



# Rhode Island Department of Revenue

## Division of Taxation

ADV 2020-40  
TAX ADMINISTRATION

ADVISORY FOR TAX PROFESSIONALS  
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### **Division allows electronic signatures in limited cases**

*New policy applies to two forms involving sale of real estate by nonresidents*

PROVIDENCE, R.I. – The Rhode Island Division of Taxation today announced that, effective immediately, it will allow electronic signatures in place of handwritten signatures for certain types of forms.

Normally, the Division requires the submission of forms with their original, handwritten signatures.<sup>1</sup> However, due to the coronavirus (COVID-19) pandemic, the Division has amended its standard practice as a convenience for taxpayers and their representatives.

“We realize the challenges that many taxpayers and their representatives face amid this crisis and we want to be as accommodating as possible given the circumstances,” said Rhode Island Tax Administrator Neena Savage.

“We are also trying to limit the number of in-person visits to our office in order to prevent the spread of the virus,” she said.

The Internal Revenue Service and a number of other states are making similar allowances during the pandemic.

### **Forms involved**

The Division will accept electronic signatures for the following two forms, both of which involve the sale of Rhode Island real estate by nonresident individuals or entities:

- [Form RI-71.3 Election](#) (“Election to Have Withholding Based on Gain”) and required attachments.
- [Form RI-71.3 Remittance](#) (“Remittance of Withholding on Sale of Real Estate by Nonresident”) and required attachments.<sup>2</sup>

The Division has been making available the electronic signature option in recent weeks, on a trial basis. The option has been well-received and is today being officially announced.

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<sup>1</sup> A handwritten signature is sometimes referred to as a “wet” signature. The Division has long allowed the use of electronic signatures for electronically filed income tax returns.

<sup>2</sup> Form RI-71.3 Remittance can be electronically signed and emailed only if there is no tax due. If there is a payment due, Form RI-71.3 Remittance cannot be emailed or faxed; it must be sent by mail, using the address shown on the form. Also, it must be accompanied by a “Certificate of Withholding Due” (assuming that the Division has not already received the certificate).

### Acceptable formats

The Division will accept electronic signatures in any of the formats described below.<sup>3</sup>

- The links on the previous page are to forms that contain a built-in option for electronic signatures. Just download and follow the instructions, then email the completed form(s) to the following Division of Taxation email address: [Tax.NonRes713@tax.ri.gov](mailto:Tax.NonRes713@tax.ri.gov). (Note: You will see the built-in feature for electronic signatures once you download the form and open it on your computer.)
- Taxpayers may elect instead to print out the form, sign it, scan it in, and email it to the following Division of Taxation address: [Tax.NonRes713@tax.ri.gov](mailto:Tax.NonRes713@tax.ri.gov). (With this option, a taxpayer is using what is sometimes referred to as a “facsimile signature”. In general, a facsimile signature means a signature that is copied or scanned from a document that bears an authorized original signature.)

### Further details

As noted above, the Division has established a special email address for sending the applicable documents that have electronic signatures: [Tax.NonRes713@tax.ri.gov](mailto:Tax.NonRes713@tax.ri.gov). Those submitting Form RI-71.3 Election via email must also attach the Certificate of Withholding Due.

For the convenience of taxpayers and others, the Division has combined Form RI-71.3 Election and the Certificate of Withholding Due into a single PDF available for download from the Division’s website: [http://www.tax.ri.gov/forms/2020/NRREWH/713\\_ElectionCertCombo\\_m3.pdf](http://www.tax.ri.gov/forms/2020/NRREWH/713_ElectionCertCombo_m3.pdf).

**To submit Form RI-71.3 Election using electronic signature, include the following:**

- ✓ completed Certificate of Withholding Due (included in download from Division’s website)

Those submitting Form RI-71.3 Remittance via email must also attach a copy of the approved Certificate of Withholding and a copy of the “Acknowledgement of Discharge of Lien” form.

For the convenience of taxpayers and others, the Division has combined Form RI-71.3-Remittance and the “Acknowledgement of Discharge of Lien” into a single PDF available for download from the Division’s website: [http://www.tax.ri.gov/forms/2020/NRREWH/713\\_RemittanceAckCombo\\_m.pdf](http://www.tax.ri.gov/forms/2020/NRREWH/713_RemittanceAckCombo_m.pdf).

**To submit Form RI-71.3 Remittance using electronic signature, include the following:**

- ✓ copy of approved Certificate of Withholding Due
- ✓ completed Acknowledgement of Discharge of Lien form (included in download from Division’s website)

Note: Form RI-71.3 Remittance can be electronically signed and emailed only if there is no tax due. If there is a payment due, Form RI-71.3 Remittance cannot be emailed or faxed; it must be sent by mail, using the address shown on the form. Also, it must be accompanied by a Certificate of Withholding Due (assuming that the Division has not already received the certificate).

### Examples of electronic-signature process

The following examples illustrate how the electronic-signature procedure works.

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<sup>3</sup> By voluntarily submitting an e-signature, the taxpayer certifies that the signature is valid and intended to operate as acknowledgement/execution of the document to which it is affixed.

