

# 2014 RI-1120C - 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 separate request for a letter of good standing for the purpose of dissolution or withdrawal should also be filed. Attach the final return to the request form and follow the instructions for section 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 date of letter of good standing, it must be recorded with the Secretary of State.

### NOTE:

If choosing to file a consolidated return in accordance with section 44-11-4, each entity making such election must be subject to the Rhode Island corporate income tax under 44-11 of the Rhode Island General Laws. The minimum corporate income tax must be included for each entity included in the return, unless the tax calculated for the consolidated group at the rate of 9% is higher. If a company does not have nexus, but is subject to the Rhode Island franchise tax under 44-12, a separate return must be filed for this entity.

All amounts should be listed in whole dollar amounts.

Enter the following information in the corresponding boxes:

- The gross receipts from U.S. Form 1120.
- The depreciable assets from U.S. Form 1120, page 5, Schedule L, line 10a, Column (c).
- Enter the total assets from U.S. Form 1120, page 5, Schedule L, line 15, Column (d).
- If the entity is registered with the Rhode Island Secretary of State, enter the entity's nine digit identification number. If not registered, leave this box blank. **Note: this is not your Federal Identification number.**

## SCHEDULE A - COMPUTATION OF TAX

### TAXABLE INCOME

#### Line 1 -

Enter the taxable income as it appears on line 28, Federal Form 1120.

#### CAPTIVE REAL ESTATE INVESTMENT TRUST (CAPTIVE REIT):

A Captive REIT shall file form RI-1120C and calculate tax at the corporation tax rate, adding back the "total deduction for dividends paid" to their federal taxable income under R.I.G.L. 44-11-11. Non-Captive REIT's use Schedule RI-1120F to calculate the tax.

#### Line 3 - Total Deductions

Enter Total Deductions from page 2, Schedule B, line 2H.

#### Line 5 - Total Additions

Enter Total Additions from page 2, Schedule C, line 4F.

### 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 J on page 3. Enter the amount from Schedule J, 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 - Research and development adjustments

Refer to section 44-32-1 of the Rhode Island General Laws for more details.

#### Line 10a - Pollution control and hazardous waste adjustment.

Every taxpayer, at his election, shall be entitled to a deduction with respect to the amortization of the adjusted basis of any treatment facility, as defined in section 44-11-11.1(A) or any hazardous waste recycling, refuse, or treatment facilities as defined in section 44-11-11.2 based on a period of sixty (60) months. A recapture of a previously taken deduction may be necessary under the law. This should be done by listing the recaptured amount as a negative number.

#### Line 10b - Capital Investment Deduction

Rhode Island General Laws provide for a deduction for purposes of computing net income in accordance with Chapter 44-11, for investments in certified venture capital partnerships. Taxpayers claiming this deduction for investments in certified venture capital partnerships must provide copies of certification from the Department of Economic Development of the Venture Capital Partnership. A recapture of a previously taken deduction may be necessary under the law. This should be done by listing the recaptured amount as a negative number. To calculate the amount of the deduction, the Rhode Island apportionment percentage should be applied to the taxpayer's qualifying investment. The result should be listed on this line.

#### Line 11 - Total Adjustments

Add lines 9, 10a and 10b.

#### Line 12 - Rhode Island Adjusted Taxable Income

Subtract line 11 from line 8.

#### Line 13 - Rhode Island Income Tax

Multiply the amount on line 12 by 9% (0.0900).

#### Line 14 - Rhode Island Credits

Enter the amount from page 2, Schedule D, line 14O.

#### Line 15 - Tax After Credits

Subtract the amount of credits on line 14 from the Rhode Island Income Tax Amount on line 13. Calculate your franchise tax on page 3, Schedule H. Enter the larger of the income tax calculated from line 13 less line 14 or the franchise tax from page 3, Schedule H, line 7. Minimum tax equals \$500.00.

#### Line 16 - Other Additions

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

#### (a) Recapture of Credits

The formula to be used to compute the recapture on investment tax credit is: The tax credit taken on property ceasing to qualify times a fraction consisting of a numerator which is the useful life of property in months minus the qualified use in months and a denominator which is the useful life of property in months.

