



Rhode Island Department of Revenue  
Division of Taxation

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## **Tax Administrator's Report: Analysis of Tax Amnesty**

*A summary of the results of Rhode Island's 75-day tax amnesty program,  
which was authorized by the Rhode Island Tax Amnesty Act of 2017*



Publication 2018-04

April 30, 2018

April 30, 2018

The Honorable Marvin L. Abney  
Chair, Committee on Finance  
Rhode Island House of Representatives

The Honorable William J. Conley, Jr.  
Chair, Committee on Finance  
Rhode Island Senate

I am submitting this report to you in fulfillment of the requirements set forth in legislation approved by the General Assembly and signed into law by Governor Gina M. Raimondo in August 2017.<sup>1</sup>

The terms of that legislation, codified at Rhode Island General Laws Chapter 44-6.5, require that I provide to you – by April 30, 2018 – a report on the amnesty program.

You directed that the report provide an analysis of revenues received by tax source, distinguishing between the tax collected and interest collected for each source. You also directed that the report identify the amounts that are new revenues from those already included in general revenue receivable taxes.

It is my hope that the information in this report fulfills the requirements that you set forth. Please let me know if you have any questions or concerns.

Sincerely yours,

Neena S. Savage  
Rhode Island Tax Administrator

cc: Stephen H. Whitney, Senate Fiscal Advisory  
Sharon Reynolds Ferland, House Fiscal Advisor  
Thomas A. Mullaney, State Budget Officer

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<sup>1</sup> Rhode Island Public Law 2017, ch. 302, art. 8, § 17, enacted August 3, 2017.



*The tax administrator shall provide an analysis of the amnesty program to the chairpersons of the house finance committee and senate finance committee, with copies to the members of the revenue estimating conference, by April 30, 2018. The report shall include an analysis of revenues received by tax source, distinguishing between the tax collected and interest collected for each source. In addition, the report shall further identify the amounts that are new revenues from those already included in the general revenue receivable taxes, defined under generally accepted accounting principles and the state's audited financial statements.*

-- Rhode Island General Laws § 44-6.5-7

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## Executive summary

Under the “Rhode Island Tax Amnesty Act of 2017”, enacted in August 2017, the Rhode Island Division of Taxation established a tax amnesty program “for all taxpayers owing any tax imposed by reason of or pursuant to authorization by any law of the state of Rhode Island and collected by the tax administrator.”<sup>2</sup>

The 75-day amnesty began in December 2017 and ended on February 15, 2018, and was open to non-filers as well as to those who had a tax debt as shown on Division of Taxation records. Following are highlights:

- The Division collected a net total of approximately \$21.97 million, exceeding the budgeted estimate of \$12.5 million.
- Of the \$21.97 million in net tax amnesty revenue, the personal income tax accounted for approximately \$11.1 million, or 50 percent of the total.
- By source of tax, the following five tax types combined accounted for approximately 97 percent of all net amnesty revenue: personal income tax, sales tax, corporate income tax, estate tax, and withholding tax.
- Of the \$21.97 million in net tax amnesty revenue, known tax debts (“existing debts”) accounted for approximately 62 percent, while “new debts” – sometimes referred to as “new money” or “new revenues” (and mainly from non-filers) – accounted for approximately 38 percent.
- Under the statutory terms of amnesty, those who paid their delinquent taxes received a 100 percent reduction of penalties owed and a 25 percent reduction in interest owed. In the aggregate, the amount of the penalties that were erased and the interest that was reduced totaled approximately \$9.86 million.<sup>3</sup>
- The Division’s administrative costs, including amounts paid to vendors for amnesty-related services, totaled approximately \$480,866.
- The Division received 10,828 amnesty applications.

### AMNESTY RESULTS AT A GLANCE

- Net amnesty revenue: \$21.97 million
- Amount from existing debts: \$13.65 million
- Amount from non-filers: \$8.32 million
- Total amnesty applications: 10,828

Note: “Net amnesty revenue” includes amount from existing debts and amount from non-filers. Some amounts are rounded.

<sup>2</sup> Rhode Island General Laws § 44-6.5-3(a).

