

STATE OF RHODE ISLAND

DIVISION OF TAXATION

ADMINISTRATIVE HEARING

FINAL DECISION AND ORDER

#2026-08

**STATE OF RHODE ISLAND
DEPARTMENT OF REVENUE
DIVISION OF TAXATION
ONE CAPITOL HILL
PROVIDENCE, RHODE ISLAND 02908**

IN THE MATTER OF:

**Case No.: 25-T-051
personal income tax**

Taxpayer.

DECISION

I. INTRODUCTION

The above-entitled matter came before the undersigned as the result of a Notice of Pre-hearing Conference and Appointment of Hearing Officer (“Notice”) dated October 30, 2025 and issued to the above-captioned taxpayer (“Taxpayer”) by the Division of Taxation (“Division”) in response to a request for hearing. A hearing was held on March 19, 2026. The Taxpayer was *pro se*, and the Department was represented by counsel. The parties rested on the record.

II. JURISDICTION

The Division has jurisdiction over this matter pursuant to R.I. Gen. Laws § 44-30-1 *et seq.*, R.I. Gen. Laws § 44-1-1 *et seq.*, R.I. Gen. Laws § 42-35-1 *et seq.*, and 220-RICR-50-10-2, Department of Administration’s *Rules of Procedure for Administrative Hearings*.

III. ISSUE

Whether the Taxpayer’s claimed refund for the calendar year 2023 should have been denied by the Division.

IV. MATERIAL FACTS AND TESTIMONY

(“Auditor”), Principal Revenue Agent, testified on behalf of the Division. He testified the Taxpayer filed a Rhode Island resident income tax return for 2023 indicating he had income for his federal adjusted gross income (“AGI”). He testified that the Taxpayer claimed the standard deduction and indicated there was in withholding which he claimed as a refund as an overpayment. He testified that taxpayers are required to attach schedule W and W-2 to the income tax return for Rhode Island withholding, but the Taxpayer did not include a W-2 but included a schedule W form which showed a Rhode Island entity withheld tax for the Taxpayer. He testified that Rhode Island sourced income may include wages, rental income, unemployment, lottery wins, or capital gains. He testified the employer listed on the Taxpayer’s W form was a Rhode Island entity so that the salary from a Rhode Island entity is Rhode Island income. He testified the Division requested the Taxpayer submit a W-2 or 1099 for said employer, but the Taxpayer did not provide those requested documents but rather provided a copy of his 2023 federal tax return and federal form 4852 which was not responsive to the Division’s request. He testified that if there had been an error in the Taxpayer’s W-2, the Division would request a W-2C (corrected W-2) but the Taxpayer did not provide a corrected W-2.

The Auditor testified that based on the Division’s information from said Rhode Island employer’s required filing of the wages paid to and withholding for the Taxpayer for 2023, the Division adjusted the Taxpayer’s personal income tax return. He testified that using the wages paid to the Taxpayer by said Rhode Island entity and the Taxpayer’s standard deduction and exemption from his filed return, the Division calculated the Taxpayer’s taxable income and tax owed less the amount already withheld. He testified the Division calculated that the Taxpayer owed less in tax than had been withheld so that difference was refunded to the Taxpayer. He

testified that in response to the given refund, the Taxpayer requested a hearing. He testified the Taxpayer filed an amended return for 2023 as a nonresident. He testified the Taxpayer has now requested as a refund the amount that matches the withheld amount less the already paid refund. He testified the Taxpayer never provided a W-2 and did not provide a federal transcript for 2023 to the Division, and the Division had no evidence the Taxpayer received federal income for 2023. Division's Exhibits One (1) (Taxpayer's resident 2023 return received April 1, 2024); Two (2) (Division's adjusted 2023 income tax for Taxpayer); Three (3) (wage and income report from Rhode Island entity for Taxpayer for 2023); Four (4) (Division letter to Taxpayer requesting W-2 or 1099S); Five (5) (Taxpayer's response to request in Exhibit Four (4)); Six (6) (tax refund statement issued to Taxpayer); Seven (7) (statement advising as to adjustment to tax return); Eight (8) (request for hearing); and 14 (Taxpayer's adjusted 2023 nonresident return).

On cross-examination, the Auditor testified he did not process the Taxpayer's return, but he reviewed it when the Taxpayer requested a hearing.

The Taxpayer testified on his behalf. He testified he filed the 2023 income tax return with his federal AGI, and he did not receive a refund because Rhode Island used a different federal AGI. Taxpayer's Exhibit One (1) (summary of argument and attachment).

