

RHODE ISLAND TAX NEWS

A NEWSLETTER FOR TAX PROFESSIONALS

OCTOBER/NOVEMBER/DECEMBER 2020

OCTOBER 15 FILING DEADLINE

Suppose that you usually file your Rhode Island personal income tax return on extension, so that your deadline is October 15.

Filing on extension thus

gives you an additional six months to file your return.

However, the Division of Taxation postponed the normal April 15 filing deadline to July 15, 2020, due

to the coronavirus (COVID-19) pandemic. As a result, if you file on extension this year, will your Rhode Island personal income tax return for the 2019 tax year be due in January 2021? Or is it still due on October 15, 2020?

The answer is that it is still due on October 15, 2020.

Rhode Island allows resident and nonresident personal income tax returns to be filed on extension -- which can be a convenience for taxpayers and tax preparers.

(Please turn to page 2)



TAX TREATMENT OF IMPACT PAYMENTS

Legislation approved by Congress and signed into law by President Donald J. Trump on March 27, 2020, made a number of changes to federal tax law.

The legislation, H.R. 748, which became Public Law 116-136, is known as the Coronavirus Aid, Relief, and

Economic Security Act (or CARES Act). It was intended as an economic stimulus measure amid the coronavirus (COVID-19) pandemic.

A number of provisions of the bill affect various states, including Rhode Island. Following is a brief look at

a few of the provisions and the Rhode Island impact.

Q: Will the federal economic impact payments be treated as income for Rhode Island personal income tax purposes?

(Please turn to page 4)

SEMINAR FOR TAX PREPARERS

Save the Date: The Rhode Island Division of Taxation will hold a "Seminar for Tax Preparers" on Wednesday, December 9, 2020. For more information, please turn to page 3.

INSIDE THIS ISSUE:

HOW TO MAKE TAX PAYMENTS	2
TWO APPOINTMENTS	5 & 6
FREE FILE	7
'LEGAL CORNER'	8
EMERGENCY REGULATION	9
'PRACTITIONERS' CORNER'	10
HEALTH INSURANCE MANDATE	12

OCTOBER 15 FILING DEADLINE (CONTINUED FROM PAGE 1)

This season, there's a twist: As noted, because of the coronavirus, the Division moved the normal deadline of April 15, 2020, to July 15, 2020, for filings and for payments. How does this apply to those who normally file on extension, which gives them six extra months to file? The deadline for those extension filers is still October 15, 2020.

Thus, for extension filers, only one thing has changed: Instead of filing for an extension and paying what you owe by April 15, 2020, you were able to wait until July 15, 2020, to pay what you owe and file for an extension.

But you still must file the return itself on or before October 15, 2020.

Extension of time

Please note: It is an extension of the time to file, not of the time to pay.

Normally, you still must pay what you owe by the April 15 deadline.

This year, however, the deadline for filings and payments was postponed to July 15, 2020, due to the pandemic. But payments were still due on July 15, 2020. The extension, to October 15, 2020, applies only to filings.

If you still owe tax, you should pay as soon as possible, to limit late charges. Convenient payment options are listed on this page.

HOW TO MAKE TAX PAYMENTS

Software: If you use tax-preparation software, or your tax preparer does, the software may offer the option to authorize the Division to withdraw the required amount directly from your bank or credit union account. If so, schedule the withdrawal, or "direct debit", several business days in advance of the deadline, to avoid any possible delays.

Portal: Individuals, businesses, tax professionals, and others may use the Division of Taxation's portal to make online payments. It's easy, convenient, and quick. There is no charge for this service. Just go to the portal, log in, and make your payment. (Please note: If you are a first-time user, you will have to register first. Click on the "Create a New User" link on the portal homepage to create a new user account.) Payments for nearly all tax types – including individual and business taxes – can be made via the portal. Use the following link: <https://taxportal.ri.gov>

Bill Pay: Your bank or credit union may let you use its online "bill pay" feature, which generates a check that your bank or credit union mails to the Division of Taxation.

If you use "bill pay", include as much information as possible -- and complete the transaction several business days in advance of the deadline -- so that the amount can be promptly and properly credited to your account. That way, you can avoid incurring late charges. Also make sure that the payment goes to the following address, not to a post office box: Rhode Island Division of Taxation, One Capitol Hill, Providence, R.I. 02908.