<sup>3</sup> See Rhode Island General Laws § 44-6.5-3(b) and § 44-6.5-4.

## Background and explanation

The Rhode Island General Assembly in 2017 proposed a tax amnesty program. The amnesty program was part of the legislation that contained the State budget for the 2018 fiscal year. The “budget bill” was signed into law on August 3, 2017, by Rhode Island Governor Gina M. Raimondo. Thus, the Rhode Island Tax Amnesty Act of 2017 was authorized.<sup>4</sup>

Tax amnesty presented a unique opportunity for person, business or other entity to get a fresh start, a clean slate. If the taxpayer paid what they owed in delinquent Rhode Island State taxes – no matter the type of tax, the Division waived penalties and reduced, by 25 percent, the amount of interest normally charged.

For example, during 2016, a rate of 18 percent applied to underpayments. However, if a taxpayer qualified for amnesty under this example, the taxpayer’s interest rate for that period was reduced by 4.5 percentage points, to 13.5 percent.

In addition, for eligible taxpayers, the Division agreed not to seek civil or criminal prosecution for the taxable period for which amnesty had been granted, and agreed not to block the renewal of a taxpayer’s driver’s license, professional license, or motor vehicle registration for that period.

Any person, corporation, or other entity that was subject to Rhode Island tax was eligible for amnesty – no matter where that person, corporation, or other entity was located. All Rhode Island State taxes were eligible – including personal income tax, corporate income tax, sales tax, use tax, estate tax, unemployment insurance tax, withholding tax, and other Rhode Island state taxes.

### Taxable period

Rhode Island’s tax amnesty applied for any taxable period that ended on or before December 31, 2016 – regardless of when the payment or the return was due.

### AMNESTY TERMS IN BRIEF

- Division began accepting applications on December 1, 2017.
- Amnesty ran for 75 days, through February 15, 2018.
- Amnesty applied to all Rhode Island State taxes.
- Amnesty applied to any taxable period ending on or before December 31, 2016.
- If a taxpayer paid the tax owed, the Division eliminated penalties and reduced the interest by 25 percent.

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<sup>4</sup> Statutes for previous amnesties were enacted in 1986, 1996, 2006, and 2012.

For example:

- Amnesty covered employer withholding tax for the period ended December 31, 2016 – even though payment was not due until January 2017.
- Amnesty covered personal income tax for the period ended December 31, 2016 – even though final payment was not due until April 2017.

The Division began accepting amnesty payments, amnesty tax returns, and related paperwork on December 1, 2017.<sup>5</sup> Amnesty ran through February 15, 2018, and was also open to non-filers.

As part of a mass mailing, the Division provided taxpayers with a payment schedule regarding amnesty.<sup>6</sup>

Although the amnesty ran for 75 days, the interest clock continued to click during that period. As an aid for planning purposes, the Division included – in its mailing to taxpayers – three dates:

- December 15, 2017
- January 15, 2018
- February 15, 2018

For each of those dates, the Division also included a dollar amount – the amount the taxpayer owed. The December amount was the smallest, the January amount was higher, and the February amount was highest. (That is because, as noted above, interest kept accumulating, even during amnesty.) Thus, the sooner a taxpayer paid, the less the taxpayer would have to pay. The longer a taxpayer waited to pay, the more it cost – because interest continued to accumulate.

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<sup>5</sup> For the convenience of taxpayers and others, the Division established December 1, 2017, as the date on which the agency would begin receiving tax amnesty returns and related paperwork.

<sup>6</sup> Each mailing included an account statement (in other words, a bill – called a “Statement of Accounts”), a payment coupon (“Amnesty Bill Coupon”), an amnesty application form (a “Tax Amnesty Return”), and a one-page, plain-language summary of amnesty.

## TAX TYPES

All Rhode Island State taxes were eligible for amnesty – including, but not limited to, the following (listed in alphabetical order):

- bank excise tax
- cigarette tax
- corporate income tax
- estate tax
- insurance tax
- motor fuel tax
- personal income tax
- political organization tax
- public service corporation tax
- sales tax
- temporary disability insurance tax
- tobacco products tax (OTP)
- unemployment insurance tax
- use tax
- withholding

In addition, the Division determined that fees administered by the agency were also eligible for amnesty - typically, fees associated with a taxable period, including the annual filing charge (filing fee) for pass-through entities.

