits for purposes of Rhode Island's Pension and Annuity Income Modification under R.I. Gen Laws § 44-30-12, based on inflation-adjusted numbers for Tax Year 2025.

Pension and annuity income: Threshold for Tax Year 2025	
You may qualify for the modification if your income falls below a certain amount as seen below.	
You file your return as:	Your federal AGI is:
• single, head of household	\$107,000 or less
• married filing jointly, or qualifying widow, or qualifying widower	\$133,500 or less
• married filing separately	\$107,000 or less
<small>Note: Left column refers to filing status on your Rhode Island Personal Income Tax return. For a married couple filing a joint Rhode Island return, income threshold applies to couple's combined federal adjusted gross income (AGI). By statute, income thresholds are adjusted annually for inflation for tax years beginning on or after January 1, 2018. For purposes of Rhode Island's Pension and Annuity Income Modification, the filing status on your Rhode Island return must be the same as filing status on your federal return.</small>	

Example #1

Sophia, 82, is single. For 2025, she has \$75,000 in federal AGI. She is eligible for Rhode Island's Pension and Annuity Income Modification because her \$75,000 federal AGI is below the \$107,000 limit for a taxpayer who is single.

Example #2

James, 72, and Isabella, 68, are married, retired, and file a joint Personal Income Tax return. For 2025, they have a total of \$175,000 in federal AGI. They are not eligible for the Pension and Annuity Income Modification because their federal AGI exceeds the \$133,500 limit which applies for a married couple filing a joint income tax return.

Section 2: Military Service Pension Modification

For tax years beginning on or after January 1, 2023, military service pensions are fully exempt from Rhode Island Personal Income Tax.

[R.I. Gen. Laws § 44-30-12\(c\)\(11\)](#) allows for a modification reducing federal AGI for taxpayers receiving military service pensions. When filing a Rhode Island Personal Income Tax return, a taxpayer will be able to subtract the amount of the military service pension benefits that were included in their federal AGI. The balance after the modification would then be their modified federal adjusted income for Rhode Island tax purposes.

Subsection 11 refers to section [20 C.F.R. § 212.2](#) of federal law to define military service. According to the federal statute, an individual in active service of the United States armed forces would meet the definition of military service. The armed forces would include land, naval, or air branches of the military.

An individual who meets the definition of military service would be eligible to deduct the full amount of their military pension income included in their federal AGI through the appropriate line on Schedule M. Unlike the Pension and Annuity Income Modification, there are no income or age requirements. The full amount of taxable military service pension income qualifies for this modification. A taxpayer's Schedule M would be included as part of their RI-1040 personal income tax return. In addition, a surviving spouse who has received military pension benefits on behalf of a spouse who served in the armed forces is also eligible for the Military Service Pension Modification.

Military service pension income claimed for the Military Service Pension Modification cannot also be claimed for the Pension and Annuity Income Modification.

Example #1

Joshua, 62, is single. For 2025, he has \$85,000 in federal AGI which includes income from a military service pension. He is eligible for Rhode Island's Military Service Pension Modification for that portion of his federal AGI. The only qualification for his military service pension income to be eligible for this modification is the income being subject to federal income tax.

Section 3: Social Security Modification

The Rhode Island legislature has enacted a modification for taxable social security income. The law allowing this modification became effective beginning with Tax Year 2016.

The requirements for this modification are similar to the Pension and Annuity Income Modification requirements:

- 1) Some portion of a taxpayer's social security is subject to federal income tax.
- 2) A taxpayer must have reached full retirement age in accordance with the Social Security Administration. Please refer to [Section 1a: Pension and Annuity Income Modification - "Full retirement age"](#) for explanation.
- 3) A taxpayer's federal AGI must be below the annual threshold, which is subject to inflation, for their filing status. Please refer to [Section 1c: Pension and Annuity Income Modification - Adjusted gross income \(AGI\)](#) for explanation.

