



Rhode Island Department of Revenue

Division of Taxation

ADV 2019-30
TAX ADMINISTRATION

ADVISORY FOR TAX PROFESSIONALS
NOVEMBER 13, 2019

Inflation-adjusted amounts set for tax year 2020

Division also posts changes for certain items involving 2019 tax year

PROVIDENCE, R.I. – The Rhode Island Division of Taxation today announced the standard deduction amounts, tax bracket ranges, and other key items for the Rhode Island personal income tax for tax years beginning on or after January 1, 2020.

The inflation-adjusted amounts apply for tax year 2020, and therefore will not appear on tax returns until early 2021 (covering the 2020 tax year). Nevertheless, they are important to know now for tax-planning purposes.

The inflation-adjusted numbers will also aid tax professionals and taxpayers throughout 2020 as they make any needed adjustments to withholding or estimated payments, or for other purposes. The inflation-adjusted amounts are presented in the following tables.

Rhode Island standard deduction amounts by tax year

Filing status	2019	2020
Single	\$8,750	\$8,900
Married filing jointly*	\$17,500	\$17,800
Head of household	\$13,100	\$13,350
Married filing separately	\$8,750	\$8,900

* Or qualifying widow or widower.

Note: Amounts are determined based on inflation as calculated by U.S. Bureau of Labor Statistics and applied to formulas under Rhode Island General Laws § 44-30-2.6.

Rhode Island personal and dependency exemption amounts by tax year

2019	2020
\$4,100	\$4,150

Most taxpayers are able to claim the full amount of their applicable standard deduction. The same is true for personal exemptions and dependency exemptions. However, if a taxpayer's federal adjusted gross income (as modified for Rhode Island tax purposes) falls within a certain income range, the standard deduction amount – and the personal and dependency exemption amounts – are limited.

If income exceeds the range, the taxpayer cannot claim a standard deduction or personal or dependency exemption amount. The income ranges are listed in the following table.

Phase-out range for standard deduction, exemption amounts by tax year	
2019	2020
\$203,850 to \$227,050	\$207,700 to \$231,500
Phaseout increment (amount used in computing phaseout), which was \$5,800 for 2019, will be \$5,950 for 2020.	

Personal income tax: uniform rate schedule

The Division of Taxation has recalculated tax bracket ranges for tax year 2020, as required by statute. The changes were made to the Rhode Island personal income tax's uniform tax rate schedule, which is used by all filers.

If the dollar figures in tax brackets remained constant, a taxpayer might be bumped into a higher bracket solely because of an annual wage increase that is intended to help the worker keep pace with inflation -- an outcome often referred to as "bracket creep." To help offset the effects of bracket creep, the General Assembly adopted a provision that requires the tax brackets to be adjusted annually with inflation. (Standard deduction and exemption amounts are adjusted in similar fashion.) The effect can be seen in the following two tables: one for tax year 2019, the other for tax year 2020.

Uniform tax rate schedule for tax year 2019 (personal income tax)

Taxable income:

Over	But not over	Pay	+ percent on excess	of the amount over
\$ 0	\$ 64,050	\$ --	3.75%	\$ 0
64,050	145,600	2,401.88	4.75%	64,050
145,600	--	6,275.50	5.99%	145,600

Uniform tax rate schedule for tax year 2020 (personal income tax)

Taxable income:

Over	But not over	Pay	+ percent on excess	of the amount over
\$ 0	\$ 65,250	\$ --	3.75%	\$ 0
65,250	148,350	2,446.88	4.75%	65,250
148,350	--	6,394.13	5.99%	148,350

Trusts and estates: income tax rate schedule

The Division of Taxation has posted the income tax rate schedule for 2020 that will be used by fiduciaries for many trusts and estates.

As a convenience, tables for tax year 2019 and tax year 2020 appear below.

Income tax rate schedule for tax year 2019 (trusts and estates)				
Taxable income:				
Over	But not over	Pay	+ percent on excess	of the amount over
\$ 0	\$ 2,550	\$ --	3.75%	\$ 0
2,550	8,150	95.63	4.75%	2,550
8,150	--	361.63	5.99%	8,150

Table is for non-grantor trusts and non-bankruptcy estates. To calculate income tax for grantor trusts and bankruptcy estates, use personal income tax table.

