



Rhode Island Division of Taxation

State of Rhode Island and Providence Plantations
Department of Revenue

May 9, 2012

ADV 2012-12

Advisory:

Filing season update

With filing season over for most tax practitioners and taxpayers, the Rhode Island Division of Taxation today provides an update that includes information about the following:

- new refund statistics;
- current filing season statistics;
- sales tax booklets;
- direct debits;
- regulatory hearings next week; and
- a reminder about adjusting withholding.

Refunds remain high

Refunds continue to run higher than last year. The Tax Division has issued more refunds – and for a greater overall dollar amount – than at the same point last year.

The average refund is about \$14 higher than last year, up about 3 percent.

	Filing season 2011	Filing season 2012	Difference
Number of refunds	375,689	402,952	+ 7.26%
Total amount refunded	\$ 189,906,174	\$209,185,156	+ 10.15%
Average refund	\$ 505	\$519	+ 2.77%

Cumulative figures for tax year 2010 through May 6, 2011, and for tax year 2011 through May 4, 2012.
Figures for each filing season are before interest and offset and do not include returns for tax years other than those stated.

Filing season statistics

There's been a sharp drop-off in the number of returns filed on paper, and a concurrent increase in the number of returns filed electronically.

Through early May, the number of paper returns is down nearly a third compared with the same point last year. The number of paper returns filed with a two-dimensional barcode has also declined.

At the same time, the number of returns filed electronically is up about 7.5 percent over the corresponding period a year earlier. (E-filing represents about 83 percent of returns so far this year, up from about 78 percent at the same point last year.)

“We are gratified that more taxpayers and tax practitioners are moving to e-filing, because it saves taxpayers money,” said Tax Administrator David M. Sullivan. “E-filing is also more effective and efficient, results in fewer errors, and generates refunds more quickly,” said Peter McVay, associate director of revenue services.

	Filing season 2011	Filing season 2012	Difference
E-filed returns:	412,180	442,959	+ 7.47%
Paper returns:	81,119	58,955	- 27.32%
2-D barcode returns:	33,759	29,438	- 12.80%
Total returns:	527,058	531,352	+ 0.81%
Cumulative figures for tax year 2010 returns filed through May 4, 2011, tax year 2011 returns filed through May 2, 2012.			

Sales tax booklets

The Tax Division has begun readying sales tax booklets for the printer. Some drafts have already been printed. It's just the latest evidence that the agency will be returning to booklets for the year that begins July 1, 2012. That would be good news for the many retailers who had grown accustomed to using sales tax booklets -- and the tear-off coupons inside -- to remit sales and use tax.

Last year at about this time, the agency sent out sheets of coupons as temporary supplies, instead of booklets, because of uncertainty over potential changes in state sales tax law. Many retailers at the time asked for a return to using full-year coupon booklets. The Tax Division does plan to return to using the booklets, and expects to start mailing them to retailers in late June. (The annual sales tax reconciliation form will be sent in a separate mailing at a later date.)

Direct debit

The Tax Division has received more than \$6.1 million in personal income tax payments so far this year through direct debits that were authorized by 9,235 taxpayers, according to the latest available figures.

The figures include a group of about 600 taxpayers who had filed their returns during the filing season with instructions to have the Tax Division directly debit their bank or credit union accounts in order to cover their balance due (about \$325,000 in the aggregate). The direct debits were not completed as originally scheduled for that group. Last weekend and earlier this week, the Tax Division submitted the direct debit information into the computerized network that processes such requests and they were completed successfully.

The delay had occurred because the e-filed returns for the group – which correctly included the necessary account, routing, and other information – arrived without the required balance due information. But all of the direct debits for that group have now been completed. Their payments will be treated as if received on the April 17 deadline, so they will not receive notices and will not be subject to penalty or interest.

The Tax Division also recently resolved a separate matter involving direct debits. In that matter, a certain number of taxpayers elected to pay their balance due by check – but their returns arrived with instructions to have the Tax Division withdraw the amounts owed from the taxpayers' bank or credit union accounts. Thus, the taxpayers wound up paying twice. When the Tax Division learned of the issue, the agency resolved it by shipping the direct debited amounts back to the affected taxpayers in the form of direct deposits.

Regulatory hearings

Public hearings are right around the corner on [proposed regulations](#) that would affect limited liability companies (LLCs), limited liability partnerships (LLPs), and limited partnerships (LPs). There are also proposed regulations involving corporate estimated tax payments, letters of good standing, and sales and use tax.

The hearings are to begin at 9 a.m. on May 15, 2012, and will be held at the Division of Taxation, One Capitol Hill, Providence.

Adjusting withholding

With tax season just ended, and taxes still on your mind, now is a good time to consider adjusting the amount of Rhode Island personal income tax that's withheld from your paycheck. To make changes, fill out the [Rhode Island withholding certificate on Form RI W-4, available on the Tax Division website](#). Instructions are on the form. When you're finished, submit it to your employer; your withholding will be changed as soon as your employer, or your employer's agent, can process the form. (The Tax Division on May 2 issued [an advisory on the subject which contains more detail](#).)

Contact:

Neil Downing
Chief Revenue Agent
Rhode Island Division of Taxation
(401) 574-8115
Neil.Downing@tax.ri.gov