## Preparation and execution

The Division of Taxation began planning for the implementation of amnesty shortly before the enabling legislation was enacted. Realizing, early on, the impact of the legislation, the Division assembled an internal team to oversee the administration and operation of the amnesty program.

Working with the vendor<sup>7</sup> for the Division's new agency-wide computer system, the Division's internal team began meeting weekly – and sometimes more frequently – to take the steps necessary to allow the amnesty program to launch on-time and on-budget.

### Website, FAQs, mass mailing, ad campaign

One of the Division's first tasks was to draft an amnesty design document – which not only guided the retooling of the Division's agency-wide computer system, but also served as a helpful roadmap for program administration. The Division also took the following steps:

- The Division created an amnesty website – at [www.TaxAmnesty.ri.gov](http://www.TaxAmnesty.ri.gov) – to serve as the central repository for official amnesty-related information.
- Weeks before the December 2017 start of amnesty, the Division posted and distributed a 28-page document – “Rhode Island Tax Amnesty – Frequently Asked Questions (FAQs)” – that provided answers to 42 questions that taxpayers, tax professionals, and others may have about amnesty program details.
- The Division created more than 80,000 amnesty information packets and mailed them to taxpayers who, according to Division records, had an outstanding balance. Each packet included an account statement (a bill), an amnesty payment coupon, an amnesty application form, and a one-page summary of the amnesty in plain language.
- The Division set up an amnesty phone bank. Taxpayers, tax professionals, or others who had questions, dialed the phone bank (a call center) or sent an email.
- Working with the Rhode Island Department of Revenue's Public Information Office, as well as a vendor,<sup>8</sup> the Division established an extensive advertising and marketing campaign for amnesty. Amnesty ads appeared in newspapers throughout the region, as well as on radio and television. In addition, amnesty ads were posted on many local news websites and on a major web search engine.

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<sup>7</sup> Revenue Solutions Inc.

<sup>8</sup> RDW Group.



- As the campaign ramped up, and during the campaign itself, the Division collaborated with several State agencies and related organization to help generate attention for amnesty (which was at times a challenging task, given that the amnesty program ran during a period which included Christmas, New Year’s Day, and the start of tax-filing season, among other things). Promotions, fliers, and other information was posted or distributed by the Office of the Rhode Island Secretary of State, the Office of the Rhode Island General Treasurer, the Rhode Island Department of Revenue’s Public Information Office, the Rhode Island Division of Motor Vehicles, and the Rhode Island Public Transit (RIPTA). For example, amnesty ads appeared inside RIPTA buses.
- To make the overall process as convenient as possible, the Division used a vendor<sup>9</sup> to establish and operate an online reservation system for amnesty. Those using the system were shown an online calendar that listed available dates and times for service. A taxpayer could choose the most suitable date and time, then receive helpful tips on what information to bring to the appointment.
- Before amnesty began, and throughout the amnesty period, the Tax Administrator and others conducted numerous interviews – on television, on the radio, in newspapers, and online – to spread the word about amnesty and let people know about how the program worked and how it could benefit them. In addition, numerous Division personnel outlined amnesty during repeated seminars with tax professionals and others, and emphasized the benefits of amnesty through a number of Division publications, including widely distributed Advisories and newsletters.
- As the February 15, 2018, deadline drew near, the Division held extended hours -- including opening on Saturdays.
- As a convenience for taxpayers, the Division configured its online payment system to allow taxpayers to pay by credit card or debit card.

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<sup>9</sup> Stonewall Solutions.