For Tax Year 2025, the thresholds are:

- single, head of household - \$107,000
- married filing jointly or qualifying widow - \$133,500
- married filing separately - \$107,000

Example #1

Jessica, 68, is single. For 2025, she has \$55,000 in federal AGI which includes the taxable portion of her social security income. She is eligible for Rhode Island's Social Security Modification because her \$55,000 federal AGI is below the \$107,000 limit for someone who is single and has reached full retirement age with the Social Security Administration.

Example #2

Justin, 63, and Mark, 65 are married, retired, and file a joint Personal Income Tax return. For 2025, they have a total of \$82,000 in federal AGI which includes taxable social security income. Neither of them is eligible for the Social Security Modification. Even though their joint income falls below the federal AGI threshold, neither of them have reached full retirement age according to the Social Security Administration.

Section 4: SECURE 2.0 Act 529 Plan Rollover to IRAs

The SECURE 2.0 Act is part of the Consolidated Appropriations Act of 2023, passed by Congress. The passage of the SECURE 2.0 Act created a new option for taxpayers who have invested more money into 529 college savings plans than is needed for qualified educational expenses.

Federal impact

Beginning in 2024, under this federal law, taxpayers have the option to rollover up to \$35,000 of these excess college savings from their 529 plan into a Roth IRA. This \$35,000 is the total for a beneficiary's lifetime and is still subject to yearly Roth IRA contribution limits.

To avoid tax or penalty on the individual's federal tax return, the rollover contribution must meet certain requirements as outlined in legislation.

For more information, IRC § 529(c)(3)(E) or § 126 of the Consolidated Appropriations Act of 2023 should be consulted. The IRS's [Publication 970](#) contains extensive guidance.⁸

Rhode Island impact

This rollover is not considered a nonqualified withdrawal under [R.I. General Laws § 44-30-12\(b\)\(4\)\(i\)\(B\)\(III\)](#), and would be considered non-taxable **for Rhode Island tax purposes** if it meets the federal requirements.

Future Developments

For the latest information about developments related to Pub. 970, such as legislation enacted after it was published, go to [IRS.gov/Pub970](https://www.irs.gov/pub970).

What's New for Tax Year 2025

Trump accounts and new Form 4547. Recent legislation allows parents, guardians, and other authorized individuals to elect to establish a new type of individual retirement account, called a Trump account, for the exclusive benefit of certain children. If the child was born after 2024 and before 2029, is a U.S. citizen, and meets certain other requirements, the authorized individual may also elect to receive a \$1,000 pilot program contribution to the child's Trump account. Both elections can be made on Form 4547, which can be filed at the same time as the authorized individual's 2025 income tax return. For more information on Trump accounts, and to learn how to make these elections, see Form 4547 and its instructions.

Student loan interest deduction. For 2025, the amount of your student loan interest deduction is gradually reduced (phased out) if your MAGI is between \$85,000 and \$100,000 (\$170,000 and \$200,000 if you file a joint return). You can't claim the deduction if your MAGI is \$100,000 or more (\$200,000 or more if you file a joint return). See [chapter 4](#).

Education savings bond program. For 2025, the amount of your education savings bond interest exclusion is gradually reduced (phased out) if your MAGI is between \$99,500 and \$114,500 (\$149,250 and \$179,250 if you file a joint return). You can't exclude any of the interest if your MAGI is \$114,500 or more (\$179,250 or more if you file a joint return). See [chapter 9](#).

Business deduction for work-related education. Generally, if you claim a business deduction for work-related education and you drive your car to and from school, the amount you can deduct for miles driven from January 1, 2025, through December 31, 2025, is 70 cents a mile. See [chapter 11](#).

What's New for Tax Year 2026

Identification requirement. Beginning in 2026, individuals claiming the American opportunity credit or the lifetime learning credit will be required to have a Social Security Number (SSN) that is valid for work and that was issued before the due date of the return. In cases where the individual claiming the credit is not the student for whom the tuition and related expenses were paid, the student will also need a valid SSN in order to qualify for the credit.

