



STATE OF RHODE ISLAND

# Division of Taxation

Department of Revenue

March 2026

## Frequently Asked Questions - New Tax on Non-Owner Occupied Properties Assessed at over \$1M

The Fiscal Year 2026 budget, as enacted in [House Bill 5076, Substitute A, as amended](#), Article 5, § 18, included the Non-Owner Occupied Property Tax Act, which imposes a tax on properties assessed over \$1 million that are not the primary residences of the property owners. The Non-Owner Occupied Property Tax is effective July 1, 2026 and impacts property owners of non-owner occupied residential properties. The Division of Taxation will be issuing a regulation to provide further guidance. Please note: this document is for general information purposes only. It is not a substitute for the Rhode Island General Laws, or for Rhode Island Division of Taxation Regulations, Rulings, or Notices.

### **Definitions:**

- Assessed value – the city/town assessed value of the residential property as of December 31 prior to the beginning of the privilege year.
- Non-owner occupied – a residential property that does not serve as the owner’s primary residence, which means a property that is not occupied by the owner of the property for one hundred eighty-three (183) days or more during the privilege year.
- Privilege year – the period of July 1 through June 30 directly preceding the tax year. Also known as “taxable year.”
- Residential property – property classified as residential by the city or town in which the property is located and assessed.
- Tax year – the year in which the tax is due and payable.

### **Questions - General:**

#### **1. Q: What is the Non-Owner Occupied Property Tax?**

A: The Non-Owner Occupied Property Tax is a tax imposed on residential properties that are not occupied by the owner for 183 days or more in a privilege year. This tax applies to properties that are classified as “residential properties” by the city or town with an assessed value greater than \$1,000,000.

There are two types of exemptions addressed in Question 6 of this document.

For tax years beginning on or after July 1, 2027, the \$1,000,000 threshold will be indexed for inflation.

**2. Q: What does a “non-owner occupied” property mean?**

A: A property is “non-owner occupied” if it is a residential property that does not serve as the owner’s primary residence and is not occupied by the owner for 183 days or more of the privilege year.

**3. Q: How is the assessed value determined?**

A: The assessed value of the residential property is determined by the city or town in which the property is located as of December 31 prior to the beginning of the privilege year. For example, for the tax year beginning on July 1, 2026, the privilege year is July 1, 2025 - June 30 2026, and the assessed value as of December 31, 2024 is used.

**4. Q: What is the rate of the Non-Owner Occupied Property Tax?**

A: The Non-Owner Occupied Property Tax rate is \$2.50 for each \$500 (or fractional part thereof) of the assessed value in excess of \$1,000,000.<sup>1</sup>

Non-Owner Occupied Property Tax formula:

$$((\text{Assessed value minus } \$1,000,000) \div \$500) \times \$2.50 = \text{Tax Due}$$

Example: A non-owner occupied property is assessed at \$1.2M and is unoccupied for 200 days each year.

Calculation:

$$\frac{(\$1,200,000 - \$1,000,000)}{\$500} \times \$2.50 = \text{tax owed annually}$$

$$(\$200,000 \div \$500) \times \$2.50 = \$1,000 \text{ tax owed annually}$$

Please refer to the chart below for examples of how the tax is calculated:

<b>Examples - Rhode Island Non-Owner Occupied Property Tax</b>			
Assessed value	Assessed value over \$1M	Tax due at the rate of \$2.50/\$500 in excess of \$1M	Quarterly payment
\$ 1,200,000.00	\$ 200,000.00	\$ 1,000.00	\$ 250.00
\$ 2,000,000.00	\$ 1,000,000.00	\$ 5,000.00	\$ 1,250.00
\$ 3,200,000.00	\$ 2,200,000.00	\$ 11,000.00	\$ 2,750.00

<sup>1</sup> For tax years beginning on or after July 1, 2027, the assessed value threshold of \$1,000,000 shall be adjusted by the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U).

