



Rhode Island Department of Revenue

Division of Taxation

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PERSONAL INCOME TAX

ADVISORY FOR TAX PROFESSIONALS
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Guide to tax break involving 401(k) plans, pensions, and annuities

Division offers tax tips at start of one of busiest weekends of tax season

PROVIDENCE, R.I. – The Rhode Island Division of Taxation today reminded tax preparers and taxpayers about its guide to a new tax break that applies to income from 401(k) plans, 403(b) plans, private-sector pensions, government pensions, military retirement pay, annuities, and other such sources. (To view the guide, use the following link: <https://go.usa.gov/xn3v4>.)

“Tomorrow begins a three-day weekend for a number of taxpayers, and it is always one of the busiest weekends of the filing season. If you’re working on your Rhode Island return and have questions about how the new tax break works, find the answer by reading our guide, which is available on our website at any time, day or night,” said Tax Administrator Neena Savage.

“This tax break first applied for the 2017 tax year, so preparers and taxpayers will first encounter it on returns they file this season, covering the 2017 tax year,” she said. Assuming a taxpayer meets the rules, up to \$15,000 of the person’s federally taxable income from 401(k) plans, 403(b) plans, military retirement pay, private-sector pensions, government pensions, annuities, and other such sources will escape Rhode Island personal income tax.

The tax break applies on a per-person basis, so for a married couple filing a joint return, up to \$15,000 per spouse could escape Rhode Island tax, for a combined total of up to \$30,000. “Our 22-page guide explains, in plain language, how the new tax break works, and how the rules apply to you,” Savage said. The tax break is in the form of a new modification, which reduces federal adjusted gross income for Rhode Island tax purposes. It is authorized under legislation approved by the Rhode Island General Assembly and signed into law by Governor Gina M. Raimondo in June 2016. It applies for tax years beginning on or after January 1, 2017.

OTHER TAX SEASON INFORMATION

- For forms, instructions, and other information: <http://www.tax.ri.gov/taxforms/>
- For the Division’s guide to the filing season: <https://go.usa.gov/xnAbt>.

Did you make any purchases online last year? Did the website mail you a tax-related notice this season about those purchases? Read the Division of Taxation’s answers to FAQs about notices from non-collecting retailers: <https://go.usa.gov/xnA2p>