



# Rhode Island Department of Revenue

## Division of Taxation

ADV 2023-02  
Tax Administration

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS  
January 20, 2023

### **2023 Tax Changes**

*Division reminds taxpayers of new year changes*

PROVIDENCE, R.I. – The Rhode Island Division of Taxation reminds taxpayers and tax professionals of the tax changes that took effect on Sunday, January 1, 2023.

Many of these changes apply for tax years beginning on or after January 1, 2023, and generally do not affect the tax returns that businesses and individuals will file over the next few months related to the 2022 tax year. The changes can be used for tax-planning purposes throughout the 2023 calendar year.

#### **■ ADULT USE CANNABIS**

Effective December 1, 2022, the law implements a State Cannabis Excise Tax and a Local Cannabis Excise Tax. Both taxes are imposed upon the sale of Adult Use Cannabis and cannabis products by a licensed Adult Use Cannabis retailer. They are in addition to other Rhode Island taxes, including Sales and Use Tax.

When Adult Use Cannabis is sold by the retailer to consumers, the cannabis product is subject to the standard Rhode Island Sales and Use Tax, as well as the new 10% State Cannabis Excise Tax, and a 3% Local Cannabis Excise Tax. The State will collect and distribute the Local Cannabis Excise Tax to the municipalities in which the cannabis product is delivered to purchasers. The State and Local Cannabis Excise Taxes do not apply to the sale of medical cannabis as allowed by [R.I. Gen. Laws § 44-70-4](#).

Details are available on the [Division's website](#).

#### **■ ELECTRONIC FILING MANDATE**

Larger business registrant taxpayers are required to use electronic means to file returns and remit taxes to the State of Rhode Island beginning on January 1, 2023.

A "larger business registrant" is defined as any person who:

- Operates as a business whose combined annual liability for all taxes administered by the Division of Taxation for the entity is or exceeds \$5,000; or
- Operated as a business whose annual gross income is over \$100,000 for the entity.

There are many ways for taxpayers to file electronically and [make a payment online](#) with the Division. The best way to do so is through the [Division's Taxpayer Portal](#).

Details on the Mandate and helpful resources can be found on the Division's [Electronic Filing Mandate webpage](#).

## ■ ESTATE TAX - CREDIT, THRESHOLD

Because of an inflation adjustment prescribed by statute, the Rhode Island estate tax credit amount will be \$80,395 for decedents dying on or after January 1, 2023. This represents an increase from the credit amount of \$74,300 which applied for decedents dying in calendar year 2022.

As a result, the Rhode Island Estate Tax threshold will be \$1,733,264 for decedents dying on or after January 1, 2023, up from the threshold of \$1,648,611 for decedents dying in calendar year 2022.

In general, for a decedent dying in 2023, a net taxable estate valued at \$1,733,264 or less will not be subject to Rhode Island's Estate Tax. In certain circumstances, the Rhode Island Estate Tax will not apply regardless of the estate's size: [R.I. Gen. Laws § 44-22](#) provides full details on the computation of the tax, including such factors as the marital and charitable deductions.

Estate tax update		
	2022*	2023**
Estate tax credit amount	\$74,300	\$80,395
Estate tax threshold	\$1,648,611	\$1,733,264

\*For decedents dying in calendar year 2022. \*\* For decedents dying in calendar year 2023.

For more information about the Rhode Island estate tax credit and threshold, please see [ADV 2023-01](#).

## ■ INTEREST RATES

Interest on overpayments (refunds) for calendar year 2023 will be at the rate of 6.25% per annum, an increase of 3% from the rate for calendar year 2022.

For calendar year 2023, the interest rate on underpayments (delinquencies) will be 18% for Trust Fund taxes, and 12% for all other taxes.

Interest rates update		
	2022	2023
Overpayments	3.25%	6.25%
Underpayments – Trust Fund Taxes	18%	18%
Underpayments – Non-Trust Fund Taxes	18%	12%

Note: Rates are determined by formulas set forth in statute.

For more about interest rates please see [ADV 2022-34](#).

## ■ PERSONAL INCOME TAX

The Personal Income Tax inflation-adjusted amounts have been calculated for 2023. These amounts apply for **tax year** 2023. This means the adjusted amounts will not appear on tax returns filed in 2023 covering tax year 2022. They are important to know

now for tax-planning purposes and will be the amounts on tax returns seen in early 2024 for tax year 2023.

For details about personal income tax standard deduction amounts, exemptions, tax brackets, and related information for the 2023 tax year, please see [ADV 2022-40](#).

## ■ SALES TAX MODERNIZATION

Taxpayers will notice changes to the Sales and Use Tax Return for monthly and quarterly periods beginning in January 2023. These changes will better align Rhode Island's form with Sales and Use Tax forms used in neighboring states, providing a more consistent experience for taxpayers. The updated forms will allow you to reconcile sales each period, rather than only at the end of the year.

## ■ TAX CREDITS EXTENDED

Under legislation enacted in the 2022 legislative session, a number of tax credit and incentive programs that were scheduled to expire are now extended into 2023. The following table shows the updated sunset dates:

Tax credits and incentives update		
PROGRAM:	OLD SUNSET DATE:	NEW SUNSET DATE:
Stay Invested in RI Wavemaker Fellowship	December 31, 2022	December 31, 2023
Rebuild Rhode Island Tax Credit	December 31, 2022	December 31, 2023
Rhode Island Qualified Jobs Incentive Act of 2015	December 31, 2022	December 31, 2023
Rhode Island Tax Increment Financing	December 31, 2022	December 31, 2023
Historic Preservation Tax Credits 2013	June 30, 2022	June 30, 2023

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*The Rhode Island Division of Taxation, part of the Rhode Island Department of Revenue, is open to the public 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 <https://tax.ri.gov/about-us/contact-us>.*

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