**5. Q: How is “residential property” determined for Non-Owner Occupied Property Tax?**

A: The classification of the property as residential is determined by the city or town in which the property is located. This same classification is used for the administration of this tax.

**6. Q: Does the Non-Owner Occupied Property Tax have any exemptions?**

A: Yes, there are two exemptions as follows:

1. Any long-term rental subject to R.I. General Laws § 34-18 (Residential Landlord and Tenant Act) under written lease or rental agreement where the property is rented for 183 days or more of the privilege year.
2. Any short-term rentals subject to sales tax under R.I. General Laws § 44-18, where the property is rented for 183 days or more during the privilege year.

**7. Q: Do I need to file a tax return related to my Non-Owner Occupied Property Tax liability?**

A: No. The Division will send out a notice for each taxable property with the tax owed and payment due dates at the beginning of each tax year based on best available records. If you do not receive a notice but are subject to this tax, you should contact the Division of Taxation at [Tax.Property@tax.ri.gov](mailto:Tax.Property@tax.ri.gov).

**8. Q: How will a taxpayer know they are subject to the tax?**

A: The Division will send a notice to those property owners with properties assessed at greater than \$1M who the Division cannot confirm, without additional information, whether the property is the owner’s primary residence or if the owner qualifies for an exemption, based on best available records. If the property owners receive a notice and are not subject to the tax, the property owners will have an opportunity to provide supporting documentation to demonstrate that the property is their primary residence or that an exemption applies. Owners of property subject to this tax that do not receive a notice are still responsible for ensuring that the tax is paid and should contact the Division of Taxation at [Tax.Property@tax.ri.gov](mailto:Tax.Property@tax.ri.gov).

**9. Q: When is the Non-Owner Occupied Property Tax due?**

A: The tax is due and payable in 4 equal installments. The four installments are due September 15, December 15, March 15, and June 15 of the tax year.

The tax due may also be paid in full as one lump sum payment by September 15<sup>th</sup>.

Please see the following chart:

## Quick Reference Chart

Value assessed as of	Privilege Year	Tax Year	Payments due
December 31, 2024	July 1, 2025 - June 30, 2026	July 1, 2026 - June 30, 2027	September 15, 2026 December 15, 2026 March 15, 2027 June 15, 2027
December 31, 2025	July 1, 2026 - June 30, 2027	July 1, 2027 - June 30, 2028	September 15, 2027 December 15, 2027 March 15, 2028 June 15, 2028
December 31, 2026	July 1, 2027 - June 30, 2028	July 1, 2028 - June 30, 2029	September 15, 2028 December 15, 2028 March 15, 2029 June 15, 2029

### Questions - Assessed Value:

**10. Q: I purchased a vacation home in Rhode Island that is unoccupied for 200 days each privilege year. It is assessed at \$1.3 million, but I purchased the property for \$500,000. Is this property exempt from the tax?**

A: No. The property is subject to the tax if the property has an assessed value by the city/town of more than \$1 million and is not occupied for 183 days or more in a privilege year.

**11. Q: I have an open appeal regarding the assessed value with my town. How do I determine the tax amount owed?**

A: If a taxpayer has appealed the assessment of the property value with the municipality, the taxpayer is still responsible for paying the Non-Owner Occupied Property Tax at the current assessment value. Official documentation verifying the updated assessed value must be provided to the Division of Taxation after all appeals have been resolved.

The taxpayer must file a refund claim at the time they pay the Non-Owner Occupied Property Tax. The Division will modify the tax due for the property upon resolution of all appeals.

For the tax year beginning July 1, 2026, the assessed value of the residential property as of December 31, 2024 is used.

If your appeal is based on an assessed value after December 31, 2024, the open appeal does not affect the tax due for the July 1, 2026 through June 30, 2027 tax year.

