

# 2009 RI-1120S - Rhode Island Business Corporation Tax Return

## SPECIFIC INSTRUCTIONS

**INFORMATION SECTION:** Enter the requested entity information on the top of the form, including name, address, federal identification number, type of return being filed, and if the entity is not a calendar year filer, enter the beginning and end dates of the entity's fiscal year.

**NOTE:** If filing a final return, a request for a letter of good standing for dissolution or withdrawal should also be filed. Attach the final return to the request form and follow the instructions for schedule V or VI. The final return and request form must be completed through the date of withdrawal. When filing for dissolution or withdrawal, an extension is not valid. Within thirty (30) days of the date of the letter, it must be recorded with the Secretary of State.

### LIMITED LIABILITY COMPANY FILERS:

- (i) If the LLC is to be treated as a corporation for federal tax purposes, it shall pay a tax the same as a "C" corporation and file form RI-1120C.
- (ii) If the LLC is to be treated as a partnership for federal tax purposes, it shall pay a fee equal to the minimum tax as defined under §44-11-2(e) and file form RI-1120S.
- (iii) If the LLC is a disregarded entity or single member LLC for federal tax purposes,, it shall pay a tax as defined under §44-11-2(e) and file form RI-1120S.

Check the "LLC" box in the top left corner.

### QUALIFIED SUB-CHAPTER "S" SUBSIDIARY:

If Qualified Sub-Chapter "S" subsidiary(s) are included for federal purposes, they may also be filed on one return for Rhode Island purposes. The minimum franchise tax must be included for each entity included in the return.

Enter the following information in the corresponding boxes:

- A. The gross receipts from U.S. Form 1120S Page 1, Line 1(c) or other applicable Federal form.
- B. The depreciable assets from Line 10A Column C, Schedule L, U.S. Form 1120S Page 4 or other applicable Federal form.
- C. Enter the total assets from Line 15, Column D, Schedule L, U.S. Form 1120S Page 4 or other applicable Federal form.
- D. The amount of sales allocable to Rhode Island under R.I.G.L. 44-11-14(a)(2)(i)(B). Gross sales of tangible personal property where shipments are made from an office, store, warehouse, factory or other place of storage in this state and the taxpayer is not taxed in the state of purchase must now be included in the amount of sales allocable to Rhode Island. This amount should also be included in the "Gross Receipts - Sales Under 44-11-14(a)(2)(i)(B) amount on line 2 of the Apportionment Schedule, schedule H.

## **SCHEDULE A - COMPUTATION OF TAX**

### **TAXABLE INCOME**

#### **Line 1 -**

Enter the taxable income as it appears on Federal Form 1120S, line 21 or Federal Form 1065, line 22 plus any separately stated income or deductions listed on the Federal Schedule K or other applicable Federal form.

#### **Line 3 - Total Deductions**

Enter Total Deductions from Page 2, Schedule B, line 2G.

#### **Line 5 - Total Additions**

Enter Total Additions from Page 2, Schedule C, line 4G.

### **APPORTIONED TAXABLE INCOME**

#### **Line 6 - Adjusted Taxable Income**

Subtract the total deductions amount on Line 3 from the Federal Taxable Income amount on Line 1. Add to that the total additions amount on Line 5.

#### **Line 7 - Rhode Island Apportionment Ratio**

Complete Schedule H on page 3. Enter the amount from Schedule H, line 5.

#### **Line 8 - Apportioned Rhode Island Taxable Income**

Multiply your adjusted taxable income amount from Line 6 times the Rhode

Island Apportionment Ratio from Line 7.

#### **Line 9 - Rhode Island Business Corporation Tax**

Minimum tax is \$500.00. Calculate your franchise tax according to RIGL 44-12. If the franchise tax calculated is greater than \$500.00, enter that calculated amount. However, if the amount is less than \$500.00, enter \$500.00. This is your tax. LLCs should show a fee equal to the minimum tax of \$500.00.

#### **Line 10a - Estimated Tax Payments**

Enter the total estimated tax payments made with respect to the taxable year, if any, including any credit allowed from the preceding taxable year.

#### **Line 10b - Other Payments**

Enter the amount of all other tax payments (i.e. extension payment) made with respect to the taxable year.