Get forms and other information faster and easier at:

- [IRS.gov](https://www.irs.gov) (English)
- [IRS.gov/Spanish](https://www.irs.gov/Spanish) (Español)
- [IRS.gov/Chinese](https://www.irs.gov/Chinese) (中文)
- [IRS.gov/Korean](https://www.irs.gov/Korean) (한국어)
- [IRS.gov/Russian](https://www.irs.gov/Russian) (Русский)
- [IRS.gov/Vietnamese](https://www.irs.gov/Vietnamese) (Tiếng Việt)

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⁸ At the time of publication of Rhode Island's Retirement Income Guide for Tax Year 2025, Federal Publication 970 has not been updated for Tax Year 2025.

Section 5: Additional examples

In reviewing the following examples, please keep in mind the three requirements for the Pension and Annuity Income Modification and the Social Security Modification:

1. At least some of your pension and annuity and/or social security income must be taxed at the federal level;
2. You must have reached “full retirement age” based on Social Security Administration rules; and
3. Your federal AGI must be below a certain amount. The amount is subject to an annual adjustment for inflation.

For Tax Year 2025, the thresholds are:

- single, head of household - \$107,000
- married filing jointly or qualifying widow - \$133,500
- married filing separately - \$107,000

Also keep in mind that military service pensions taxable on your federal return are eligible for a full deduction using the Rhode Island Military Service Pension Modification. Military service pension income fully deducted with the Military Service Pension Modification cannot also be subject to the Pension and Annuity Income Modification.

Example #1

Benjamin, 65, is single. For 2025, he has \$50,000 in federal AGI, which is made up of the following:

- \$10,000 in taxable social security retirement benefits
- \$20,000 in IRA distributions (withdrawals)
- \$20,000 from a defined benefit pension plan

Benjamin does not qualify for Rhode Island’s Pension and Annuity Income Modification or for the Social Security Modification. He has pension and annuity income taxable at the federal level (only his income from a defined benefit pension plan qualifies for this purpose) and taxable social security income. His \$50,000 in federal AGI falls below the threshold (which, for someone like Benjamin, who is single, is \$107,000). However, because Benjamin is 65 years old, he has not reached “full retirement age” as defined by social security rules.

Example #2

Mia, 72, who is single, had \$1,000 in interest income from Rhode Island municipal bonds in 2025. Her income also consisted of the following:

- \$15,000 from taxable social security retirement benefits
- \$20,000 in taxable state employee government pension benefits
- \$20,000 in taxable IRA distributions
- \$24,500 in taxable 401(k) plan distributions

Mia qualifies for Rhode Island's Pension and Annuity Income Modification. She has reached full retirement age, some of her 401(k) plan distributions and state employee government pension plan qualifies for purposes of the taxable income requirement, and her federal AGI is \$79,500, which is below the \$107,000 limit. Her \$1,000 in interest income from Rhode Island municipal bonds is free of federal and Rhode Island income tax, so it does not qualify as part of her federal AGI.

Two items of note:

- Her \$20,000 in taxable IRA distributions do **not** qualify for a modification reducing her federal AGI for Rhode Island income tax purposes.
- Her taxable social security benefits will not be subject to Rhode Island tax due to the [Social Security Modification](#).

Example #3

Jacob, 72, who is single, has \$38,000 in federal AGI for 2025, which is made up of the following:

- \$15,000 from taxable social security retirement benefits
- \$10,000 in taxable military service pension income
- \$8,000 in taxable IRA distributions
- \$5,000 in taxable 401(k) plan distributions

Jacob qualifies for both the Military Service Pension Modification and the Pension and Annuity Income Modification. For the Pension and Annuity Income Modification, he meets the "full retirement age" requirement and his overall income is below the applicable threshold (which is \$107,000 for 2025 for someone who is single).