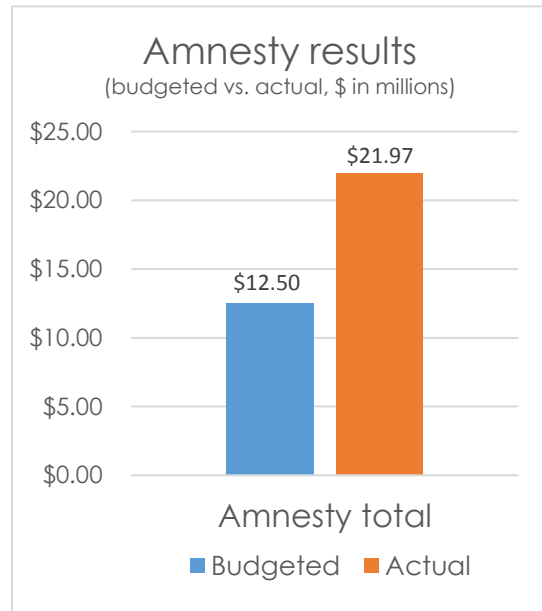
## Amnesty results overall

Overall, the Division collected a net total of \$21,967,788 through the amnesty program, surpassing the amount that was budgeted for the 2018 fiscal year.

When the budget bill for the 2018 fiscal year was enacted in August 2017, the budgeted estimate for amnesty was \$12.5 million.

Thus, the amnesty total collected by the Division – after accounting for all adjustments – exceeded the budgeted estimate by approximately \$9.5 million.

Put another way, the Division collected 75 percent more under amnesty than had been projected.



## Amnesty results by tax type

The Division of Taxation collected amnesty revenue from a variety of tax types and fees.<sup>10</sup> However, certain tax types accounted for most of the overall amount collected.

For example:

- The personal income tax alone accounted for approximately \$11.1 million, or 50 percent of the total.
- The top ten tax types involved in amnesty (including the personal income tax) accounted for approximately 99.5 percent of the total, or \$21.87 million.

Details of the top 10 are in the following table. (The full results are appended to this report.)

<sup>10</sup> The terms "tax type" and "tax source" are used interchangeably in this publication.

<b>Amnesty results – top ten amnesty amounts by tax type (tax source)</b>		
<i>Tax type</i>	<i>Total</i>	<i>% of total</i>
Personal income tax	\$ 11,103,240.12	50.54%
Sales and use tax	4,779,089.33	21.75%
Corporate income tax	2,695,107.05	12.27%
Estate tax	2,209,617.95	10.06%
Withholding tax	521,421.99	2.37%
Employer tax	164,383.82	0.75%
Public service corp. tax	152,702.66	0.70%
Bank excise tax	105,252.76	0.48%
Meals & beverage tax	70,570.22	0.32%
Insurance tax	64,105.41	0.29%
<b>Subtotal of top ten</b>	<b>21,865,491.31</b>	<b>99.53%</b>
Other	102,297.14	0.47%
<b>Grand total:</b>	<b>\$ 21,967,788.45</b>	<b>100.00%</b>

"Withholding tax" means withholding by employer of employees' personal income tax. "Public service corp. tax" means public service corporation tax (tax on utilities). "Employer tax" includes Rhode Island unemployment insurance tax. Numbers subject to rounding.

## New money vs. existing debts

Net amnesty revenue came from two main categories:

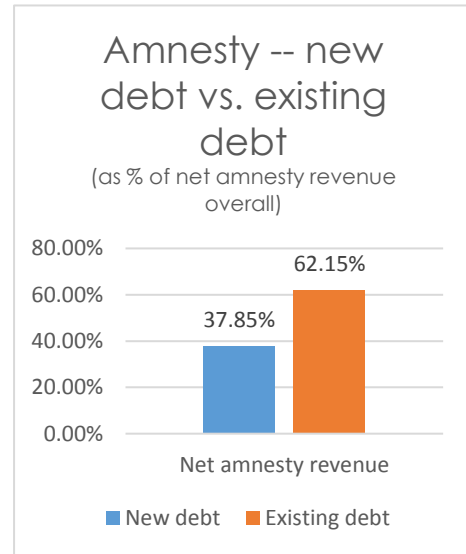
- 1) Those who had a balance due according to Division of Taxation records. In other words, the Division's records showed that they were delinquent on their taxes. These were "existing debts." (For example, a taxpayer filed a return for 2015, but never paid the amount due.)