Debit Card: You can pay your balance due by using a debit card or credit card. A third-party provider charges a fee for the service. For more information, use the following link:

<http://www.tax.ri.gov/misc/creditcard.php>

Pay By Check: You still have the option to pay by check. If you do, be sure that your check is accompanied by a payment voucher. That way, your payment will be properly and promptly credited to your account. If you use tax preparation software, or your preparer does, you may use the voucher provided by the software program. Or use the Division's voucher. Vouchers, forms, instructions, and other documents are available via the following link:

<http://www.tax.ri.gov/taxforms/>

EFT Account: If your business has a balance due, you can use your Rhode Island business tax EFT filing account:

<https://www.ri.gov/taxation/business/index.php>

E-file reminder



For those filing on extension, the Rhode Island Division of Taxation will accept the following returns under its electronic filing program (e-file):

- ◆ Form RI-1040
- ◆ Form RI-1040NR
- ◆ Form RI-1120C
- ◆ Form RI-1120S
- ◆ Form RI-1065
- ◆ Form RI-1041

DIVISION TO HOLD ONLINE SEMINAR FOR TAX PREPARERS

The Rhode Island Division of Taxation will once again this year hold its “Seminar for Tax Preparers” -- but with a twist.

Last year, the Division held an in-person seminar at two Community College of Rhode Island campuses.

This year, however, the Division will hold its seminar online -- as a precaution amid the coronavirus (COVID-19) pandemic.

Details

♦ The virtual seminar will be held on Wednesday, December 9, 2020, from 9:00 a.m. to 11:30 a.m.

♦ By early December, in advance of the seminar, the Division will send an email to preparers containing seminar details -- including a link they may use to view the seminar on their computers or other devices. There will be no charge to attend.

♦ The Division is working on further details about the seminar and will email those details to preparers in advance of the seminar.

Although this year’s seminar will be online, the Division nonetheless will offer preparers its usual comprehensive presentation, with several speakers and an advance look at what’s new for the tax-filing season.

Among the highlights will be the health insurance mandate.

Under legislation proposed by Rhode Island Governor

Gina M. Raimondo and approved by the Rhode Island General Assembly in its 2019 session, Rhode Island residents must maintain sufficient health-care coverage (known as “minimum essential coverage”), effective January 1, 2020.

If a Rhode Island resident, and/or any dependent, fails to maintain sufficient health-care coverage and does not qualify for an exemption, that person must pay a penalty on that person’s Rhode Island income tax return. The penalty will first appear on returns in the 2021 filing season.

Who’s affected

Most taxpayers will not be subject to the penalty because they already have coverage -- through employer-sponsored health insurance; the federal Medicare program; the joint-federal-state Medicaid program; TRICARE (the health-care program for uniformed service members, retirees, and their families); or some other means.

But some taxpayers will be affected. Preparers will want to attend the online seminar to learn how to deal with the health insurance mandate (also known as the “individual mandate”) on their clients’ tax returns -- for those who are subject to the penalty and those who are not.

The seminar will also focus on other new developments affecting tax preparation, forms, and instructions, and



Meeting: Carlita Annicelli (standing, left), chief revenue agent of the Rhode Island Division of Taxation’s Personal & Corporate Income Tax unit, met with tax preparers during a break in the Division’s “Seminar for Tax Preparers” held at the Community College of Rhode Island’s Newport County campus in November 2019. Due to the coronavirus (COVID-19) pandemic, this year’s seminar will be held online.

tax administration issues.

Free seminar

“With this free seminar, we hope to reach tax return preparers who are employed by national, regional, or local tax preparation firms, as well as those who prepare returns seasonally and may be self-employed and not part of a professional association,” said Tax Administrator Neena Savage.

Certified public accountants, public accountants, enrolled agents, attorneys, Annual Filing Season Program participants, and other paid preparers are welcome to attend, too.

“Our online seminar is intended to supplement, not replace, any online presentations we may make that are sponsored by practitioner groups,” she said.

Preparers who receive Division emails via the Division’s listserv will automatically receive emails about the seminar when the time comes.

Subscribe

If you are not on the Division’s listserv, send an email with the word “Subscribe” in the subject line to:

Neil.Downing@tax.ri.gov

TAX TREATMENT OF IMPACT PAYMENTS (CONTINUED FROM PAGE 1)

The answer is no.

In general, the federal law authorized that payments be made by the United States Treasury/Internal Revenue Service to individuals who qualified. (Most individuals qualified.)

The CARES Act (*see excerpt on this page*) says that the payments -- also known as “stimulus payments”, “recovery rebates”, or “COVID-19 payments” -- are treated as refundable tax credits for federal tax purposes. Therefore, the payments will not be included in one’s federal adjusted gross income for federal income tax purposes.

Remember that, under Rhode Island law, federal adjusted gross income is the starting point for calculating one’s Rhode Island personal income tax. Thus, under current Rhode Island law, the stimulus payments are not treated as income for Rhode Island tax purposes.