His \$10,000 in taxable military retirement pay would qualify for the Military Service Pension Modification and \$5,000 in taxable distributions from a 401(k) plan will qualify for purposes of Rhode Island's Pension and Annuity Income Modification – and will not be subject to Rhode Island tax. In addition, due to the [Social Security Modification](#), his \$15,000 in taxable social security benefits will not be subject to Rhode Island tax.

In this example, only the \$8,000 in taxable IRA distributions of Jacob's \$38,000 in federal AGI would be included in his modified federal AGI. This amount would likely not be taxed because it would likely be covered by his standard deduction.

Example #4

Michael, 68, and Charlotte, 67, are married and file a joint return. They have federal AGI of \$125,000 for 2025, which is made up of the following:

- \$50,000 in wages from Michael's job
- \$55,000 in Michael's taxable federal government pension
- \$20,000 in taxable distributions from Charlotte's 401(k) plan distributions

Michael and Charlotte each individually qualify for the Pension and Annuity Income Modification because they satisfy all three requirements for the application of the modification:

- 1.) They have some pension and annuity income that is taxed at the federal level - his taxable federal government pension and her withdrawals from a 401(k) plan;
- 2.) Each of them is of full retirement age as defined by the Social Security Administration; and
- 3.) Their federal AGI falls below the \$133,500 limit for a married couple filing a joint return.

Michael and Charlotte have a total of \$45,000 in federally taxable pension and annuity income. Under the Rhode Island Pension and Annuity Income Modification, the \$50,000 limit applies on an individual basis. In this example, \$50,000 of Michael's federal government pension and \$20,000 of Charlotte's 401(k) plan distributions qualify for purposes of the tax modification. Thus, \$70,000 of the couple's pension/annuity income will be tax-free for Rhode Island purposes.

Example #5

Elijah, 68, and Abigail, 67, are married and file a joint return. They have federal AGI of \$95,000 for 2025, which is made up of the following:

- \$50,000 in wages from Elijah's job
- \$25,000 in Elijah's taxable military service pension
- \$17,000 in taxable distributions from Elijah's 401(k) plan
- \$3,000 in taxable distributions from Abigail's 403(b) plan distributions.

Elijah and Abigail qualify for both the Military Service Pension Modification and the Pension and Annuity Income Modification. Specifically for the Pension and Annuity Income Modification, they meet all three requirements:

- 1.) They have pension and annuity income that is taxed at the federal level - distributions from Elijah’s 401(k) plan and distributions from her 403(b) plan;
- 2.) Elijah and Abigail both have reached full retirement age as defined by the Social Security Administration; and
- 3.) Their income falls below the \$133,500 limit for a married couple filing a joint return.

All of Abigail’s \$3,000 in taxable distributions from her 403(b) plan qualifies for the Pension and Annuity Income Modification. The full \$17,000 of Elijah’s taxable pension and annuity income qualifies from his 401(k) distribution. Thus, in this example, Elijah and Abigail are able to reduce the amount of their income that will be subject to Rhode Island personal income tax by a total of \$20,000 for the Pension and Annuity Income Modification. Elijah’s \$25,000 military retirement pay also meets the qualifications for the Military Service Pension Modification. The couple’s total decreasing modifications on their Rhode Island personal income tax return would be \$45,000 as shown in the following chart.

Decreasing modifications	
Elijah's military service pension	\$ 25,000
Elijah's 401(k) distribution	\$ 17,000
Abigail's 403(b) distribution	\$ 3,000
Total decreasing modifications	\$ 45,000

Example #6

Ethan, 69, and Emily, 68, are married. They have federal AGI of \$140,000 for Tax Year 2025, which is made up of the following:

- \$79,000 in wages from Ethan’s job
- \$20,000 in her taxable state government pension
- \$4,000 in taxable distributions from his 403(b) plan
- \$27,000 from her part-time job
- \$10,000 in interest income from municipal bonds in his name

Ethan and Emily are married. If they file a joint federal and Rhode Island return, they will not qualify for the Pension and Annuity Income Modification, and other such income because the couple’s \$140,000 in federal AGI exceeds the modification’s \$133,500 limit which applies for a married couple filing a joint return for 2025.

