**Purpose:** Form RI 1040C-NE, Rhode Island Nonresident Individual Income Tax Agreement/Election to be Included in a Composite Return, is used to substantiate the qualified electing nonresident partner, shareholder, member or beneficiary's election to be included on Form RI-1040C, Rhode Island Composite Income Tax Return.

**Who May Elect:** Any individual who is a qualified electing nonresident member in a pass-through entity doing business in Rhode Island or having income, gain, loss, or deduction derived from or connected with sources within Rhode Island is eligible to elect to be included in a composite income tax return (Form RI-1040C) filed by the pass-through entity. A pass-through entity is eligible to file Form RI-1040C for a taxable year only if all of the qualified electing nonresident members have the same taxable year.

This election may be made by any individual who is a nonresident:
- Partner in a partnership doing business in Rhode Island or having income, gain, loss, or deduction derived from or connected with sources within Rhode Island; or
- Shareholder in an S corporation doing business in Rhode Island or having income, gain, loss, or deduction derived from or connected with sources within Rhode Island; or
- Member of an LLC treated as a partnership for federal income tax purposes and doing business in Rhode Island or having income, gain, loss, or deduction derived from or connected with sources within Rhode Island; or
- Beneficiary of a trust or estate having income, gain, loss, or deduction derived from or connected with sources within Rhode Island.

**NOTE:** The filing of a composite return will be considered as meeting the filing requirements otherwise separately imposed on each qualified electing nonresident member resulting exclusively from this income. Qualifying electing nonresident members who are included on Form RI-1040C, are not required to file Form RI-1040NR. The Division of Taxation retains the right to require the filing of an individual Rhode Island income tax return by any of the members. However, a qualified electing nonresident member may not elect to be included in a composite return, after the fifteenth day of the fourth month following the close of the entity’s taxable year.

**Internal Revenue Service Center Where Nonresident Individual’s Federal Return is Filed:**

**Terms Applicable to Partners of a Partnership, Shareholders of an S Corporation, Members of an LLC, and to Beneficiaries of Trusts or Estates:**

For a Partnership, the nonresident partner’s distributive share of partnership income derived from or connected with sources within Rhode Island.

For an S Corporation, each nonresident shareholder’s pro rata share of income, gain, loss, and deduction derived from or connected with sources within Rhode Island.

For an LLC, each nonresident LLC member’s distributive share of income, gain, loss, and deduction (net of modifications) derived from or connected with sources within Rhode Island.

For a Trust or an Estate, each nonresident beneficiary’s share of trust or estate income, gain, loss, and deduction (net of modifications) derived from or connected with sources within Rhode Island.

**When and Where to File:** A qualified nonresident member electing to be included in a composite tax return must submit a completed Form RI 1040C-NE to the pass-through entity prior to the filing of Form RI-1040C by the pass-through entity. The due date for Form RI-1040C is the fifteenth day of the fourth month following the close of the taxable year of the qualified electing nonresident members. The pass-through entity must keep Form RI 1040C-NE in its permanent records and make them available to the Division of Taxation upon request.

This agreement shall be binding upon my heirs, representatives, assigns, successors, executors and administrators.