On cross-examination, the Taxpayer testified that he received a W-2 from said Rhode Island entity and sent it to the federal government but not to the Division.

V. DISCUSSION

A. **Legislative Intent**

The Rhode Island Supreme Court has consistently held that it effectuates legislative intent by examining a statute in its entirety and giving words their plain and ordinary meaning. *In re Falstaff Brewing Corp.*, 637 A.2d 1047 (R.I. 1994). If a statute is clear and unambiguous, "the

Court must interpret the statute literally and must give the words of the statute their plain and ordinary meanings.” *Oliveira v. Lombardi*, 794 A.2d 453 (R.I. 2002) (citation omitted). The Supreme Court has also established that it will not interpret legislative enactments in a manner that renders them nugatory or that would produce an unreasonable result. See *Defenders of Animals v. DEM*, 553 A.2d 541 (R.I. 1989) (citation omitted). In cases where a statute may contain ambiguous language, the Rhode Island Supreme Court has consistently held that the legislative intent must be considered. *Providence Journal Co. v. Rodgers*, 711 A.2d 1131 (R.I. 1998).

B. Statutes

Pursuant to R.I. Gen. Laws § 44-30-1(a) a “Rhode Island personal income tax determined in accordance with the rates set forth in § 44-30-2 is imposed for each taxable year . . . on the Rhode Island income of every individual, estate, and trust.”

R.I. Gen. Laws § 44-30-2.6 provides in part as follows:

Rhode Island taxable income — Rate of tax. (a) “Rhode Island taxable income” means federal taxable income as determined under the Internal Revenue Code, 26 U.S.C. § 1 et seq., not including the increase in the basic, standard-deduction amount for married couples filing joint returns as provided in the Jobs and Growth Tax Relief Reconciliation Act of 2003 and the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), and as modified by the modifications in § 44-30-12.

R.I. Gen. Laws § 44-30-32 provides in part as follows:

Rhode Island income of a nonresident individual.

(a) General. The Rhode Island income of a nonresident individual shall be the sum of the following:

(1) The net amount of items of income and deduction entering into his or her federal adjusted gross income derived from or connected with Rhode Island sources, including:

(b) Income and deductions from Rhode Island sources.

(1) Items of income and deduction derived from or connected with Rhode Island sources shall be those items attributable to:

(ii) A business, trade, profession, or occupation carried on in this state[.]

R.I. Gen. Laws § 44-30-51 provides in part as follows:

Returns and liabilities. (a) General. On or before the fifteenth day of the fourth month following the close of a taxable year, a Rhode Island personal income tax return shall be made and filed by or for:

(3) Every nonresident individual having Rhode Island income for the taxable year, determined under § 44-30-32[.]

R.I. Gen. Laws § 44-30-82 provides in part as follows:

Assessment date. (a) General. The amount of tax that a return shows to be due shall be deemed to be assessed upon the filing of the return, including any amended return showing an increase of tax. If a return was properly filed without computation of tax, the tax computed by the tax administrator shall be deemed to be assessed upon the date on which payment is due. ***

R.I. Gen. Laws § 44-30-83 provides in part as follows:

Limitations on assessment. (a) General. Except as otherwise provided in this section the amount of the Rhode Island personal income tax shall be assessed within three (3) years after the return was filed, whether or not the return was filed on or after the prescribed date. For this purpose a tax return filed before the due date shall be considered as filed on the due date; and a return of withholding tax for any period ending with or within a calendar year filed before April 15 of the succeeding calendar year shall be considered filed on April 15 of the succeeding calendar year.

R.I. Gen. Laws § 44-30-95 provides in part as follows:

General powers of tax administrator.

(b) Examination of books and witnesses. The tax administrator, for the purpose of ascertaining the correctness of any return, or for the purpose of making an estimate of Rhode Island income of any person where information has been obtained, shall have the power to examine or to cause to have examined, by any agent or representative designated by the tax administrator for that purpose, any books, papers, records, or memoranda bearing upon the matters required to be included in the return, and may require the attendance of the person rendering the return or any officer or employee of the person, or the attendance of any other person having knowledge in the premises, and may take testimony and require proof material for its information, with power to administer oaths to the person or persons.

C. Arguments

The Taxpayer argued that it was not shown to him that Rhode Island law authorized the Division to change his federal income that he included on his 2023 federal return.