Example # 1:

Joseph Taxpayer downloads Form RI-71.3 Election from the Division's website, which includes the Certificate of Withholding Due. He completes both forms and enters his electronic signature where indicated (using the form's built-in electronic signature feature). Next, he attaches to an email the completed and electronically signed Form RI-71.3 Election and the prepared Certificate of Withholding Due as a PDF, and sends that email to the Division via the following address: [Tax.NonRes713@tax.ri.gov](mailto:Tax.NonRes713@tax.ri.gov).

If the Division, after completing its review, determines that the submission is complete, the Division will email back a signed, stamped, and dated Certificate of Withholding Due (as a PDF), which Joseph presents at closing. Assuming that the buyer properly completes and timely files all required documents and pays the amount of withholding due (if any is required), the lien on the real estate can be discharged. (The remittance and the lien discharge must be filed with the Division and, once approved, the discharge of lien must be forwarded to the city or town by the taxpayer or the taxpayer's representative.)

Example # 2:

Maria Taxpayer downloads Form RI-71.3 Remittance from the Division's website, which includes the "Acknowledgement of Discharge of Lien" form, completes it, and enters her electronic signature where indicated (using the form's built-in electronic signature feature). Next, the closing attorney attaches to an email the completed and electronically signed Form RI-71.3 Remittance, the prepared Acknowledgement of Discharge of Lien form, and a copy of the approved Certificate of Withholding due, and sends that email to the Division via the following address: [Tax.NonRes713@tax.ri.gov](mailto:Tax.NonRes713@tax.ri.gov).

Assuming that the documents are properly completed and timely filed, the Division will email back, as a PDF, the approved, dated, and signed Acknowledgement of Discharge of Lien form. (The remittance and the lien discharge must be filed with the Division and, once approved, the discharge of lien must be forwarded to the city or town by the taxpayer or the taxpayer's representative, so that it can be recorded by the city or town.)

Remember: Form RI-71.3 Remittance can be electronically signed and emailed only if there is no tax due. If there is a payment due, Form RI-71.3 Remittance cannot be emailed or faxed; it must be sent by mail, using the address shown on the form. Also, it must be accompanied by a Certificate of Withholding Due (assuming the Division has not already received the Certificate).

### **Background and explanation**

Rhode Island requires withholding of tax at the sale of Rhode Island real estate by a nonresident individual or entity.<sup>4</sup> It is standard practice in many other states, too. When Rhode Island real estate is sold by a nonresident individual, estate, partnership or trust, the buyer must deduct and withhold 6% of the total amount paid or of the gain to the seller. If the seller is a nonresident corporation, the buyer must deduct and withhold 7% of the total amount paid or of the gain.

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<sup>4</sup> See [Rhode Island General Laws § 44-30-71.3](#) ("Sale of real property by nonresidents – Withholding requirements") and [Division of Taxation Regulation 280-RICR-20-10-1](#) ("Withholding Tax on the Sale of Real Property by Nonresidents").

The buyer then must pay the amount withheld to the Division of Taxation within three banking days after the date closing. Every buyer subject to these provisions is liable for the amount withheld (or required to be withheld). Until that amount is paid, a State lien is placed on the property. Filing and paying the amount of withholding due (if any is required) furthers the process that culminates with the discharge the lien.

### Other information

This Advisory provides only a brief summary of the Division's requirements involving the sale of Rhode Island real estate by a nonresident individual or entity.

- To view the Division's updated general instructions related to the sale of Rhode Island real estate by nonresident individuals or entities, click [here](#).
- To view the Division's regulation related to the sale of Rhode Island real estate by nonresident individuals or entities, click [here](#).
- For answers to questions about the tax aspects of the sale of Rhode Island real estate by nonresident individuals or entities, call the Division at (401) 574-8829, option #4, from 8:30 a.m. to 3:30 p.m. business days. For additional forms: <http://www.tax.ri.gov/taxforms/nrrewh.php>

The use of an electronic signature is an option, not a requirement. A taxpayer, or the taxpayer's representative, may elect instead to complete, sign, and submit the forms in the usual manner (such as by mail, private delivery service, or fax at (401) 574-8919).

As part of its efforts to limit the spread of the coronavirus, the Division recommends that taxpayers, tax professionals, and other stakeholders avoid visiting the Division's office. The Division continues to urge taxpayers and others to use its phone system, email system, website, and portal, instead of in-person visits.

If a visit cannot be avoided, taxpayers and others are encouraged to use the Division's drop box, which is located on the first floor of the Powers Building, at One Capitol Hill in Providence, to drop off forms and other documents. Remember: If you must visit, and you successfully complete the State's self-screening application and receive approval, entry to the Division's office is permitted, but you must still wear a mask and maintain social distancing. For more information about office visits amid the pandemic, use this link: <https://go.usa.gov/xfwvp>.

The Division will continue to work with taxpayers and their representatives to consider proposed options for electronic signatures when it comes to the two documents described in this Advisory involving the sale of real estate by a nonresident.

In addition, the Division will continue to review standards for electronic signatures in general and will also continue to study the possibility of expanding the electronic signature program to other documents.<sup>5</sup>

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*The Rhode Island Division of Taxation, part of the Rhode Island Department of Revenue, has normal operating hours 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 <http://www.tax.ri.gov/contact>*

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<sup>5</sup> The Division is allowing electronic signatures for limited documents, as described in this Advisory, under the authority of [Rhode Island General Laws Chapter § 42-127.1](#) ("Uniform Electronic Transactions Act").