If Ethan files his own return, and Emily files her own return, each using the “married filing separately” filing status, each could qualify for the Pension and Annuity Income Modification. This would be because the income cap for this modification for Tax Year 2025 for an individual who is married filing separately is \$107,000; Ethan would qualify, based on his \$93,000 in income, and Emily would qualify, based on her \$47,000 in income.

If someone wants to use the “married filing separately” status, the person must use it on his or her federal return and on his or her Rhode Island return. In this example, Ethan would have to use the “married filing separately” filing status on his federal and Rhode Island returns, and Emily would have to use the “married filing separately” filing status on her federal and Rhode Island returns. Their tax advisor would have to explain to them that in addition to some advantages, there may be disadvantages to electing the “married filing separately” filing status, and what this would mean for their tax and financial picture.

Example #7

Harper, 75, who is single, has \$40,000 in federal AGI for 2025, which is made up of the following:

- \$20,000 from taxable social security retirement benefits
- \$10,000 from traditional IRA withdrawals
- \$10,000 from a part-time job

Harper does not qualify for Rhode Island’s Pension and Annuity Income Modification because none of Harper’s income is deemed to be taxable pension and annuity income at the federal level. For purposes of this particular modification, one must have pension and annuity income that is taxed at the federal level - income from sources such as a 401(k) plan, 403(b) plan, pension, or annuity. In this example, neither the social security benefits, IRA withdrawals, nor the money from the part-time job qualifies.

However, Harper qualifies for the Social Security Modification for all \$20,000 of federally taxable social security retirement benefits.

Example #8

Ethan, 68, and Emma, 64, are married and file a joint return. For 2025, their federal income tax return shows federal AGI of \$40,000 from the following sources:

- \$30,000 in wages from part-time jobs
- \$8,000 in taxable income from his federal government pension
- \$2,000 in taxable income from his 401(k)

The couple's \$40,000 in federal AGI for 2025 falls below the \$133,500 limit for Rhode Island's Pension and Annuity Income Modification, so they meet that requirement in determining eligibility for the modification.

The couple's federal AGI includes taxable income from pension and annuity income (in this example, federal government pension and the 401(k) plan distribution), so they meet that requirement.

However, only Ethan has reached full retirement age as defined by the Social Security Administration; Emma has not. This means that only Ethan's portion of the couple's overall pension and annuity income is eligible for the modification because the Pension and Annuity Income Modification is an individual modification.

In this example, the answer is straightforward: Only Ethan has pension and annuity income, so 100% of the taxable portion of his pension and annuity income will qualify for the exclusion. In other words, in this example, all of Ethan's \$8,000 in taxable federal government pension and all of Ethan's \$2,000 in taxable income from his 401(k) plan, for a total of \$10,000, is excluded from the couple's income for purposes of Rhode Island's Pension and Annuity Income Modification. That total of \$10,000 falls below the annual \$50,000 limit per individual.

Nontaxable income

What if your gross pension and annuity income includes federally nontaxable income? It is excluded for federal tax purposes, and it is excluded for Rhode Island tax purposes, too.

Do not include your nontaxable income in your calculations for purposes of Rhode Island's modification involving income from pensions, 401(k) plans, annuities, and other such sources.

Example #9

Ethan, 68, and Emma, 64, are married and file a joint return. For 2025, their federal income tax return shows federal AGI \$80,000 from the following sources:

- \$35,000 in combined taxable social security benefits
- \$25,000 in combined wages from part-time jobs
- \$20,000 in taxable income from Emma's retirement plan

The couple's \$80,000 in federal AGI for 2025 falls below the \$133,500 limit (for a married couple filing a joint return) for Rhode Island's Pension and Annuity Income Modification, so they meet that requirement.

The couple's federal AGI includes taxable income from pension and annuity income (in this example, \$20,000 in taxable income from her retirement plan), so they meet that requirement.