Q: The new federal CARES Act established an above-the-line federal deduction of up to \$300 for qualified charitable contributions made by an eligible individual during the tax year. How will that affect one’s Rhode Island personal income tax return?

Under the new federal law, an “eligible individual” (in other words, a person who

does not elect to itemize deductions for federal tax purposes) may claim a deduction against gross income of up to \$300.

The new provision applies to tax years beginning in 2020. Thus, the first time it will appear on one’s federal income tax return is in early 2021, covering the 2020 tax year.

The deduction reduces one’s federal adjusted gross income. The computation of the Rhode Island personal income tax begins with one’s federal adjusted gross income.

Therefore, if someone properly claims the new deduction at the federal level, it will reduce one’s federal adjusted gross income for Rhode Island tax purposes. Put another way, under current Rhode Island law, properly claiming the federal deduction will automatically result in a reduction for

Rhode Island tax purposes.

Q: Federal law generally requires the owner of an individual retirement account (IRA), or a participant in a retirement-savings plan such as a 401(k) plan, to withdraw at least a minimum amount each year once the owner reaches age 72 (or age 70½, if he or she reached age 70½ before January 1, 2020). But the CARES Act says that the requirements for minimum withdrawals (also known as required minimum distributions, or RMDs) do not apply for calendar year 2020 for an IRA or retirement-savings plans such as 401(k) plans. What if I make a withdrawal anyway?

Withdrawals are generally included in one’s federal adjusted gross income for federal income tax payments. Be-

cause federal adjusted gross income is the starting point for calculating one’s Rhode Island personal income tax, the withdrawals typically count as income for Rhode Island tax purposes, too.

But there is a limited exception under Rhode Island law for income from private-sector pensions, government pensions, 401(k) plans, 403(b) plans, military retirement pay, annuities, and other such sources. (The limited exception does not apply to withdrawals from IRAs.) To learn more about the exception: <https://go.usa.gov/xdpZX>

Note: This article is based on federal and Rhode Island tax law in effect as of October 1, 2020. Keep in mind that tax laws can change. The Division urges taxpayers and tax professionals to keep current with the latest tax changes.



H. R. 748

One Hundred Sixteenth Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Friday,
the third day of January, two thousand and twenty

An Act

To amend the Internal Revenue Code of 1986 to repeal the excise tax on high cost employer-sponsored health coverage.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Coronavirus Aid, Relief, and Economic Security Act” or the “CARES Act”.

SEC. 2. TABLE OF CONTENTS.

DIVISION APPOINTS NEW CHIEF OF STAFF

Bethany M. Whitmarsh has been promoted at the Rhode Island Division of Taxation to the position of chief of staff.

An attorney, she formerly worked at several law firms in Rhode Island and Massachusetts, most recently as a partner, before joining the Division as a legal officer.

Her promotion, which occurred earlier this year, before the onset of the coronavirus (COVID-19) pandemic, was made by Rhode Island Tax Administrator Neena Savage, and is formally being announced today.

“With the increased pace of change involving federal tax law, Rhode Island tax law, and operations, we needed someone to help coordinate our responses to rapidly evolving events; work with our expanded legal team; and serve as interdepartmental project manager,” Savage said.

“I am pleased to formally announce Bethany’s promotion. She was chosen from a strong field of candidates through a competitive process. Her education, her legal background, the breadth and depth of her work experience, her problem-solving abilities, and her professional and collegial approach to the job, all make her an ideal candidate for this new position,” Savage said.

Born in Narragansett, where she spent her early years, Whitmarsh later



Promotion: *Narragansett native Bethany M. Whitmarsh has been promoted at the Rhode Island Division of Taxation to the rank of chief of staff.*

moved to North Kingstown, where she attended North Kingstown High School. While there, she played softball and basketball and was a member of the National Honor Society.

Educated at Fordham

After graduating in 1997, she went to Fordham University (the Rose Hill campus, in the Bronx). In addition to her studies, she was a walk-on infielder for Fordham’s Division I softball team in the Atlantic 10 Conference. She also worked in the university library to help pay for her education. In her

senior year, she won the Terence O’Donnell Memorial Award, which is presented to the Fordham student-athlete who best exemplifies the qualities of sportsmanship, loyalty, dedication, and self-discipline.

She graduated in 2001 with a bachelor of arts degree in political science, with a minor in psychology and English literature. The following year, she entered Roger Williams University’s law school on a full scholarship. While there, she was a member of the school’s Law Review, a student-run journal that publishes articles written by law

professors, judges, and other legal professionals. She also served as a volunteer tax preparer with the Internal Revenue Service’s Volunteer Income Tax Assistance (VITA) program.

