Rhode Island’s tax amnesty kicks off tomorrow
Division of Taxation starts accepting amnesty paperwork, payments on December 1

PROVIDENCE, R.I. – Rhode Island’s tax amnesty officially begins tomorrow, when the Rhode Island Division of Taxation begins accepting amnesty-related paperwork and payments.

“This is the time many taxpayers have been waiting for: A chance to clean the slate and get a fresh start,” said Rhode Island Tax Administrator Neena S. Savage, head of the Division of Taxation.

“Under the terms of amnesty, if you pay what you owe in back taxes, we'll eliminate all penalties and erase 25 percent of the interest you owe. Now’s the time to step forward and take advantage of the many benefits available under our amnesty program,” she said.

Details of the program – including forms, frequently asked questions (FAQs), and other information – are on the agency’s tax amnesty website, which is available 24 hours a day, seven days a week, at the following address: www.TaxAmnesty.ri.gov.

The Division of Taxation also has an amnesty phone bank to field amnesty questions from taxpayers, tax professionals, and others. Call (401) 574-8650. The phone bank is staffed from 8:30 a.m. to 3:30 p.m. business days. Or email: Tax.Amnesty@tax.ri.gov.
AMNESTY EXAMPLE

Suppose that in April 2016, Ethan filed a Rhode Island resident return for tax year 2015, reporting a balance due of $1,000, which he has not paid. Interest has been accruing at a rate of 18 percent per annum, which works out to 1.5 percent per month. Therefore, as of mid-December 2017, he owes interest for a total of 20 months. At 1.5 percent per month, interest totals 30 percent. Thus, he owes $300 in interest.

However, because of Rhode Island’s tax amnesty program, the amount of interest that he owes is reduced by 25 percent, or $75 in this example. Thus, his total interest charge under amnesty would be limited to $225, resulting in a savings to him of $75.

<table>
<thead>
<tr>
<th>Without amnesty</th>
<th>With amnesty</th>
<th>Savings through amnesty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delinquent tax:</td>
<td>$ 1,000</td>
<td>$ 1,000</td>
</tr>
<tr>
<td>Interest:</td>
<td>$ 300</td>
<td>$ 225</td>
</tr>
<tr>
<td>Penalty:</td>
<td>$ 100</td>
<td>$ 0</td>
</tr>
<tr>
<td>Total due:</td>
<td>$ 1,400</td>
<td>$ 1,225</td>
</tr>
</tbody>
</table>

Example is for illustration purposes only, uses estimates, and does not include penalties (which are waived in amnesty). All interest calculations are approximate and subject to verification – and potential re-calculation – by Division of Taxation.

But that’s not all. Since he filed his return in April 2016, the failure-to-pay penalty has been accruing at a rate of one-half of 1 percent – in other words, 0.50 percent – each month. The penalty is applied to the amount of unpaid tax. So in this example, his penalty equals 10 percent of $1,000, or $100. However, thanks to amnesty, all penalties are waived.

Thus, overall, because of amnesty, Ethan saves a total of $175 – through the waiver of all penalties ($100 in this case), and the reduction in interest ($75 in this case).

LIMITED TIME ONLY

Keep in mind that the tax amnesty is available for a limited time only: It runs through February 15, 2018. All payments and related paperwork must be filed on or before that date.

The interest clock keeps ticking during the 75-day amnesty program. So the sooner you pay what you owe, the less you’ll be charged. Amnesty payments must be made by bank check or money order, or may be made online: [http://www.tax.ri.gov/misc/creditcard.php](http://www.tax.ri.gov/misc/creditcard.php). (Details on the calculation of interest, and about payments and other amnesty-related information, are on the amnesty website: [www.TaxAmnesty.ri.gov](http://www.TaxAmnesty.ri.gov).)
ADVERTISING CAMPAIGN

The Division of Taxation recently launched an extensive advertising and promotional campaign to help spread the word about Rhode Island’s new tax amnesty program (see screenshots on previous pages).

“After months of planning and preparation, the official start of amnesty is tomorrow, December 1. This is a busy time of year, and we need to get our message out: If you owe back taxes, and you pay what you owe, we will waive penalties and reduce your interest by 25 percent,” Savage said.

“We understand that people and businesses can occasionally fall behind on their taxes due to illness, loss of a job, or other matters that can sometimes interrupt lives. Through amnesty, we can help you get a clean slate and get back on track,” she said.

ABOUT AMNESTY

Tax amnesty is a unique opportunity for you to get a fresh start. Pay what you owe in delinquent Rhode Island state taxes – no matter the type of tax. In exchange, the Division will waive penalties and reduce, by 25 percent, the amount of interest normally charged.

Any person, corporation, or other entity that is subject to Rhode Island tax is eligible for amnesty – no matter where that person, corporation, or other entity is located. All Rhode Island state taxes are eligible – including personal income tax, corporate income tax, sales tax, use tax, estate tax, unemployment insurance tax, withholding tax, and other Rhode Island state taxes.

The amnesty applies to taxes due for any taxable period ended on or before December 31, 2016. The Division begins accepting amnesty payments, amnesty tax returns, and related paperwork on December 1, 2017. Amnesty runs through February 15, 2018, and is also open to non-filers.

FOR MORE INFORMATION ABOUT AMNESTY

- Online: www.TaxAmnesty.ri.gov
- By phone: (401) 574-8650 (from 8:30 a.m. to 3:30 p.m. business days)
- Email: Tax.Amnesty@tax.ri.gov.

ABOUT THE AMNESTY AD CAMPAIGN

The ad campaign (see example at top of previous page) was developed by RDW Group under contract with the Division of Taxation. RDW Group, with headquarters in Providence, is an integrated communications firm, providing advertising, public relations, and related services.

The Rhode Island Division of Taxation office is at One Capitol Hill in Providence, R.I., diagonally across from the Smith Street entrance to the State House, and is open to the public 8:30 a.m. to 3:30 p.m. business days. To learn more, see the agency’s website: www.tax.ri.gov, or call (401) 574-8829.