**Note: Rhode Island Pass-through Withholding Payments MAY NOT be claimed by Sub-Chapter S corporations or LLCs on the RI-1120S since they themselves are pass-through entities. Sub-Chapter S corporations and LLCs must file a RI-1096PT return for themselves and pass any Pass-through Withholding Payments through to their members.**

#### **Line 11 - Total Payments**

Add the amounts from Lines 10a and 10b.

#### **Line 12 - Net Tax Due**

Subtract the amount on Line 11 from the amount on Line 9.

#### **Line 13 - Interest and Penalty Calculation**

**Enter the total of (a), (b) and (c) on this line.**

##### **(a) Interest on the balance due**

For failure to pay the tax on time, interest at the rate of 18% (0.1800) per year; or 1.5% (0.0150) per month, shall be assessed.

Interest shall accrue on the amount from Line 21 at the rate of 18% per annum from the due date for filing the return (the fifteenth day of the third month following the close of the taxable year) to the actual date of payment.

##### **(b) Penalty on the balance due**

For failure to file the return on time, a penalty at the rate of 5% (0.0500) per month not to exceed 25% (0.2500) shall be assessed.

For failure to pay the tax on time, a penalty at the rate of 0.5% (0.0050) per month not to exceed 25% (0.2500) shall be assessed.

##### **(c) Interest for underpayment of estimated taxes**

In case of any underpayment of the estimate by a corporation there shall be added to the tax as the case may be for the taxable year, an amount determined at the rate of 18% per annum upon the amount of the underpayment for the period of the underpayment. "The amount of the underpayment" shall be the excess of the installment or installments which would be required to be paid if the advance payments were equal to eighty percent (80%) of the tax shown on the return for the taxable year or, if no return was filed eighty percent (80%) of the tax for such year, over the amount, if any, of the installment paid on or before the last date prescribed for payment. See chart on Page 2 of Form RI-2220.

#### **Line 14 - Total Due with the Return**

Add lines 12 and 13. The amount is due and payable when the return is filed.

#### **Line 15 - Overpayment**

If line 11 is more than line 9, this is the amount of your overpayment.

#### **Line 16 - Amount to be Applied to 2010 Estimated Tax**

Enter the amount of the overpayment from Line 15 that is to be credited against next year's estimated tax. The amount on this line may be adjusted by the Tax Administrator.

#### **Line 17 - Amount to be refunded.**

Subtract Line 16 from Line 15.

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## SPECIFIC INSTRUCTIONS - page 2

### SCHEDULE B - DEDUCTIONS

#### **Line 2A - Net Operating Loss Deduction**

For C Corp Use Only

#### **Line 2B - Special Deductions**

For C Corp Use Only

#### **Line 2C - Exempt Interest**

Enter the amount of interest exempt from Rhode Island tax included on Line 4, Schedule K of Federal 1120S.

#### **Line 2D - Foreign Dividend Gross-up**

For C Corp Use Only

#### **Line 2E - Bonus Depreciation Adjustment**

Enter the amount of adjustment which represents the difference between normal first year depreciation and residual depreciation as long as depreciation lasts.

#### **Line 2F - Discharge from Business Indebtedness**

Enter the amount of income deferred under the American Recovery and Reinvestment Act of 2009 that was added back in previous years for Rhode Island purposes. This modification is not available for the 2009 tax year. Future years only.

### SCHEDULE C - ADDITIONS

#### **Line 4A - Interest**

Enter the gross amount of interest income received or accrued with respect to all obligations of any state, territory or possession of the United States or any political subdivision of the foregoing, or the District of Columbia other than Rhode Island or its political subdivisions not included on Line 4, Schedule K of Federal 1120S.

#### **Line 4B - Rhode Island Corporate Taxes**

Enter the Rhode Island income, and franchise taxes paid or accrued which are deducted on the federal return on Lines 2 or 12 for the taxable year. (Attach Schedule)

#### **Line 4C - Bonus Depreciation Adjustment**

Enter the entity's bonus depreciation amount less its normal depreciation amount.