After graduating in 2005, she passed the bar exam and shortly thereafter joined the Coia & Lepore law firm in Providence. She subsequently worked as an associate for law firms in Newton and Lynnfield, Massachusetts, before joining the LeClairRyan law firm in Boston. While there, she earned a certificate from the Harvard Negotiation Institute at Harvard Law School, focusing on critical aspects of negotiation and mediation. She became a partner in LeClairRyan and opened its Providence office.

Legal officer

In April 2019, she joined the Division of Taxation as a legal officer. In January 2020, she was promoted to chief of staff. She is a member of the Rhode Island Bar Association, where she is a member of the Government Lawyers Committee. She is also admitted to practice in the U.S. District Court for the District of Rhode Island, and in the U.S. Court of Appeals for the First Circuit.

She lives in Coventry with her partner and twin boys, now three years old, enjoys hiking, and hopes to own and operate a small farm in the near future.

NEW CHIEF NAMED FOR AUDIT & INVESTIGATION

Susanna Coburn has been promoted at the Rhode Island Division of Taxation to the rank of chief, Audit & Investigation.

She formerly served as chief revenue agent in the Division's Tax Processing Services section.

She replaces Patrick Gengarella, who left for a job in the private sector. Coburn's promotion, which occurred earlier this year, before the onset of the coronavirus (COVID-19) pandemic, was made by Rhode Island Tax Administrator Neena Savage, and is formally being announced today.

"Patrick served with distinction during his long career at the Division and we wish him well," Savage said.



PATRICK GENGARELLA

"I am pleased to formally announce the appointment of Susanna. She was chosen from a competitive field of candidates. She has risen through the ranks at the Division, in positions of increasing responsibility, and has more than proven herself in the many tasks she has undertaken. She is a true professional, and I am delighted that she has agreed to take on this key leadership position at the agency," Savage said.

"Susanna's accounting edu-



Photo by Gail Belasco / Rhode Island Division of Taxation

Promoted: *Susanna Coburn has been promoted at the Rhode Island Division of Taxation to the rank of chief, Audit & Investigation.*

cation, her work experience, and her ability to adapt to changing circumstances and take on new responsibilities make her an ideal candidate for this job," Savage said.

Coburn has served in a management position at the Division for six of her 19 years at the agency.

In her latest role, she oversees the Division's field audit, office audit, and special investigation areas.

Pawtucket native

Born and raised in the Darlington section of Pawtucket, Susanna (Amorim) Coburn graduated from William E. Tolman Senior High School in Pawtucket.

She continued her studies at Rhode Island College, from which she graduated in 2000 with a bachelor's degree in accounting.

In January 2001, she began work at the Division of Taxation — a career path she chose

in part because it offered a work-life balance, she said. "I wanted to be a mother and have a career," she said.

She began as a revenue officer in Collections, where she spent 3 ½ years. She was then promoted to Field Audit, where she served from June 2004 to May 2014 as a senior revenue agent.

In that role, she was entrusted with training agents, and performed complex tax audits, including the review of various state credits. She was also responsible for representing the Division at hearings.

In May 2014, she was promoted to the rank of principal revenue agent in the Division's Excise Tax section.

In that position, she helped to review and rewrite Division regulations; conducted and adjudicated hearing decisions as a conferee; advised on subjects pertaining to the interpretation of various tax laws; and served as a speaker at various state tax seminars and forums.

In September 2016, she was promoted to chief revenue agent in the Division's Tax Processing Services section.

(Please turn to next page)

FREE FILE STILL AVAILABLE FOR OCTOBER DUE DATE

Still haven't filed your Rhode Island personal income tax return for the 2020 tax year?

One option is to use the Rhode Island Free File program, which lets you prepare your own federal and Rhode Island returns online, and e-file them, at no charge.

The Rhode Island Free File program is available only through the Rhode Island Division of Taxation website.

Many, but not all, taxpayers qualify for the free program.

You may review the terms and conditions of the Rhode Island Free File program by



using the following link:

<http://www.tax.ri.gov/misc/efile.php>

The free service is made possible from Free File, which is a partnership of the Internal Revenue Service, the Rhode Island Division of Taxation, a number of other states, and the Free File Alliance.

The Free File Alliance is a group of industry-leading private-sector tax preparation companies that have agreed to provide free commercial online tax preparation and electronic filing to those taxpayers who qualify.

The Rhode Island Free File program's webpage shows offers available from seven different brand-name provid-

ers. Scroll through the list to see which may best suit your needs.

Through July 30, 2020, approximately 11,274 Rhode Island personal income tax returns were processed through the Rhode Island Free File program.