Income tax rate schedule for tax year 2020 (trusts and estates)				
Taxable income:				
Over	But not over	Pay	+ percent on excess	of the amount over
\$ 0	\$ 2,600	\$ --	3.75%	\$ 0
2,600	8,300	97.50	4.75%	2,600
8,300	--	368.25	5.99%	8,300

Table is for non-grantor trusts and non-bankruptcy estates. To calculate income tax for grantor trusts and bankruptcy estates, use personal income tax table.

Withholding tables, W-4 withholding certificate

By December 31, 2019, the Division of Taxation plans to post on its website the booklet of income tax withholding tables for tax year 2020. Employers use the tables to calculate how much to withhold from an employee's pay for Rhode Island personal income tax purposes.

The booklet will also include a copy of the 2020 version of Form RI W-4, "Employee's Withholding Allowance Certificate." Both documents will be available via the following website: <http://www.tax.ri.gov/taxforms/withholding.php>

THE FOLLOWING ITEMS ARE FOR THE 2019 TAX YEAR

Social Security and pension modification amounts for TY 2019

The Division of Taxation has set key numbers associated with the Social Security and pension/annuity/401(k) modifications for the 2019 tax year. The Division has also established the maximum credit amount for the statewide property-tax relief credit (Form RI-1040H) for the 2019 tax year. These numbers apply retroactively to the tax year beginning on or after January 1, 2019, and will appear on forms and instructions during the filing season which begins in January 2020.

SOCIAL SECURITY

Rhode Island legislation enacted in 2015 established a new modification involving the personal income tax. Effective for tax years beginning on or after January 1, 2016, the modification decreases federal adjusted gross income for Rhode Island purposes for qualifying taxpayers who receive Social Security benefits. In general, a taxpayer is eligible for the modification if all three of the following conditions are met:

- The taxpayer’s federal adjusted gross income (AGI) includes taxable income from Social Security;
- The taxpayer has reached “full retirement age” as defined by the Social Security Administration; and
- The taxpayer’s federal AGI is below a certain amount (see table below).

Social Security modification – income limits by tax year		
Filing status	2018	2019
Single	\$83,550	\$85,150
Married filing jointly*	\$104,450	\$106,400
Head of household	\$83,550	\$85,150
Married filing separately	\$83,550	\$85,150

* Or qualifying widow or widower. For more information on this modification, see Rhode Island General Laws § 44-30-12.

PENSIONS, 401(K) PLANS, MILITARY RETIREMENT PAY, ANNUITIES, ETC.

Rhode Island legislation enacted in 2016 established a new modification involving the personal income tax. Effective for tax years beginning on or after January 1, 2017, the modification decreases federal adjusted gross income for Rhode Island purposes for qualifying taxpayers who receive income from 401(k) plans, 403(b) plans, military retirement pay, private-sector pensions, federal government pensions, state government pensions, local government pensions, federal Thrift Savings Plan, annuities, and/or certain other sources.

In general, a taxpayer is eligible for the modification if all three of the following conditions are met:

- The taxpayer’s federal AGI includes taxable income from pensions, 401(k) plans, annuities, and/or other such sources;
- The taxpayer has reached “full retirement age” as defined by the Social Security Administration; and
- The taxpayer’s federal AGI is below a certain amount. (Please see table below.)

Pension/401(k)/Annuity modification – income limits by tax year		
Filing status	2018	2019
Single	\$81,900	\$83,450
Married filing jointly*	\$102,400	\$104,350
Head of household	\$81,900	\$83,450
Married filing separately	\$81,925	\$83,475

* Or qualifying widow or widower.

Note: If taxpayer meets all requirements, he or she may reduce federal AGI, for Rhode Island tax purposes, by up to \$15,000 of federally taxable pension/401(k)/403(b)/annuity income (via the Rhode Island modification). For more information on this modification, see Rhode Island General Laws § 44-30-12.

PROPERTY-TAX RELIEF CREDIT (FORM RI-1040H)

The Division of Taxation has set the maximum property-tax relief credit for the 2019 tax year. The credit is claimed on Form RI-1040H. The amount is listed in the table below.

Property-tax relief credit – maximum credit amount by tax year	
2018	2019
\$365.00	\$385.00

Rules governing credit are shown on Form RI-1040H. See also Rhode Island General Laws § 44-33-1 *et seq.*

The Rhode Island Division of Taxation office is at One Capitol Hill in Providence, R.I., diagonally across from the Smith Street entrance to the State House, and is open to the public 8:30 a.m. to 3:30 p.m. business days. To learn more, see the agency's website: www.tax.ri.gov, or call (401) 574-8829.