#### (b) Jobs Growth Tax

Enter 5% of the aggregate performance-based compensation paid to eligible employees as per the Jobs Growth Act (44-64.11-5).

#### Line 17 - Tax Due

Add the amounts from line 16 to the amount from line 15.

#### Line 18 - Estimated Tax Payments

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

#### Line 19a - Other Payments

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

#### Line 19b - Rhode Island Pass-through Withholding Payments

Enter the amount of any nonresident withholding payments made on the corporation's behalf by any pass-through entities. A copy of the Form RI-1099PT issued to the corporation must be attached to Form RI-1120C in order for credit to be given. Failure to attach a copy will result in the disal-

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allowance of the pass-through withholding amount until documentation is provided.

### Line 20 - Total Payments

Add the amounts from lines 18, 19a and 19b.

### Line 21 - Net Tax Due

Subtract the amount on line 20 from the amount on line 17.

### Line 22 - 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 estimated taxes 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.

The law provides for the assessment of a penalty of 5% of the tax imposed on such corporations for such taxable year for failure to file required estimated tax payments.

### Line 23 - Total Due with the Return

Add lines 21 and 22. This amount is due and payable when the return is filed. Use Form RI-1120V to submit your payment.

### Line 24 - Overpayment

If line 20 is more than line 17, this is the amount of your overpayment. If there is an amount due on line 22(c) for underestimating interest, subtract that amount from your overpayment.

If the amount of your underestimating interest is more than your overpayment, enter the amount on line 23. This amount is due and payable when the return is filed.

### Line 25 - Amount to be Applied to 2015 Estimated Tax

Enter the amount of the overpayment from line 24 that is to be credited against next year's estimated tax. The amount on this line may be adjusted by the Tax Administrator.

### Line 26 - Amount to be refunded.

Subtract line 25 from line 24.

## SCHEDULE B - DEDUCTIONS

### Line 2A - Net Operating Loss Deduction

For years ending 4/15/92 and thereafter a net operating loss deduction shall be allowed which shall be the same as the net operating loss deduction allowed under §172 of the Internal Revenue Code of 1954, except that (1) any net operating loss included in determining such deduction shall be

adjusted to reflect the inclusions and exclusions from entire net income required by paragraph (a) of §44-11-11 and §44-11-11.1, (2) such deduction shall not include any net operating loss sustained during any taxable year in which the taxpayer was not subject to the tax imposed by §44-11, (3) such deduction shall not exceed the deduction for the taxable year allowable under § 172 of the Internal Revenue Code of 1954, provided however, such deductions for a taxable year may not be carried back to any other taxable year for Rhode Island purposes but shall only be allowable on a carry forward basis for the five (5) succeeding taxable years. Refer to Regulation CT 94-06. If a NOL is not allowed under IRC 172, no amount should be listed here. NOL carry forwards should be tracked separately on an attached schedule.

### Line 2B - Special Deductions

Enter the amount from Federal Form 1120, Schedule C, line 20.

### Line 2C - Exempt Dividends and Interest

Enter the amount of exempt dividends and interest from page 3, Schedule E, line 10 of the RI-1120C.

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

Enter the amount from Federal Form 1120, Schedule C, line 15.

### 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.

### Line 2G - Modification for Tax Incentives for Employers

Enter the amount of modification allowed under RIGL 44-55. Attach Form RI-107 and required documentation to the return.

### Line 2H - Total Deductions

Add lines 2A through 2G. Enter here and on page 1, Schedule A, line 3.

## 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 lines 5 and 10 of U.S. Form 1120.

### 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 17 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

Enter the deducted amount of captive Real Estate Investment Trust dividends paid that must be added back.

### 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 - Domestic Production

From U.S. Form 1120, line 25.

### Line 4G - Total Additions

Add lines 4A through 4F. Enter here and on page 1, Schedule A, line 5.

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### SCHEDULE D - RHODE ISLAND CREDITS

All supporting documentation for any credit being used must be attached to the RI-1120C 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 **must** be provided for the Historic Preservation Investment Tax Credit, the Motion Picture Production Company Tax Credit, the Musical and Theatrical Production Tax Credit, the Credit for Contributions to Qualified Scholarship Organizations, and the Incentives for Innovation and Growth Credit.