NEW CHIEF NAMED FOR AUDIT & INVESTIGATION (CONTINUED FROM PREVIOUS PAGE)

In that position, she provided a new, successful strategic direction and coordinated a reorganization after the full implementation of the Division's agency-wide computer system.

Culture of improvement

She also promoted a positive culture of continuous improvement with staff and management, while multitasking in a fast-paced environment.

Depending on the time of year, her staff there ranged from 22 permanent employees -- to 45 employees during filing season.

She was responsible to clearly communicate and establish priorities as well as short-term and long-term goals in order to ensure the success of her staff and section.

Cross-training

She introduced a cross-training program to promote employee productivity, and also implemented schedules for phones and scanners to ensure coverage and maximize employee efficiency without developing burnout.

She also developed a successful Customer Service Call Center within the cross-

training program, working with other sections within the Division to maintain an effective working relationship.

"I worked closely with various sections to ensure that the tax-processing area staff understood their business priorities, messaging, and overall needs. Under my administration, all initiatives, new business processes, and schedules, were developed to promote employee morale and a positive, happy working environment," she said.

As chief, Audit & Investigation, she oversees the Field Audit unit, with a 34-

member staff; the Office Audit unit, with a six-member staff; and the Special Investigation Unit, with a five-member staff.

"We have already reaped the benefit of Susanna's hard work; her positive, can-do attitude; and her consummate professionalism," Savage said.

Coburn and her husband have three children and reside in Cumberland.

Legal Corner

RECENT STATE TAX CASES IN SUMMARY

Following is a summary of tax-related cases in which final decisions were made after administrative hearings. By law, decisions are public information, but taxpayer information cannot be disclosed. Administrative Decisions are online at www.tax.ri.gov

Hemp cigarettes

At issue is whether hemp cigarettes seized by the Division meet the statutory definition of a "cigarette" -- and thus require a Rhode Island cigarette tax stamp.

The taxpayer is a domestic for-profit corporation that operates a convenience store and gas station in Rhode Island. The business offers cigarettes and other tobacco products for sale at its store and holds a cigarette dealer's license issued by the Division.

On August 14, 2019, the Division's agents conducted a compliance inspection of the store. During the inspection, the agents found the taxpayer to be in possession of hemp cigarettes on display for sale. The hemp cigarettes did not have Rhode Island cigarette tax stamps affixed to them, so the agents seized them as contraband.

The Division then issued a notice of 40-day suspension of the business's cigarette dealer's license, and a notice of



Rhode Island Tax News provides only summaries of some recent tax-case decisions, which are based on specific facts and circumstances.

The summaries are merely informative and provide general information. To determine how state tax laws and regulations apply to your particular circumstances, please consult your tax professional.

deficiency for cigarette tax and penalties due.

The business timely requested a hearing, asserting that because the hemp products that the Division seized did not contain tobacco, they are not subject to the requirement for a cigarette tax stamp.

The business and the Division were represented by counsel, and agreed that a decision could be made based on an agreed-upon statement of facts and exhibits and the filing of briefs.

The Division argued that the statutory definition of "cigarette" under Rhode Island General Laws 44-20-1 (2) is plain and unambiguous -

- and encompasses rolling papers in any form and made of any material:

"Cigarettes" means and includes any cigarettes suitable for smoking in cigarette form, and each sheet of cigarette rolling paper, including but not limited to, paper made into a hollow cylinder or cone, made with paper or any other material, with or without a filter suitable for use in making cigarettes...

The Division argued that it is irrelevant whether the rolling paper is filled with tobacco, hemp, or another substance.

The business argued that the statutory definition of "cigarette" does not include non-tobacco products, and noted that other related statutes specifically refer to the term "tobacco" -- but the definition of "cigarette" does not.

The taxpayer also argued that hemp cigarettes do not include tobacco, are not made from the same paper as cigarettes, and are not shaped like cigarettes.

The business also argued that hemp is separately regulated by the Rhode Island Department of Business Regulation (DBR), and if the General Assembly wanted to expand the definition of the term "cigarette" to include hemp cigarettes, it would have amended the relevant statutes.

(Please turn to next page)



Tax hearings

Any taxpayer aggrieved by the action of the Tax Division in determining the amount of tax, surcharge, or penalty, may make written request for a formal hearing.

The taxpayer is first afforded an opportunity to have a preliminary review. Should the matter not be resolved, it may then proceed to formal hearing under the terms of the state Administrative Procedures Act (Rhode Island General Laws § 42-35-1 et seq.) and Division of Taxation regulation 280-RICR-20-00-2.

If not satisfied with the outcome, the taxpayer may appeal to Sixth Division District Court (Rhode Island General Laws § 8-8-24 et seq.).