The Division argued the Taxpayer earned Rhode Island income from which tax was withheld so by statute it was allowed to calculate the Taxpayer's owed tax since the return was filed without the computation of tax and to issue an assessment for the owed tax.

D. Whether the Taxpayer's Requested Refund Should be Denied

The Taxpayer's argument rested on the fact that he declared he earned federal AGI in 2023, and he did not think the Division had the statutory authority to change that declaration.

R.I. Gen. Laws § 44-30-1 *et seq.* provides for the payment of personal income tax. The Taxpayer did not file his W-2 as required with his 2023 Rhode Island income tax return. He did file with said return a schedule W listing his employer ("Employer"). Division's Exhibit One (1). As the Taxpayer did not include his W-2 in his 2023 return, the Decision requested the Taxpayer provide his W-2. The Taxpayer responded to that request but did not provide his W-2. The Taxpayer testified he provided his W-2 to the Internal Revenue Service ("IRS") but not to the Division.

The Employer filed its withholding form with the Division showing the amount of State taxable wages paid to the Taxpayer in 2023 and the amount of tax on those wages that was withheld by the Employer. Division's Exhibit Three (3). The Division testified that Employer was a Rhode Island entity. The Taxpayer provided no evidence that the Employer was not a Rhode Island entity. Thus, the Taxpayer received Rhode Island source income pursuant to R.I. Gen. Laws § 44-30-32(b) as he received income for a business, trade, profession, or occupation carried on in Rhode Island.

Pursuant to R.I. Gen. Laws § 44-30-2.6(a), the Rhode Island income tax statute uses a taxpayer's federal AGI to determine tax owed to Rhode Island. The statute defines Rhode Island taxable income to be federal taxable income under the Internal Revenue Code as modified by Rhode Island law. Pursuant to R.I. Gen. Laws § 44-30-51, a taxpayer is required to file a Rhode Island tax return if the taxpayer was required to file a federal income tax return **or** had Rhode Island income. The statute does not require that a taxpayer be required to file a federal income tax return **and** have Rhode Island income. Rather, the statute provides that either situation requires the filing of a Rhode Island income tax return.

Here, the Taxpayer filed a federal return stating his federal AGI was . He did not provide any evidence from the IRS that it agreed he did not earn any Rhode Island income. He did not provide a transcript from the IRS of his 2023 federal income tax to the Division.¹

Pursuant to R.I. Gen. Laws § 44-30-95, the Division may ascertain the correctness of any return by examining books and papers, etc. As allowed by statute, the Division ascertained whether the Taxpayer's 2023 return was correct. When the Taxpayer filed his 2023 return, he did not compute the tax owed. Therefore, pursuant to R.I. Gen. Laws § 44-30-82, the Division may assess any tax owed when there has not been a computation of tax when the return was filed. In ascertaining the correctness of the Taxpayer's return, the Division determined the Taxpayer received income from the Rhode Island Employer so owed tax (R.I. Gen. Laws § 44-30-82); however, the tax owed was less than the amount withheld from the Taxpayer's 2023 Rhode Island

¹ In his correspondence with the Division, the Taxpayer indicated he believed his Employer did not pay him income as defined by the Internal Revenue Code, and he was trying to correct this with the IRS. Division's Exhibit Five (5). He did not raise the argument about how income is defined at hearing. It is noted that pursuant to R.I. Gen. Laws § 44-30-6, the term "income" as used in the federal income tax law is deemed to be the same in Rhode Island. Income is very broadly defined and includes wages. *Commissioner of Internal Revenue v. Kowalski*, 434 U.S. 77 (U.S. 1977); *Commissioner of Internal Revenue v. Glenshaw Glass Co.*, 348 U.S. 426 (1955); and *Coleman v. Commissioner of Internal Revenue*, 791 F.2d 68 (7th Cir. 1986). Nonetheless, the Taxpayer did not provide any evidence from the IRS regarding a corrected W-2 for his 2023 income.

income. Thus, the Division did not need to issue a written assessment of tax owed but rather deducted the amount owed from the withheld tax to decrease the Taxpayer's overpayment of tax and issued that reduced amount for a refund. Division's Exhibits Six (6) and Seven (7).

Upon receipt of the refund amount, the Taxpayer requested a hearing. He also then filed a nonresident 2023 return as he is not a resident of Rhode Island. This nonresident return for 2023 included his partial refund and requested the rest of the amount of his withheld tax as a refund. It also did not include his W-2 but again included the schedule W listing his Rhode Island Employer.