However, only Ethan has reached full retirement age as defined by the Social

Security Administration; Emma has not. Thus, only his portion of the couple’s overall pension and annuity income would be eligible for the modification.

Emma is the only spouse that has pension and annuity income, and she is not eligible for the modification due to her age. Because of this, the couple does not qualify for the Pension and Annuity Income Modification.

However, Ethan would qualify for the Social Security Modification based upon his age and portion of the social security benefits.

Example #10

Frank, 68, and Judy, 64, are married and file a joint return. For 2025, their federal income tax return shows federal AGI of \$90,000 from the following sources:

- \$50,000 in wages from part-time jobs
- \$10,000 in taxable social security benefits
- \$10,000 in taxable IRA withdrawals
- \$4,500 in taxable income from her military retirement pay
- \$2,000 in taxable income from her 401(k)
- \$5,500 in taxable distributions from his annuity
- \$8,000 in taxable distributions from his 403(b) plan

The couple’s \$90,000 in federal AGI for 2025 falls below the \$133,500 limit (for a married couple filing a joint return) for Rhode Island’s Pension and Annuity Income Modification, so they meet that requirement. The couple’s federal AGI includes taxable income from pension and/or annuity income (in this example, 401(k) plan, annuity, and 403(b) plan), so they meet that requirement.

Treatment of income in this example	
Type of taxable income:	Qualify for Pension and Annuity Income Modification?*
\$50,000 wages from part-time jobs	No
\$10,000 social security benefits	No
\$10,000 IRA distributions	No
\$4,500 military retirement pay (hers)	No
\$2,000 401(k) distributions (hers)	No**
\$5,500 annuity income (his)	Yes
\$8,000 403(b) plan distributions (his)	Yes
*This chart shows only qualifying income for the Pension and Annuity Income Modification. While some types of income included in the chart do not qualify for this modification, they may qualify for other modifications, depending on the individual’s specific tax circumstances.	
** These distributions normally would qualify, but she has not reached full retirement age, so her income does not qualify for the Pension and Annuity Income Modification.	

However, only Frank has reached full retirement age as defined by the Social Security Administration; Judy has not. Thus, only his portion of the couple's overall pension and annuity income is eligible for the modification.

In this example, only Frank qualifies for the Pension and Annuity Income Modification. Furthermore, only \$13,500 of his income qualifies - his \$8,000 in 403(b) plan distributions and his \$5,500 in annuity income. Because \$13,500 is less than the modification's \$50,000 limit per person for pension and annuity income, the couple may claim the entire \$13,500 reduction on their Rhode Island return. Although neither of Judy's retirement distributions qualify for the Pension and Annuity Income Modification, her \$4,500 in military service pension would qualify for the Military Service Pension Modification. This is due to the fact that the Military Service Pension Modification does not have an age requirement. Thus, the couple's total decreasing modifications for these two modifications on their RI-1040 return would be \$18,000 for 2025.

Social Security impact

Under a separate section of the law, the couple also determines the impact of the Social Security Modification. In general, to qualify for that modification, you must satisfy the following:

- Your federal AGI includes taxable income from social security benefits;
- You have reached "full retirement age" as defined by the Social Security Administration; and
- Your federal AGI is below a certain amount. The amount depends on your filing status and is also subject to an annual adjustment for inflation. For example, for Tax Year 2025, the limit is \$107,000 for someone whose filing status for Rhode Island tax purposes is single or head of household. For a married couple filing a joint Rhode Island return for 2025, the limit is \$133,500.

If you satisfy all three of the above requirements, the amount of your income that is taxed by Rhode Island will be reduced by the amount of your social security benefits that are taxed at the federal level. Thus, the modification decreases federal AGI for Rhode Island tax purposes.

In the case of a married couple filing a joint return, the "full retirement age" test applies to each spouse. If only one spouse is of full retirement age, only that spouse's portion of the couple's social security benefits overall will be taken into account for purposes of the modification.