Legal Corner

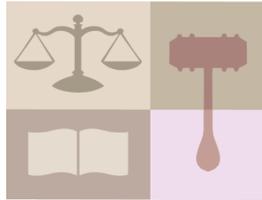
RECENT STATE TAX CASES IN SUMMARY (FROM PREVIOUS PAGE)

Hearing Officer Catherine R. Warren determined, among other things, that the statute which defines “cigarette” is not limited to tobacco.

Therefore, under the statute, a cigarette can be used to smoke other substances beside

tobacco and still be considered a “cigarette” under the law.

She also determined that the tax for rolling papers must, by statute, be paid for any type of material used to make a cigarette to smoke -- whether the filler is tobacco or not.



In addition, she noted that although the DBR has authority over the licensing and sales for hemp, that does not

preclude the taxing of products resulting from such an industry.

The hearing officer con-

cluded that hemp cigarettes fall under the definition of cigarettes as set forth in Rhode Island General Laws 44-20-1(2), and require a Rhode Island cigarette tax stamp as set forth in Rhode Island General Laws 44-20-12.

On July 27, 2020, she recommended a finding that the seized hemp cigarettes in this case were cigarettes under the statute and required a tax stamp.

On August 3, 2020, Tax Administrator Neena S. Savage adopted the hearing officer’s decision and recommendation.

- [Final Decision and Order No. 2020-07](#)

EMERGENCY REGULATION REMAINS IN EFFECT

The Rhode Island Division of Taxation in May 2020 posted an emergency regulation that provides withholding-tax guidance for employers that have employees who are temporarily working remotely due to the coronavirus (COVID-19) pandemic.

The emergency regulation temporarily simplifies the tax withholding process with regard to remote working. “The intention of this guidance is to promote stability and avoid further confusion in the marketplace and reduce administrative burdens on

public and private employers,” said Rhode Island Tax Administrator Neena Savage.

The emergency regulation was recently extended to November 18, 2020. To view it:

<https://go.usa.gov/xGGTh>

To view a related Advisory:

<https://go.usa.gov/xGGba>

Also in May 2020, the Division posted an Advisory that addresses questions involving nexus and apportionment.

The guidance was posted as an increasing number of em-

ployers asked employees to work remotely (i.e., telecommute, or telework) from their homes temporarily amid the pandemic. This, in turn, resulted in some related inquiries that the Division received involving potential nexus and apportionment issues.

The guidance includes information about nexus for sales and use tax purposes, nexus for corporate income tax purposes, and apportionment. To view the Advisory:

<https://go.usa.gov/xGGbX>



Change of address change of name

Have you changed your name or address? Don’t forget to let the Rhode Island Division of Taxation know. That way, you’ll be sure to receive any refunds, notices, or other mailings in your correct name and at your correct address. Whether you’re an individual, a married couple, a business, or other entity, let the Division know if you’ve changed your name or address (or both) by using Form RI-COI, “Change of Name or Address Form”, available on the Division’s website:

§ [One version of the form](#) can be printed out and then filled in.

§ [The other version](#) is known as a “fillable” form and can be filled in on your computer, then printed out.

Practitioners' Corner**QUESTIONS AND ANSWERS ABOUT STATE TAXES****Q: Can we e-file amended Rhode Island personal income tax returns?**

Yes. But keep in mind that we can accept only current-year

returns via e-file, whether they are amended or original returns.

Thus, right now, the only amended personal

income tax returns our system can accept this calendar year for e-file are those for the 2019 tax year. (Any returns for years before that must be filed on paper.)

Please note that whether you are e-filing an original 2019 return or an amended 2019 return, it must be filed by mid-November 2020.

(That is because we do our annual electronic filing shutdown and switchover each November. We typically announce the exact date in early November, to give tax preparers and taxpayers advance notice.)

Please see related questions below.

Q: I thought we could still e-file 2018 Rhode Island returns. I just tried doing it and it was rejected.

We allow current-year e-filing. However, we allow it only until about November of each calendar year. It is at that point that we shut down

current-year e-filing so that we can prepare the system for the coming filing season.

For example, if you

were trying to e-file a tax year 2018 return during calendar 2019, you were allowed to do so only up until November 16, 2019. After that, you had to paper-file a tax year 2018 return.

We try to remind people each fall about the annual shutdown and switchover via our blog. If you're not subscribed, check it out:

<http://rhodeislandtax.blogspot.com/>

Q: Can I e-file an amended Rhode Island personal income tax return for the 2019 tax year?