## **Questions - Primary Residence:**

### **12. Q: How is primary residency determined for the Non-Owner Occupied Property Tax?**

A: A primary residence is a residential property where a taxpayer lives for at least 183 days within the privilege year. In most cases, the primary residence would be used on a taxpayer's resident 1040 personal income tax return, driver's license, and other official documents.

### **13. Q: What documentation would a property owner be required to demonstrate the 183 days or more requirement?**

A: In most cases, the filing of a Rhode Island resident 1040 personal income tax return would provide the necessary documentation. However, some additional documentation may be requested.

### **14. Q: Does the 183 days or more occupancy requirement specify that the days must be consecutive?**

A: The 183 days or more occupancy requirement does not need to be consecutive days.

### **15. Q: The house I live in is owned by a trust. It is my primary residence and I retain use of the property until I pass away. Would my property be subject to the Non-Owner Occupied Property Tax?**

A: No, the property would not be subject to tax if either the resident was authorized by the trust to reside at the property or there is official documentation to establish residency.

A primary residence is a residential property where a taxpayer lives for at least 183 days within the privilege year. Provided that the taxpayer is authorized to live at the property, in most cases, this primary residence would be used on a taxpayer's income tax return, driver's license, and other official documents.

Please reach out to the Division of Taxation at [Tax.Property@tax.ri.gov](mailto:Tax.Property@tax.ri.gov) with any questions.

## **Questions - Exemptions:**

### **16. Q: What is the timeframe in which the 183-day or more occupancy requirement must be met to qualify for an exemption?**

A: The 183-day or more occupancy requirement is based on the privilege year. The tax for the first year is effective July 1, 2026, based on the privilege year of July 1, 2025 through June 30, 2026.

**17. Q: I do not live in my property that is assessed for over \$1 million. I offer it for rent for 183 days or more each year. However, during the privilege year, it was only rented for 100 days. Does this meet the requirement to be exempt from the tax?**

A: No. This does not meet the requirement for exemption. The property must be rented for 183 days or more during the privilege year to qualify for an exemption.

**18. Q: I own a seasonal property that cannot be lived in during most of the year because there is no heat or water. My property is rented for half the summer. Does the tax apply to my property?**

A: Yes, the tax applies. Seasonal properties would need to be rented for 183 days or more, to be exempt from the tax.

**19. Q: I live in a multi-family property in which not all units are always rented. Does each unit need to be occupied for the 183 days or more?**

A: No. The property is not subject to tax as long as one unit is owner occupied or qualifies for an exemption.

**20. Q: I have a seasonal short-term rental that I rent for 60 days from July 1, 2025 to June 30, 2026 and I rent it to tenants for 123 days during that same period, is my property exempt from the tax?**

A: Yes, the property is rented for 183 days during the privilege year and is exempt from the property tax.

**21. Q: I am the owner of a property that I lived in for 160 days during the period from July 1, 2025 to June 30, 2026, and I rented the property as a short-term rental for 20 days and to a tenant for 60 days for that same period, is my property exempt from the tax?**

A: No. The property either has to be owner-occupied for 183 days or more or it has to be rented for 183 days or more in order to be exempt from the tax.

### **Questions - Sale or Transfer of the Property:**

#### **i. Transition Year – July 1, 2025 through June 30, 2026**

**22. Q: I sold my property during the privilege year of July 1, 2025, through June 30, 2026, do I owe the tax?**

A: For properties sold during the privilege year of July 1, 2025, through June 30, 2026, please see the following chart:

Privilege Year	Sale/Transfer Period	Tax Responsibility	Notes
July 1, 2025 - June 30, 2026	July 1, 2025 - December 29, 2025	Buyer	Owner for 183 days or more
July 1, 2025 - June 30, 2026	December 30, 2025 - June 30, 2026	Seller	Owner for 183 days or more

For properties sold between 7/1/2025 through 12/29/2025, the buyer may be responsible for the tax, if applicable, and depending on any applicable exemptions.