In this example, Frank and Judy have \$10,000 in taxable social security benefits as shown on the first page of their federal income tax return. Of

that, \$6,000 is attributable to Frank. Because only Frank has reached full retirement age, only his benefits are eligible for the Social Security Modification.

Therefore, in this example, \$24,000 of the couple's income is exempt from Rhode Island Personal Income Tax - including \$13,500 in pension and annuity income, \$4,500 in military service pension income, and \$6,000 in social security benefits. Assuming, for convenience, a 3.75% Rhode Island Personal Income Tax rate, the couple's liability is reduced by approximately \$900 in Rhode Island Personal Income Tax.

Tax modification in this example for retirement income	
Type of income not subject to Rhode Island tax:	Amount:
Pension and annuity income	\$ 13,500
Social security benefits	\$ 6,000
Military service pension	\$ 4,500
Total:	\$ 24,000

As the example shows, some taxpayers will qualify for all three modifications: the newer Military Service Pension Modification, the Pension and Annuity Income Modification, and the Social Security Modification. Be careful not to confuse the three modifications - each has its own rules.

Section 6: The law

Legislation adding the Pension and Annuity Income Modification was enacted in 2016, and effective for Tax Year 2017 and forward. Rhode Island's Pension and Annuity Income Modification is the result of this legislation.

For Tax Year 2025, the Pension and Annuity Income Modification allows qualified taxpayers to reduce federal AGI for Rhode Island tax purposes by up to \$50,000 of federally taxable pension/401(k)/403(b)/annuity per a qualifying individual.

For more details on this modification, see [R.I. Gen Laws § 44-30-12](#), as amended, which is reproduced (in part) below.

9) Modification of taxable retirement income from certain pension plans or annuities.

(i) For tax years beginning on or after January 1, 2017, until the tax year beginning January 1, 2022, a modification shall be allowed for up to fifteen thousand dollars (\$15,000), and for tax years beginning on or after January 1, 2023, until the tax year beginning January 1, 2024, a modification shall be allowed for up to twenty thousand dollars (\$20,000), and for tax years beginning on or after January 1, 2025, a modification shall be allowed for up to fifty thousand dollars (\$50,000), of taxable pension and/or annuity income that is included in federal adjusted gross income for the taxable year:

(A) For a person who has attained the age used for calculating full or unreduced Social Security retirement benefits who files a return as an unmarried individual, head of household, or married filing separate whose federal adjusted gross income for such taxable year is less than the amount used for the modification contained in subsection (c)(8)(i)(A) of this section an amount not to exceed \$15,000 for tax years beginning on or after January 1, 2017, until the tax year beginning January 1, 2022, and an amount not to exceed twenty thousand dollars (\$20,000) for tax years beginning on or after January 1, 2023, until the tax year beginning January 1, 2024, and an amount not to exceed fifty thousand dollars (\$50,000) for tax years beginning on or after January 1, 2025, of taxable pension and/or annuity income includible in federal adjusted gross income; or

(B) For a married individual filing jointly or individual filing qualifying widow(er) who has attained the age used for calculating full or unreduced Social Security retirement benefits whose joint federal adjusted gross income for such taxable year is less than the amount used for the modification contained in subsection (c)(8)(i)(B) of this section an amount not to exceed \$15,000 for tax years beginning on or after January 1, 2017, until the tax year beginning January 1, 2022, and an amount not to exceed twenty thousand dollars (\$20,000) for tax years beginning on or after January 1, 2023, until the tax year beginning January 1, 2024, and an amount not to exceed fifty thousand dollars (\$50,000) for tax years beginning on or after January 1, 2025, of taxable pension and/or annuity income includible in federal adjusted gross income.

(ii) Adjustment for inflation. The dollar amount contained by reference in subsections (c)(9)(i)(A) and (c)(9)(i)(B) of this section shall be increased annually for tax years beginning on or after January 1, 2018, by an amount equal to:

(A) Such dollar amount contained by reference in subsections (c)(9)(i)(A) and (c)(9)(i)(B) of this section adjusted for inflation using a base tax year of 2000, multiplied by;

(B) The cost-of-living adjustment with a base year of 2000.