Yes. Use Form RI-1040 (for residents) or Form RI-1040NR (for nonresidents), check the "amended" box, and be sure to include a completed supplement:

<https://go.usa.gov/xGvJM>

Q: A client has a house in Naples, Florida, and a condo in Newport, Rhode Island. She normally spends three months a year in the Newport condo (summer months), and the rest of the year in Florida. She is a bona fide Florida resident/domicile for tax purposes. (For example, she votes in Florida, has her car registered in Florida, has a Florida driver's license, has club memberships there, a burial plot there, financial advisor there, church membership there, etc.). So she is treated as a nonresident for Rhode Island tax purposes. However, this year, because of the coronavirus, she is reluctant to return to Florida and prefers to remain in Rhode Island. How will she be treated for Rhode Island tax purposes?

If she spends 183 days or more in Rhode Island, and has a permanent place of abode in Rhode Island (for instance, a condominium or cottage), she will be deemed a statutory Rhode Island resident for Rhode Island tax purposes. So she would have to file a Rhode Island resident personal income tax return for that year.

(Please turn to next page)

**About 'Practitioners' Corner'**

The "Practitioners' Corner" feature provides general answers to some of the questions that the Tax Division encounters through the normal course of business.

The answers are intended solely to provide general information. They do not represent formal guidance, and are not substitutes for Rhode Island General Laws, Tax Division regulations, or Tax Division rulings.

Tax tip line

If you have information about wrongdoing involving state taxes, call the tax fraud tip line at (401) 574-TIPS or (401) 574-8477 and leave a message.

The line is staffed by the Rhode Island Division of Taxation's Special Investigation Unit, which follows up on all tips. Callers can leave their names and contact information or remain anonymous. You may also [leave your tip online](#).

Practitioners' Corner**QUESTIONS AND ANSWERS ABOUT STATE TAXES** (CONTINUED FROM PREVIOUS PAGE)

In that case, there is no provision in current Rhode Island statute that would provide her equitable relief. (The only way to seek equitable relief would be through the courts.)

Q: Regarding declaratory rulings in Rhode Island: Do you know whether there is any filing fee? Also, how long would it take to get a response, considering the pandemic?

There is no filing fee to request a declaratory ruling. We make every effort to turn requests around in 60 days, but delays caused by the pandemic, other rulings in the queue, and other priorities are possible.



We keep in contact with taxpayers throughout the process and will reach out if more time is needed or any clarification is required.

Q: Regarding the BUSINESS (“Business Tax Estimated Payment Form”): When making a payment, is there a threshold amount that requires you to pay the estimate electronically? By the way, if the tax is less than \$10,000, my tax-prep software program gives mailing instructions; if the tax

is over \$10,000, my software says to pay online. We have several clients that have not set up for the Division’s portal, so it’s easier to send checks, but I don’t want to incur any penalties for not paying the proper way.

Your question came in just before the July 15, 2020, due date, so we recommended at the time that you go ahead and have your clients pay by check in order to avoid a delayed payment.

However, for future payments, advise your clients about our regulation involving Rhode Island’s electronic funds transfer mandate. Among the main points of the regulation:

- ♦ If you have an average monthly sales and use tax liability \$200 or more per month, you must remit by electronic funds transfer.
- ♦ If you are required to withhold and remit tax under Rhode Island General Laws § 44-30-71 (“Requirement of withholding tax from wages”), and you have 10 or more employees, you must make withholding tax payments by electronic funds transfer.

- ♦ Any employer that withholds \$200 or more per month on average must submit withholding tax returns and payments by electronic funds transfer or other electronic filing system.

- ♦ If you have a liability of \$10,000 or more in connection with the filing of any return, report, or other document with us, you must remit tax payments for the relevant tax type electronically.

We periodically review the payment histories of taxpayers in order to determine which persons are required to make payments via electronic funds transfer. So it’s a good idea for you to advise your clients about the requirement. Remember that those who are required to file/pay electronically but do not are subject to financial penalties.

Keep in mind that this is only a summary of the rules. To learn more:

<https://rules.sos.ri.gov/regulations/part/280-20-30-1>

Avoid problems by getting your clients set up on our portal to pay electronically. It’s easy, and it can save you future headaches, and save them time and money: <https://taxportal.ri.gov>

Q: I am an out-of-state surplus lines broker/licensee. How do I file a zero report with the Rhode Island Division of Taxation for my surplus lines taxes?