- 2) Those who did not have a balance due according to Division of Taxation records – mainly non-filers. These were “new debts,” sometimes referred to as “new money” or “new revenues.”<sup>11</sup> (For example, a corporation from Michigan set up a temporary office in Rhode Island for a month in 2016, but never paid the required tax – and the Division did not know about it until the corporation came forward during amnesty.)

Approximately 62 percent of net amnesty revenue is attributable to those in the first category listed above, “existing debts.”

Approximately 38 percent of net amnesty revenue is attributable to those in the second category listed above, “new money” (non-filers).

The “existing debts” accounted for approximately \$13.65 million of overall net amnesty revenue; the “new debts” accounted for approximately \$8.32 million.



Amnesty results – ‘new money’ vs. existing debts		
	<i>In dollars</i>	<i>As % of total</i>
‘New money’	\$ 8,315,568.70	37.85%
Existing debts	13,652,219.75	62.15%
<b>Total</b>	<b>\$ 21,967,788.45</b>	<b>100.00%</b>

“Existing debts”, also known as “old debts,” are defined by a liability established prior to November 1, 2017.

## Penalty and interest reduction

As noted previously, Rhode Island’s amnesty program provided an incentive for taxpayers: For those who paid their tax due, the Division erased all outstanding penalty amounts, and reduced the interest owed by 25 percent.

Thus, for the net amnesty revenue of approximately \$21.97 million collected by the Division through the amnesty program, the Division essentially forgave approximately \$9.86 million through the combination of penalties that were erased and interest that was reduced.

<sup>11</sup> Rhode Island General Laws § 44-6.5-7.

In general, the greatest amounts of reduced penalties and reduced interest were associated with the tax types that generated the greatest amounts of net amnesty revenue.

For example, as the following table indicates, the five tax types that generated the most in net amnesty revenue accounted for 97.77 percent of the overall amount of penalties and interest reduced (in other words, \$9,638,349.35 out of the overall total of \$9,858,659.97 in reduced penalties and reduced interest).

Amnesty results – top five tax types for penalty & interest reduction		
Tax type	Net amnesty revenue	Penalty/interest reductions
Personal income tax	\$ 11,103,240.12	\$ 6,986,658.47
Sales and use tax	4,779,089.33	930,874.65
Corporate tax	2,695,107.05	702,376.42
Estate tax	2,209,617.95	607,152.00
Withholding tax	521,421.99	411,287.81

Table shows net amnesty revenue, as well as penalty/interest reductions, listed by tax type, sorted by penalty/interest reductions.  
 "Penalty/interest reductions" includes value of 100% reduction in penalties (penalties erased altogether) and 25% reduction in interest.  
 "Withholding tax" means withholding by employer of employees' personal income tax.

## Administrative costs

Rhode Island General Laws § 44-6.5-5 ("Implementation") authorized the tax administrator to procure printing and other services to provide for the timely implementation of the amnesty program. The Division's total administrative costs related to the tax amnesty program were \$512,866. The costs are detailed in the following table.

Amnesty results – administrative costs		
EXPENSE	AMOUNT	% OF TOTAL
Computer system upgrade/reconfiguration	\$ 300,000.00	58.49%
Advertising/marketing	134,016.00	26.13%
Printing and mailing	36,932.08	7.20%
Online reservation system	32,000.00	6.24%
Staffing	9,918.00	1.93%
<b>Total</b>	<b>\$ 512,866.08</b>	<b>100.00%</b>

Amounts include temporary staffing, payments to vendors.

## Applications, customer service

The Division of Taxation received nearly 11,000 amnesty applications, fielded nearly 7,000 amnesty-related phone calls, and issued more than 84,000 amnesty Notices. A summary of some key statistics is in the following table.