(iii) For the purposes of this section, the cost-of-living adjustment for any calendar year is the percentage (if any) by which the consumer price index for the preceding calendar year exceeds the consumer price index for the base year. The consumer price index for any calendar year is the average of the consumer price index as of the close of the twelve-month (12) period ending on August 31, of such calendar year.

(iv) For the purpose of this section, the term “consumer price index” means the last consumer price index for all urban consumers published by the department of labor. For the purpose of this section, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1986 shall be used.

(v) If any increase determined under this section is not a multiple of fifty dollars (\$50.00), such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a married individual filing a separate return, if any increase determined under this section is not a multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower multiple of twenty-five dollars (\$25.00).

(vi) For tax years beginning on or after January 1, 2022, the dollar amount contained by reference in subsection (c)(9)(i)(A) shall be adjusted to equal the dollar amount contained in subsection (c)(8)(i)(A), as adjusted for inflation, and the dollar amount contained by reference in subsection(c)(9)(i)(B) shall be adjusted to equal the dollar amount contained in subsection (c)(8)(i)(B), as adjusted for inflation;

Legislation adding the Military Service Pension Modification was enacted in 2022 effective for Tax Year 2023 and forward.

For more details on this modification, see [R.I. Gen Laws § 44-30-12](#), as amended, which is reproduced (in part) below.

(11) Modification for military service pensions.

(i) For purposes of a taxpayer’s state tax liability, a modification to income shall be allowed as follows:

(A) For the tax years beginning on January 1, 2023, a taxpayer may subtract from federal adjusted gross income the taxpayer’s military service pension benefits included in federal adjusted gross income;

(ii) As used in this subsection, the term “military service” shall have the same meaning as set forth in 20 C.F.R. § 212.2;

(iii) At no time shall the modification allowed under this subsection alone or in conjunction with subsection (c)(9) exceed the amount of the military service pension received in the tax year for which the modification is claimed; and

Legislation adding the Social Security Modification was enacted in 2015, effective for Tax Year 2016 and forward.

For more details on this modification, see [R.I. Gen Laws § 44-30-12](#), as amended, which is reproduced (in part) below.

(8) Modification for taxable Social Security income.

(i) For tax years beginning on or after January 1, 2016:

(A) For a person who has attained the age used for calculating full or unreduced Social Security retirement benefits who files a return as an unmarried individual, head of household, or married filing separate whose federal adjusted gross income for the taxable year is less than eighty thousand dollars (\$80,000); or

(B) A married individual filing jointly or individual filing qualifying widow(er) who has attained the age used for calculating full or unreduced Social Security retirement benefits whose joint federal adjusted gross income for the taxable year is less than one hundred thousand dollars (\$100,000), an amount equal to the Social Security benefits includible in federal adjusted gross income.

(ii) Adjustment for inflation. The dollar amount contained in subsections (c)(8)(i)(A) and (c)(8)(i)(B) of this section shall be increased annually by an amount equal to:

(A) Such dollar amount contained in subsections (c)(8)(i)(A) and (c)(8)(i)(B) of this section adjusted for inflation using a base tax year of 2000, multiplied by;

(B) The cost-of-living adjustment with a base year of 2000.

(iii) For the purposes of this section the cost-of-living adjustment for any calendar year is the percentage (if any) by which the consumer price index for the preceding calendar year exceeds the consumer price index for the base year. The consumer price index for any calendar year is the average of the consumer price index as of the close of the twelve-month (12) period ending on August 31, of such calendar year.

(iv) For the purpose of this section the term "consumer price index" means the last consumer price index for all urban consumers published by the department of labor. For the purpose of this section the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1986 shall be used.

(v) If any increase determined under this section is not a multiple of fifty dollars (\$50.00), such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a married individual filing separate return, if any increase determined under this section is not a multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower multiple of twenty-five dollars (\$25.00);

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