



Rhode Island Department of Revenue

Division of Taxation

ADV 2022-25
Tax Administration

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS
September 16, 2022
Revised November 25, 2022¹

Interest rate for delinquent payments changing for periods starting January 1

One of the main tenets of the Rhode Island Division of Taxation's mission is to "assist taxpayers by helping them understand and meet their tax responsibilities." To ensure taxpayers and tax professionals understand the impacts of recent law changes, the Division is issuing a series of communications, such as this one, intended to be plain-language summaries for reference and use by taxpayers to aid voluntary compliance.

PROVIDENCE, R.I. – Due to legislation passed during the 2022 Legislative Session, the interest rate for some delinquent tax payments will be changing.

In recent years, the interest rate on delinquent tax payments has been 18% per year, or the minimum rate allowed under R.I. General Law.²

Starting January 1, 2023, a change to the law means the minimum interest rate will drop to 12% per year going forward for many types of delinquent tax payments. This change applies both to delinquencies for tax periods beginning on or after January 1, 2023 and to existing delinquencies from January 1, 2023 forward.

The 12% interest rate applies to all tax types that are not taxes held in trust for the State of Rhode Island. Trust fund taxes will continue to accrue interest at 18%. "Trust fund taxes" are taxes collected from taxpayers by businesses and remitted by those businesses to the State and include sales tax, hotel tax, meals and beverage tax, and withholding tax.

For more information on the interest change, please visit the Division's [website](#) and browse the newly released [Interest Change FAQs](#).

¹ This Advisory was revised on November 25, 2022. The Advisory now reflects expanded guidance regarding the periods impacted by the interest rate change.

² The rate of interest for delinquent tax payments, pursuant to [R.I. Gen. Laws § 44-1-7](#), is determined annually and calculated by adding 2% to the prime rate in effect as of October 1 of the previous year, with a maximum interest rate of 21% and a minimum interest rate of 18%.

The Rhode Island Division of Taxation, part of the Rhode Island Department of Revenue, is open to the public from 8:30 a.m. to 3:30 p.m. business days. For more information, contact the Division of Taxation at (401) 574-8829 or see <https://tax.ri.gov/about-us/contact-us>.