<b>Amnesty results – applicants, customer service</b>	
Number of amnesty applications:	10,828
Tax periods covered in applications:	19,206
Phone calls:	6,708
Emails:	655
Website hits:	17,219
Walk-ins:	1,123
Amnesty Notices issued:	84,596

## Special Thanks

The Division of Taxation expresses its appreciation to the Rhode Island General Assembly's Capitol Television (Capitol TV), the Office of the Rhode Island Secretary of State, the Office of the Rhode Island General Treasurer, the Rhode Island Department of Revenue's Public Information Office, the Rhode Island Division of Motor Vehicles, and the Rhode Island Public Transit Authority, which collaborated with the Division of Taxation to spread the word about amnesty to taxpayers and others.

The Division of Taxation also thanks the many Rhode Island television stations, radio stations, newspapers, and other media in the region, which provided the Division with numerous opportunities to reach out to Rhode Islanders about amnesty. The Division also wants to express its appreciation to its vendors, including RDW Group, Revenue Solutions Inc., and Stonewall Solutions, for their work in helping to make the amnesty program a success.

## Appendix A: Tax, interest, total

Amnesty results – tax, interest, total, by tax type			
Tax type	Tax	Interest	Total
Personal income tax	\$ 7,085,977.32	\$ 4,017,262.80	\$ 11,103,240.12
Sales and use tax	3,708,210.00	1,070,879.33	4,779,089.33
Corporate tax	1,984,848.69	710,258.36	2,695,107.05
Estate tax	1,427,083.10	782,534.85	2,209,617.95
Withholding tax	308,216.62	213,205.37	521,421.99
Employer tax	132,726.01	31,657.81	164,383.82
Public service corp. tax	100,539.15	52,163.51	152,702.66
Bank excise tax	81,777.83	23,474.93	105,252.76
Meals & beverage tax	43,883.33	26,686.89	70,570.22
Insurance tax	43,407.02	20,698.39	64,105.41
Compassion Center	29,012.57	12,667.39	41,679.96
Tobacco products tax	18,244.23	10,354.96	28,599.19
Rental vehicle surcharge	4,685.95	5,485.89	10,171.84
Hotel tax	5,045.95	3,066.97	8,112.92
Cigarette stamp	3,351.83	3,179.16	6,530.99
Telecom	407.37	1,632.60	2,039.97
Imaging services	1,062.49	530.32	1,592.81
Healthcare nursing	5.58	960.09	965.67
Beverage container & litter	665.13	242.86	907.99
IFTA	543.48	105.16	648.64
DOT motor fuel	471.07	61.98	533.05
Hard-to-dispose	390.08	124.03	514.11
<b>Grand totals:</b>	<b>\$ 14,980,554.80</b>	<b>\$ 6,987,233.65</b>	<b>\$ 21,967,788.45</b>

Under terms of amnesty, a taxpayer who paid entire tax amount owed received 100 percent penalty reduction and 25 percent reduction in interest. Still, taxpayer had to pay remaining 75 percent of interest. Table shows amount of tax paid as well as amount of interest paid, listed by tax type, sorted by total. ("Total" column is net amnesty revenue, after adjustments.)

"Withholding" means withholding by employer of employees' personal income tax. "Public service" means public service corporation tax (tax on utilities). "Employer tax" includes Rhode Island unemployment insurance tax. "Compassion Center" means compassion center surcharge. "IFTA" means International Fuel Tax Agreement. "Hard-to-dispose" means tax on hard-to-dispose material (including tires and lubricating oils).



## Appendix B: New revenue vs. existing debts

Amnesty results – new revenue vs. existing debts, by tax type			
Tax type	New revenue	Existing debts	Total
Personal income tax	\$ 1,299,266.63	\$ 9,803,973.49	\$ 11,103,240.12
Sales and use tax	3,132,151.43	1,646,937.90	4,779,089.33
Corporate tax	1,237,532.87	1,457,574.18	2,695,107.05
Estate tax	2,209,617.95	-	2,209,617.95
Withholding tax	163,025.89	358,396.10	521,421.99
Employer tax	164,383.82	-	164,383.82
Public service corp. tax	-	152,702.66	152,702.66
Bank excise tax	50,396.01	54,856.75	105,252.76
Meals & beverage tax	41,744.55	28,825.67	70,570.22
Insurance tax	-	64,105.41	64,105.41
Compassion Center	-	41,679.96	41,679.96
Tobacco products tax	8,251.25	20,347.94	28,599.19
Rental vehicle surcharge	5,364.37	4,807.47	10,171.84
Hotel tax	384.22	7,728.70	8,112.92
Cigarette stamp	1,765.00	4,765.99	6,530.99
Telecom	-	2,039.97	2,039.97
Imaging services	-	1,592.81	1,592.81
Healthcare nursing	-	965.67	965.67
Beverage container	762.85	145.14	907.99
IFTA	217.45	431.19	648.64
DOT motor fuel	190.30	342.75	533.05
Hard-to-dispose	514.11	-	514.11
<b>Grand Totals:</b>	<b>\$ 8,315,568.70</b>	<b>\$ 13,652,219.75</b>	<b>\$ 21,967,788.45</b>