#### **Line 4D - Addback of captive REIT dividends paid deduction**

For C Corp Use Only

#### **Line 4E - Intangible Addback**

Enter the total amount of interest expenses and costs and intangible expenses and costs that must be added back under R.I.G.L. 44-11-11(f).

#### **Line 4F - Income from Discharge of Business Indebtedness**

Enter the amount of income deferred under the American Recovery and Reinvestment Act of 2009. Income deferred for federal income tax purposes must be added back for Rhode Island purposes.

### SCHEDULE D - RHODE ISLAND CREDITS

All supporting documentation for any credit being used must be attached to the RI-1120S in order for credit to be given. If complete documentation is not submitted, the credit will be disallowed until the documentation is provided. Original certificates should not be provided for the Historic Preservation Investment Tax Credit, the Motion Picture Production Company Tax Credit and the Credit for Contributions to Qualified Scholarship Organizations. All originals should be attached to the individual tax returns to which the credit is passing through.

**Line A - RI-3468 - Investment Tax Credit** - for manufacturing and other property. Proper documentation must be attached to your return. **If using a**

**10% ITC, the 10% Certification letter from the Department of Labor and Training must be included with your documentation.** RIGL §44-31

#### **Line B - RI-ZN02 - Distressed Areas Economic Revitalization Act - Wage Credit**

**Approved** benchmark page with new hire information and approval letter from the Enterprise Zone Commission must be attached. RIGL §42-64.3-6

#### **Line C - RI-7695P- Research and Development Property Credit**

- for property in laboratory or experimental research. RIGL §44-32-2 - Credit is 10% of cost or basis of property. Any unused credit may be carried forward for 7 years. A modification under 44-32-1 may not be claimed for property used in this credit.

#### **Line D - RI-7695E - Research and Development Expense Credit**

- for federally defined excess RI expenses in laboratory or experimental research. RIGL §44-32-3 - Credit is 22.5% of qualified credit on first \$25,000 and 16.9% of the credit above \$25,000. This credit cannot reduce your tax by more than 50%. Any unused credit may be carried forward for 7 years.

#### **Line E - RI-2441 - Daycare Assistance and Development Credit**

- for employers and others providing daycare to employees. RIGL §44-47 - Credit is 30% of qualified expenses. This credit cannot reduce your tax below \$100.

#### **Line F - RI-8201 - Motion Picture Production Tax Credit**

- for certified production costs as determined by the Rhode Island Film and Television Office. Any unused credit amount may be carried forward for three (3) years. RIGL §44-31.2.

#### **Line G - RI-2949 - Jobs Training Tax Credit**

- for training specifically approved by the RI Human Resource Investment Council. RIGL §42-64.6

#### **Line H - RI-6324 - Adult Education Credit**

- for employers offering specific types of adult education. RIGL §44-46

#### **Line I - RI-2276 - Contribution to Scholarship Organizations Tax Credit**

- for business entities that make contributions to qualified scholarship organizations. The entity must apply for approval of the tax credit and will receive a tax credit certificate issued by the Division of Taxation. The credit must be used in the tax year that the entity made the contribution. Unused amounts **CANNOT** be carried forward. RIGL §44-62

#### **Line J - RI-9261 - Jobs Development Rate Reduction Credit**

- for businesses RIGL §4-64.5. This credit applies to C-Corporations ONLY.

#### **Line K - RI-286B - Historic Structures - Tax Credit (Historic Preservation Investment Tax Credit)**

- for approved rehabilitation of certified historic structures. Any unused credit amount may be carried forward for ten (10) years. RIGL §44-33.2

#### **Line L - RI-3675 - Employment Tax Credit**

- for an employer participating in the bonus program under RIGL §40-40-6.3. A written certificate from the Director of Human Services must be attached to your return. The credit cannot reduce your tax below \$100.00. Any unused amounts **CANNOT** be carried forward to future years. RIGL §44-39-1.

#### **Line M - RI-4482 - Incentives for Innovation and Growth**

- RIGL §44-63 - An eligible qualified innovative company may apply for a tax credit certificate in an amount equal to fifty percent (50%) of any investment made in the company, not to exceed \$100,000. Unused amounts may be carried forward for 3 years.