The Taxpayer received income from a Rhode Island entity, the Employer. Such income is defined by R.I. Gen. Laws § 44-30-32(b) as Rhode Island income for a nonresident individual. It would be nice to be able to accept whatever everyone files with the IRS and the Division as accurate, but the fact that the Taxpayer filed his federal return with income does not make that his federal AGI. The Division is authorized by law to ascertain the correctness of returns and to calculate any tax owed when there is no computation of tax.

As detailed above, the Taxpayer's argument that there is no statutory basis for the Division to adjust his income tax return and decrease the refund owed him was without merit.

Based on the foregoing, the Taxpayer did not owe any additional tax beyond what had been withheld but his refund was reduced based on the tax owed. Division's Exhibit Seven (7).

VI. FINDINGS OF FACT

1. On October 30, 2025, the Division issued a Notice of Pre-hearing Conference and Appointment of Hearing Officer to the Taxpayer.

2. A hearing in this matter was held on March 19, 2026. The Taxpayer appeared *pro se* and the Division was represented by counsel. The parties rested on the record.

3. The facts contained in Section IV and V are incorporated by reference herein.

VII. CONCLUSIONS OF LAW

Based on the testimony and facts presented:

1. The Division has jurisdiction over this matter pursuant to R.I. Gen. Laws § 44-1-1 *et seq.* and R.I. Gen. Laws § 44-30-1 *et seq.*
2. Pursuant to R.I. Gen. Laws § 44-30-1 *et seq.*, the Taxpayer’s claim for his refund for his 2023 personal income tax is denied.

VIII. RECOMMENDATION

Based on the above analysis, the undersigned recommends that the Taxpayer’s claim for a refund after the Division’s adjustment as detailed in Division’s Exhibit Seven (7) and then requested by the Taxpayer’s nonresident 2023 income tax filing (Division’s Exhibit 14) was properly denied by the Division.

Date: May 5, 2026


 Catherine R. Warren
 Hearing Officer

ORDER

I have read the Hearing Officer's Decision and Recommendation in this matter, and I hereby take the following action with regard to the Decision and Recommendation:

- ADOPT
- REJECT
- MODIFY

Dated: 5/7/26


 Neena S. Savage
 Tax Administrator

NOTICE OF APPELLATE RIGHTS

THIS DECISION CONSTITUTES A FINAL ORDER OF THE DIVISION. THIS ORDER MAY BE APPEALED TO THE SIXTH DIVISION DISTRICT COURT PURSUANT TO R.I. Gen. Laws § 44-30-90 WHICH STATES AS FOLLOWS:

§ 44-30-90 Review of tax administrator's decision.

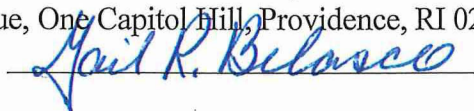
(a) General. Any taxpayer aggrieved by the decision of the tax administrator or his or her designated hearing officer as to his or her Rhode Island personal income tax may within thirty (30) days after notice of the decision is sent to the taxpayer by certified or registered mail, directed to his or her last known address, petition the sixth division of the district court pursuant to chapter 8 of title 8 setting forth the reasons why the decision is alleged to be erroneous and praying relief therefrom. Upon the filing of any complaint, the clerk of the court shall issue a citation, substantially in the form provided in § 44-5-26 to summon the tax administrator to answer the complaint, and the court shall proceed to hear the complaint and to determine the correct amount of the liability as in any other action for money, but the burden of proof shall be as specified in § 8-8-28.

(b) Judicial review sole remedy of taxpayer. The review of a decision of the tax administrator provided by this section shall be the exclusive remedy available to any taxpayer for the judicial determination of the liability of the taxpayer for Rhode Island personal income tax.

(c) Date of finality of tax administrator's decision. A decision of the tax administrator shall become final upon the expiration of the time allowed for petitioning the district court if no timely petition is filed, or upon the final expiration of the time for further judicial review of the case.

CERTIFICATION

I hereby certify that on the 8th day of May, 2026 a copy of the above Decision and Notice of Appellate Rights were sent by first class mail, postage prepaid and certified mail, return receipt requested to the Taxpayer's address on file with the Division and by electronic delivery to Matthew Williamson, Esquire, Department of Revenue, One Capitol Hill, Providence, RI 02903.



Paul R. Belasce