Table shows new revenue, existing debts, and totals, listed by tax type, sorted by totals. "New revenue" generally means amounts that were not listed on Division of Taxation records as tax delinquencies -- category mainly includes non-filers. "Existing debts" means amounts that were listed on Division of Taxation records as tax delinquencies. ("Total" column is net amnesty revenue, after adjustments.)

"Withholding" means withholding by employer of employees' personal income tax. "Public service" means public service corporation tax (tax on utilities). "Employer tax" includes Rhode Island unemployment insurance tax. "Compassion Center" means compassion center surcharge. "IFTA" means International Fuel Tax Agreement. "Hard-to-dispose" means tax on hard-to-dispose material (including tires and lubricating oils).

## Appendix C: Penalty and interest reductions

Amnesty results – penalty & interest reductions, by tax type		
Tax type	Net amnesty revenue	Penalty/interest reductions
Personal income tax	\$ 11,103,240.12	\$ 6,986,658.47
Sales and use tax	4,779,089.33	930,874.65
Corporate tax	2,695,107.05	702,376.42
Estate tax	2,209,617.95	607,152.00
Withholding tax	521,421.99	411,287.81
Public service corp. tax	152,702.66	62,111.28
Bank excise tax	105,252.76	44,476.21
Employer tax	164,383.82	27,953.00
Compassion Center	41,679.96	24,166.70
Meals & beverage tax	70,570.22	23,312.31
Tobacco products tax	28,599.19	10,072.69
Insurance tax	64,105.41	6,982.90
Healthcare nursing	965.67	6,386.34
Imaging services	1,592.81	5,692.64
Hotel tax	8,112.92	3,126.75
Rental vehicle surcharge	10,171.84	1,842.34
Cigarette stamp	6,530.99	1,831.73
IFTA	648.64	1,166.49
Telecom	2,039.97	645.40
Beverage container & litter	907.99	410.55
DOT motor fuel	533.05	90.86
Hard-to-dispose	514.11	42.43
<b>Grand totals</b>	<b>\$ 21,967,788.45</b>	<b>\$ 9,858,659.97</b>

Table shows net amnesty revenue, as well as penalty/interest reductions, listed by tax type, sorted by penalty/interest reductions. "Penalty/interest reductions" includes value of 100% reduction in penalties (penalties erased altogether) and 25% reduction in interest. "Withholding" means withholding by employer of employees' personal income tax. "Public service" means public service corporation tax (tax on utilities). "Employer tax" includes Rhode Island unemployment insurance tax. "Compassion Center" means compassion center surcharge. "IFTA" means International Fuel Tax Agreement. "Hard-to-dispose" means tax on hard-to-dispose material (including tires and lubricating oils).

## Appendix D: amnesty statute

### **Rhode Island General Laws Chapter 44-6.5:**

#### **“Rhode Island Tax Amnesty Act of 2017”**

##### **§ 44-6.5-1. Short title.**

This chapter shall be known as the "Rhode Island Tax Amnesty Act of 2017."

##### **§ 44-6.5-2. Definitions.**

As used in this chapter, the following terms have the meaning ascribed to them in this section, except when the context clearly indicates a different meaning:

(1) "Taxable period" means any period for which a tax return is required by law to be filed with the tax administrator.

(2) "Taxpayer" means any person, corporation, or other entity subject to any tax imposed by any law of the state of Rhode Island and payable to the state of Rhode Island and collected by the tax administrator.