#### **Line N - Other Credits**

- Use this line if you have a Rhode Island credit that is not listed above. Write in the Credit Number and Credit Name on the dotted line next to the "Other Credits". Complete documentation must be provided for any credits listed on this line. If documentation is not attached, the credit amount will be disallowed.

#### **Line O - Total Rhode Island Credits**

- Add lines 14A through 14N and enter the total credit amount on this line. All credits flow through to the shareholder(s) or member(s) of the entity filing this return and do not reduce the tax due on this return.

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## SPECIFIC INSTRUCTIONS - page 3

### SCHEDULE H - ALLOCATION FACTOR

#### Line 1 - Average Net Book Value Factor

Real and tangible personal property owned is valued at book value. Real and tangible personal property rented is valued at 8 times the annual net rental rate. The annual net rental rate shall be reduced (but not to less than zero) by the annual rental rate received from subrentals.

"Tangible personal property" means such property as machinery, tools, implements, goods, wares, and merchandise. It does not include cash, shares of stock, bonds, notes, credits, or evidences of an interest in property and evidences of debt.

#### Line 2 - Receipts Factor

**2a)** 100% allocation to Rhode Island of the gross receipts from sales of tangible personal property sold in the regular course of business where Rhode Island (or any other state or place) is the place of origin and Rhode Island is the destination. Sales of tangible personal property are in Rhode Island if the property is delivered or shipped to a purchaser within this state regardless of the free on board (F.O.B.) point or other conditions of the sale.

Gross income from services is attributed to Rhode Island if the services are performed in Rhode Island.

**ATTENTION - LAW AMENDMENT:** Pursuant to R.I.G.L. 44-11-14(a)(2)(i)(B), gross sales of tangible personal property where shipments are made from an office, store, warehouse, factory or other place of storage in this state and the taxpayer is not taxed in the state of purchase must now be included in the Receipts section of the Rhode Island apportionment column. This gross receipts amount must be listed separately as shown on the apportionment schedule.

**2b)** Dividend income. This amount should not be included in 2(h).

**2c)** Interest income. This amount should not be included in 2(h).

**2d)** Gross rental income from the leasing or renting of real and tangible personal property.

**2e)** Royalty income associated with Rhode Island activities.

**2f)** Net income from the sale of real property, tangible personal property, or other capital assets not held by the taxpayer for sale to customers in the regular course of business.

**2g)** Net income from the sale or disposition of securities or financial obligations. Do not include related dividends or interest. Dividends and interest are reported on Line 2(b) and 2(c).

**2h)** Gross income from all other receipts includes income from all other sources (not listed above) and includes (but is not limited to) receipts from patents, royalties, copyrights, commissions, dividends and interest. Gross income from royalties is attributable to Rhode Island to the extent that the patent or copyright is used in this state by the person paying royalties to the taxpayer. A patent is used in Rhode Island to the extent that it is employed in fabrication, manufacturing, production or other processing in Rhode Island or to the extent that a patented product is produced in Rhode Island. A copyright is used in Rhode Island to the extent that printing or other publication originates in Rhode Island. Accordingly, all such gross income should be included in Schedule I, Line 2(h), Column A. For corporations organized under Rhode Island laws, all gross income from interest and dividends must be shown on Schedule I, Lines 2(b&c), Column A.

**2i)** Income exempt from federal taxation.

#### Line 3 - Salaries and Wage Factor

Schedule I, Line 3, Column A represents that part of the total wages, salaries and other compensation to officers and employees paid or incurred by the taxpayer during the taxable year which is assignable to offices, agencies, or places of business within the State of Rhode Island, or which is attributable

to services performed in connection with the taxpayer's activities or transactions within this state during the taxable year.

#### Line 4 - Rhode Island Ratios

Total the Rhode Island ratios from Lines 1f, 2k and 3b.

#### Line 5 - Allocation Factor

If dollar amounts for property, receipts and salaries exist in Column B, the total of the three ratios on Line 4 should be divided by 3. If one factor is not found in Column B, then the total of the two ratios on Line 4 must be divided by 2. If only one factor exists in Column B, then the ratio on Line 4 should be carried to Line 5. Also, enter this ratio on schedule A, line 7.