For properties sold between 12/30/2025 through 6/30/2026, the seller may be responsible for the tax, if applicable, and depending on any applicable exemptions.

**23. Q: I sold a property in January of 2026 that is assessed at over \$1M. Am I responsible for the Non-Owner Occupied Property Tax for tax year beginning 07/01/2026?**

A: Yes. The seller may be responsible for the tax if the property is subject to the tax and depending on status of any applicable exemptions.

**24. Q: I purchased a property in May of 2026 that is assessed at over \$1M. I received a notice of tax due for the Non-Owner Occupied Property Tax in the name of the previous owner. What should I do?**

A: You should contact the Division by email at [Tax.Property@tax.ri.gov](mailto:Tax.Property@tax.ri.gov) for further instructions.

**Privilege Years Beginning on or After July 1, 2026**

**25. Q: If I purchased a property in July of 2026 that is assessed at over \$1M, am I responsible for the Non-Owner Occupied Property Tax for the tax year beginning on July 1, 2026?**

A: No. The seller is responsible for any tax due. If you receive a notice for Non-Owner Occupied Property Tax with the previous owner's name, please contact the Division by email at [Tax.Property@tax.ri.gov](mailto:Tax.Property@tax.ri.gov). Please note, you may be responsible for the tax for the tax year beginning July 1, 2027 if the property is subject to the tax and depending on status of any applicable exemptions.

**26. Q: What if I sell a property in May of 2027 that is assessed at over \$1M and subject to the Non-Owner Occupied Property Tax, and I paid the first three payments. Is the buyer responsible for the payment due on June 15th for the tax year beginning 07/01/2026?**

A: No. The seller is responsible for any tax due for the tax year, including the installment due June 15, 2027. The seller is also responsible for any tax due for

all applicable tax years through June 30, 2028. The seller should pay any tax due in full, before the closing. A “Certificate of No Tax Due” is required.

See the chart below for further explanation:

Privilege Year	Tax Year	Tax Responsibility	Notes
July 1, 2026 - June 30, 2027	July 1, 2027 - June 30, 2028 (and all prior tax years)	Seller	Certificate of No Tax Due is required
July 1, 2027 - June 30, 2028	July 1, 2028 - June 30, 2029 (and future tax years)	Buyer	

**27. Q: What if I purchase a property in October of 2027 that is assessed at over \$1M. Am I responsible for the Non-Owner-Occupied Property Tax for the tax year beginning 07/01/2028?**

A: Yes, the buyer would be responsible for the tax beginning with the tax year of 07/01/28 and moving forward. Any payments due for the tax year prior to 7/1/28 would be required to be made by the seller prior to the closing.

See the chart below for further explanation:

Privilege Year	Tax Year	Tax Responsibility	Notes
July 1, 2026 - June 30, 2027	July 1, 2027 - June 30, 2028 (and all prior tax years)	Seller	The seller should pay tax due in full, before the closing.
July 1, 2027 - June 30, 2028	July 1, 2028 - June 30, 2029 (and future tax years)	Buyer	