##### **§ 44-6.5-3. Establishment of tax amnesty.**

(a) The tax administrator shall establish a tax amnesty program for all taxpayers owing any tax imposed by reason of or pursuant to authorization by any law of the state of Rhode Island and collected by the tax administrator. Amnesty tax return forms shall be prepared by the tax administrator and shall provide that the taxpayer clearly specify the tax due and the taxable period for which amnesty is being sought by the taxpayer.

(b) The amnesty program shall be conducted for a seventy-five day (75) period ending on February 15, 2018. The amnesty program shall provide that, upon written application by a taxpayer and payment by the taxpayer of all taxes and interest due from the taxpayer to the state of Rhode Island for any taxable period ending on or prior to December 31, 2016, the tax administrator shall not seek to collect any penalties that may be applicable and shall not seek the civil or criminal prosecution of any taxpayer for the taxable period for which amnesty has been granted. Amnesty shall be granted only to those taxpayers applying for amnesty during the amnesty period who have paid the tax and interest due upon filing the amnesty tax return, or who have entered into an installment payment agreement for reasons of financial hardship and upon terms and conditions set by the tax administrator. In the case of the failure of a taxpayer to pay any installment due under the agreement, such an agreement shall cease to be effective and the balance of the amounts required to be paid thereunder shall be due immediately. Amnesty shall be granted for only the taxable period specified in the application and only if all amnesty conditions are satisfied by the taxpayer.

(c) The provisions of this section shall include a taxable period for which a bill or notice of deficiency determination has been sent to the taxpayer.

(d) Amnesty shall not be granted to taxpayers who are under any criminal investigation or are a party to any civil or criminal proceeding, pending in any court of the United States or the state of Rhode Island, for fraud in relation to any state tax imposed by the law of the state and collected by the tax administrator.

**§ 44-6.5-4. Interest under tax amnesty.**

Notwithstanding any provision of law to the contrary, interest on any taxes paid for periods covered under the amnesty provisions of this chapter shall be computed at the rate imposed under § 44-1-7, reduced by twenty-five percent (25%).

**§ 44-6.5-5. Implementation.**

Notwithstanding any provision of law to the contrary, the tax administrator may do all things necessary in order to provide for the timely implementation of this chapter, including, but not limited to, procurement of printing and other services and expenditure of appropriated funds as provided for in § 44-6.4-5.

**§ 44-6.5-6. Disposition of monies.**

(a) Except as provided in subsection (b) within, all monies collected pursuant to any tax imposed by the state of Rhode Island under the provisions of this chapter shall be accounted for separately and paid into the general fund.

(b) Monies collected for the establishment of the TDI Reserve Fund (§ 28-39-7), the Employment Security Fund (§ 28-42-18), the Employment Security Interest Fund (§ 28-42-75), the Job Development Fund (§ 28-42-83), and the Employment Security Reemployment Fund (§ 28-42-87) shall be deposited in said respective funds.

**§ 44-6.5-7. Analysis of amnesty program by tax administrator.**

The tax administrator shall provide an analysis of the amnesty program to the chairpersons of the house finance committee and senate finance committee, with copies to the members of the revenue estimating conference, by April 30, 2018. The report shall include an analysis of revenues received by tax source, distinguishing between the tax collected and interest collected for each source. In addition, the report shall further identify the amounts that are new revenues from those already included in the general revenue receivable taxes, defined under generally accepted accounting principles and the state's audited financial statements.

**§ 44-6.5-8. Rules and regulations.**

The tax administrator may promulgate such rules and regulations as are necessary to implement the provisions of this chapter.

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*This publication contains an informal, plain-language summary of tax matters. Nothing contained in this publication in any way alters or otherwise changes any provisions of Rhode Island statutes, regulations, or formal rulings.*

*The Rhode Island Division of Taxation office is at One Capitol Hill in Providence, R.I., diagonally across from the Smith Street entrance of 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](http://www.tax.ri.gov).*

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On the Cover: Rhode Island Division of Taxation's photo of the Rhode Island State House in Providence, R.I.