If you’re not doing any business in Rhode Island, you need only file the annual return with us for the calendar year (the due date is April 1; enter zeroes on the form where applicable); no estimates are required. The form for the annual Division of Taxation return is on our website:

<http://www.tax.ri.gov/taxforms/otherbusiness.php>

It may be more convenient for you to use our portal: <https://taxportal.ri.gov/>

You may also find our guide to be of interest:

[http://www.tax.ri.gov/notice/Guide to tax filings for surplus lines 03 27 18.pdf](http://www.tax.ri.gov/notice/Guide%20to%20tax%20filings%20for%20surplus%20lines%2003%2027%2018.pdf)

The holder of a surplus lines broker license also has licensing obligations that are administered by the Rhode Island Department of Business Regulation and that are not the subject of this guide. For further information on licensing, see: www.dbr.ri.gov/divisions/insurance.

☞ A MESSAGE FOR TAX PROFESSIONALS ☞



HEALTH INSURANCE MANDATE

Special
Notice

*A message for tax professionals from the
Rhode Island Division of Taxation*



Rhode Island's new mandate involving health-care coverage was part of the [fiscal year 2020 budget bill](#) proposed by Rhode Island Governor Gina M. Raimondo, approved by the Rhode Island General Assembly, and enacted on July 5, 2019.

- ◆ The mandate to have sufficient health-care coverage (known as “minimum essential coverage”) took effect January 1, 2020.
- ◆ If you fail to have sufficient health-care coverage or qualify for an exemption, you will have to pay a penalty on your Rhode Island personal income tax return, starting in early 2021 (for the 2020 tax year).
- ◆ Most people have minimum essential coverage (through employer-sponsored health insurance, Medicaid, Medicare, TRICARE, or some other means) and will not have to pay the penalty.



Effective January 1, 2020, Rhode Island requires its residents to maintain health-care coverage.

The new Rhode Island law requires you and your family to have minimum essential health-care coverage throughout 2020 and beyond, unless you qualify for an exemption.

Failure to have health coverage or qualify for an exemption will result in a “shared responsibility payment” (in other words, a penalty) when you file your 2020 Rhode Island personal income tax return.

[HealthSource RI](#), the [Rhode Island Division of Taxation](#), and the [Office of the Health Insurance Commissioner](#) will be providing further details about the mandate in the months ahead.

Note: If you are not required to file a 2020 Rhode Island personal income tax return, you will be exempt from the mandate for that year. The new Rhode Island law is similar to the federal health insurance mandate in effect on December 15, 2017, prior to enactment of the federal Tax Cuts and Jobs Act.



Rhode Island Department of Revenue Division of Taxation

NEWSLETTER POLICY

Rhode Island Tax News is a newsletter from the Rhode Island Department of Revenue's Division of Taxation. It is typically published each quarter. Its purpose is to provide taxpayers and tax professionals with general information regarding Rhode Island tax laws, regulations, and rulings, and procedures. It is neither designed nor intended to address complex issues in detail. Nothing contained in this newsletter in any way alters or otherwise changes any provisions of the Rhode Island General Laws, regulations of the Tax Division, or formal rulings. The Tax Division is at One Capitol Hill, Providence, RI 02908. Its website is www.tax.ri.gov.

HOW TO SUBSCRIBE

Rhode Island Tax News is distributed free, by e-mail, to those who have joined our listserv. If you are not on our listserv but would like to join, send an email to Neil.Downing@tax.ri.gov with the word SUBSCRIBE in uppercase in the subject block.

COMMENTS AND SUGGESTIONS

Unless otherwise indicated, all articles and photos in this issue are by the newsletter's editor, Neil Downing. If you have comments or suggestions for *Rhode Island Tax News*, please email: Neil.Downing@tax.ri.gov

BACK ISSUES

Rhode Island Tax News back issues are on the Tax Division website: www.tax.ri.gov

How to contact us

Taxpayers may contact the Division of Taxation online, by phone, by letter, or in person. (Hours of operation are typically 8:30 a.m. to 3:30 p.m. business days.) Prior to visiting the office, please see the following: go.usa.gov/xfwvp.

Website

www.tax.ri.gov

(For numbers and e-mail addresses for specific sections, click the "Contact us" link.)

Mailing address

Rhode Island Division of Taxation
One Capitol Hill
Providence, R.I. 02908

Telephone

Phone: (401) 574-8829
Fax: (401) 574-8917



NEWSLETTER CONTRIBUTORS

The following Division of Taxation personnel provided information or other assistance for this issue of Rhode Island Tax News:

Carlita Annicelli	Gary Danella
Gail Belasco	Donna Dube
Michael Canole	Leo Lebeuf
Matthew Cate	Neena Savage
Daniel Clemence	John Torregrossa
Susanna Coburn	Bethany Whitmarsh
Richard Coia	

The Division of Taxation also thanks Hearing Officer Catherine Warren for her assistance.

Note: The cover illustration and certain other illustrations in this issue of the newsletter are used under [Creative Commons license](https://creativecommons.org/licenses/by/4.0/).