**Questions - Tax Portal:**

**28. Q: How can I use Rhode Island’s Tax Portal to file and pay taxes electronically?**

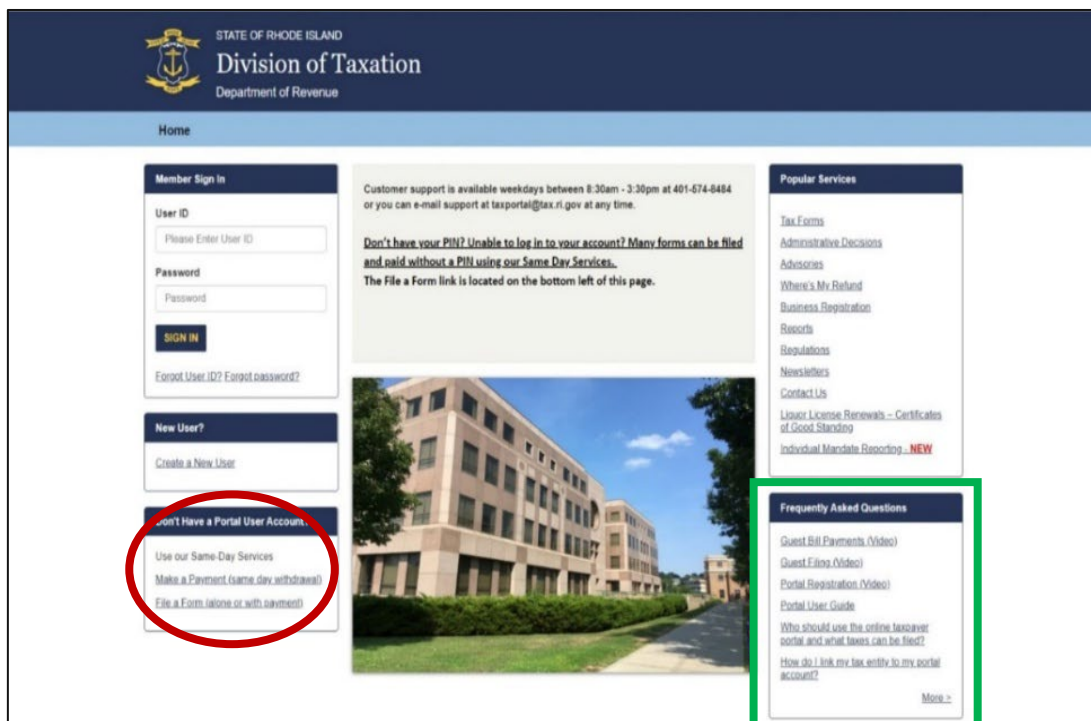
A: There is no return filing requirement for the Non-Owner Occupied Property Tax. Other tax filings, and payments for all taxes, may be made through the Tax Portal.

If you do not already have a Tax Portal account, visit the Division’s Tax Portal at: <https://taxportal.ri.gov> to create your Portal user account. As a first-time user you must link your Portal account(s) to any information on file with the Division. This is done by using your FEIN or SSN and a PIN supplied by the Division of Taxation via postal mail. Once this process is completed, you can file and pay your required tax returns through the Portal.

**29. Q: Am I required to get a Tax Portal account to make a payment for my Non-Owner Occupied Property Tax?**

A: Taxpayers without a Tax Portal account will be able to use the guest payment option on the Portal to pay their Non-Owner Occupied Property Tax liability. These taxpayers can pay using the Tax Portal’s Same-Day services to make guest payments. Same-Day Services are circled in red on the screenshot below. This method does not require the taxpayer to obtain a PIN.

The screenshot also contains a green box, which indicates the location of the Tax Portal’s Frequently Asked Questions menu. This menu contains extensive information and instructional videos, including a guest payment tutorial. The video can also be viewed by scanning the QR code to the right with a smartphone camera.



**30. Q: I need help with the Tax Portal. What should I do?**

A: Instructions, including helpful videos, are available at <https://taxportal.ri.gov>. If you need more help regarding the Tax Portal, please contact the Division’s Tax Portal Section by e-mail at: [Tax.Portal@tax.ri.gov](mailto:Tax.Portal@tax.ri.gov), or by phone at (401) 574-8484 between 8:30 a.m. and 3:30p.m. on business days.

**31. Q: I have questions about the taxation of my non-owner occupied residential property. Who should I contact?**

A: For questions about the Non-Owner Occupied Property Tax, you can contact the Rhode Island Division of Taxation by email at [Tax.Property@tax.ri.gov](mailto:Tax.Property@tax.ri.gov), by mail: Rhode Island Division of Taxation, One Capitol Hill, Providence, R.I. 02908, or by phone at (401) 574-8955 between 8:30 a.m. and 3:30 p.m. on business days.