



Rhode Island Division of Taxation

State of Rhode Island and Providence Plantations
Department of Revenue

March 29, 2013

ADV 2013-08

Advisory:

Filing season update

This update includes information about the following:

- Alert for business owners
- Increase in corporate e-filing
- Final regulations posted

Tax Administrator issues alert to business owners

Rhode Island Tax Administrator David M. Sullivan today cautioned Rhode Island business owners about a potentially misleading letter that some business owners have received recently from an organization calling itself Rhode Island Corporate Compliance.

The letter tells business owners that failure to satisfy “minimum annual filing requirements” in a timely manner causes their business to be in “bad standing” with the state. The letter says that Rhode Island Corporate Compliance can help a business “avoid potential non-compliance” – if the business owner sends a \$125 “Document Fee.”

“The letter is presented and written in such a way that business owners could easily be confused and misled,” Sullivan said. “Let me be clear: Neither the Rhode Island Division of Taxation nor any other Rhode Island state agency sent that letter.”

Businesses typically must file an annual return with the Rhode Island Division of Taxation, Sullivan said. And in certain circumstances, a business may need a letter of good standing or a certificate of good standing from the Rhode Island Division of Taxation. But in so doing, they use officially sanctioned Rhode Island Division of Taxation forms, and pay the required tax or filing charge, Sullivan said.

The letter from Rhode Island Corporate Compliance is not an officially sanctioned Rhode Island Division of Taxation form, and the Rhode Island Division of Taxation does not charge a \$125 “Document Fee,” Sullivan said.

Anyone with questions about their annual tax filing obligations should contact the Rhode Island Division of Taxation at (401) 574-8829 from 8:30 a.m. to 4 p.m. business days.

Rhode Island [Secretary of State A. Ralph Mollis is also urging Rhode Island business owners](#) to be wary of the direct mail solicitation from Rhode Island Corporate Compliance. The official-looking letter cites a state law that requires corporations to keep records of accounts, minutes and shareholders. It directs recipients to submit an “Annual Disclosure Statement” along with a “Document Fee” of \$125. But the letter did not come from the Secretary of State’s office or any other state agency. Mollis tracked the return address to a postal box at a UPS store in downtown Providence.

Anyone with questions about the direct mail solicitation should contact the Secretary of State’s office at (401) 222-3040 or corporations@sos.ri.gov.

Corporate e-filing nearly doubles

The number of Rhode Island corporate tax returns filed electronically so far this year is nearly double what it was at about the same point last year.

Furthermore, about 71 percent of all corporate returns have been e-filed so far this year, compared with about 52 percent at approximately the same point last year. “We are gratified that more and more practitioners and taxpayers are taking advantage of the many benefits of e-filing,” Sullivan said.

He also attributed some of the increase in e-filing to a decision by the Division of Taxation to enforce the state’s corporate e-file mandate, effective January 1, 2013. The mandate generally applies only to returns filed on Form RI-1120C, Form RI-1120S, and Form RI-1065 by paid preparers.

| | Filing season 2012 | Filing season 2013 | Difference |
|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|------------|
| E-filed returns | 6,341 | 12,089 | + 90.65 % |
| Paper returns | 5,812 | 4,843 | - 16.67 % |
| Total returns: | 12,153 | 16,932 | + 39.32 % |
| % of returns e-filed: | 52.2 % | 71.4 % | |
| <small>Cumulative figures for tax year 2011 returns filed through March 24, 2012, and tax year 2012 returns filed through March 26, 2013.</small> | | | |

Final regulations posted

The Rhode Island Division of Taxation took a number of regulatory actions this week, including filing final regulations with the Rhode Island Secretary of State.

- **Bus exemption:** The Division of Taxation amended a regulation to reflect the impact of a new law involving a sales tax exemption in certain circumstances for the purchase, rental, or lease of buses. (Reg. SU 13-111 amended and superseded Reg. 99-111.)
- **Streamlined:** The agency amended a regulation to help ensure Rhode Island's continuing conformity with the Streamlined Sales and Use Tax Agreement. The regulation now reflects current language in the agreement involving the sourcing of direct mail. (Reg. SST 13-01 amended and superseded Reg. SST 11-01.)
- **Records:** The agency tightened the language in a regulation that involves how long a retailer subject to the sales tax must keep certain records. (Reg. SU 13-91 amended and superseded Reg. SU 11-91.)
- **Food products:** The Tax Division repealed a regulation involving food products, because the regulation's contents have been merged into another. (Reg. SU 87-50 repealed; contents already incorporated in Reg. SU 09-59.)

Tax regulations that have been proposed, repealed, and finalized are available by [checking the Rhode Island Secretary of State's regulatory website](#).

Reminders

Administrative Decision: The Division of Taxation has posted a [new Administrative Decision](#), which reviews a dispute involving the sales tax.

Compassion Centers: The Division of Taxation has posted its [first form involving the compassion center surcharge](#) (which relates to marijuana for medical use).

FreeFile: The Tax Division's website includes links to [five online tax-preparation programs](#) that allow eligible taxpayers to prepare and file their federal and Rhode Island personal income tax returns at no charge.

Updates: Keep up with the latest Tax Division developments by viewing our [Facebook](#) page or our [blog](#). You may also follow us on [Twitter](#). In addition, you may receive our e-mails automatically in your inbox by subscribing to our listserv -- just send an [e-mail](#) and include the word SUBSCRIBE in capital letters in the subject block.

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