If line 13 is equal to the minimum income tax or the minimum franchise tax, no credit amount shall be listed. A separate schedule showing the credit carry forwards shall be attached.

**Line 14A - 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 14B - RI-ZN02 - Distressed Areas Economic Revitalization Act - Wage Credit** - Approved benchmark page with new hire information and approval letter from the Enterprise Zone Council must be attached. RIGL §42-64.3-6

**Line 14C - RI-769P - 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 14D - RI-769E - 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 14E - 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 \$500.

**Line 14F - RI-8201 - Motion Picture Production Tax Credit or Musical and Theatrical Production Tax Credits** - for certified production costs as determined by the Rhode Island Film and Television Office and the Division of Taxation. **The original certificate must be attached to the return.** Any unused credit amount may be carried forward for three (3) years. RIGL §44-31.2 and RIGL §44-31.3, respectively.

**Line 14G - RI-2949 - Jobs Training Tax Credit** - for training specifically approved by the RI Human Resource Investment Council. **Form RI-2949 must be completed and attached to the return.** RIGL §42-64.6

**Line 14H - RI-6324 - Adult Education Credit** - for employers offering specific types of adult education. **Form RI-6324 must be completed and attached to the return.** RIGL §44-46

**Line 14I - 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 original certificate must be attached to the return.** 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 14J - RI-9261 - Jobs Development Rate Reduction Credit** - for business entities approved by the Economic Development Corporation. **Form RI-9261 must be completed and attached to the return.** RIGL §42-64.5

**Line 14K - RI-286B - Historic Structures - Tax Credit (Historic Preservation Investment Tax Credit) or Historic Preservation Tax Credits 2013** - for approved rehabilitation of certified historic structures. **The original certificate must be attached to the return.** Any unused credit

amount may be carried forward for ten (10) years. RIGL §44-33.2 and RIGL §44-33.6, respectively.

**Line 14L - 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 \$500.00. Any unused amounts **CANNOT** be carried forward to future years. RIGL §44-39-1.

**Line 14M - 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. **The original certificate must be attached to the return.**

**Line 14N - 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 14O - Total Rhode Island Credits** - Add lines 14A through 14N and enter the total credit amount on this line and on page 1, Schedule A, line 14.

### SCHEDULE H - FRANCHISE TAX CALCULATION

If multiple classes of stock are owned, a separate schedule should be attached to the return in order to calculate the authorized capital.

**Line 1 - Number of Shares of Authorized Stock** - this is the total number of authorized shares.

**Line 2 - Par Value per Share of Stock** - the par value of the authorized shares of stock on line 1. "No par" stock shall be valued at \$100 per share.

**Line 3 - Authorized Capital** - Multiply line 1 times line 2. If a separate schedule was used due to multiple classes of stock ownership, then the authorized capital of each class should be combined and listed on this line.

**Line 4** - Divide the authorized capital from line 3 by 10,000

**Line 5** - Multiply line 4 by \$2.50.

**Line 6 - Apportionment Ratio** - Domestic corporations shall use a 100% apportionment factor as they are not allowed to apportion the franchise tax. In accordance with Regulation FT 09-01, Foreign corporations shall list their apportionment factor from Schedule J, line 5.

**Line 7 - Franchise Tax** - Multiply line 5 times line 6. List the result here, but not less than the minimum tax of \$500.

### SCHEDULE J - ALLOCATION FACTOR

Prior to considering your apportionment factors, Regulation CT 88-01 and RIGL 44-11-13 should be consulted to determine whether a company has the ability to apportion its Rhode Island adjusted taxable income. All apportionment factors should be filled out even if apportionment is 100% Rhode Island. If filing a consolidated return, attach a schedule showing the separate company apportionment factors.

**If utilizing an alternative allocation apportionment as allowed under RIGL §44-11-14.1, §44-11-14.2, §44-11-14.3, §44-11-14.4, §44-11-14.5 or §44-11-14.6, check the box above the apportionment schedule.**

**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.

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"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.

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 2h.

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

**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 lines 2b and 2c.

**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 J, line 2h, Column A. For corporations organized under Rhode Island laws, all gross income from interest and dividends must be shown on Schedule J, lines 2b & 2c, Column A.

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

### Line 3 - Salaries and Wage Factor

Schedule J, 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.