



Rhode Island Department of Revenue

Division of Taxation

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TAX ADMINISTRATION

ADVISORY FOR TAX PROFESSIONALS
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Inflation-adjusted amounts set for tax year 2018

Changes in standard deduction amounts, tax tables, and other items

PROVIDENCE, R.I. – The Rhode Island Division of Taxation today announced the standard deduction amounts, tax bracket ranges, and other key figures for the Rhode Island personal income tax for tax years beginning on or after January 1, 2018.

The inflation-adjusted amounts apply for tax year 2018, and therefore will not appear on tax returns until early 2019 (covering the 2018 tax year). Nevertheless, they are important to know now for tax-planning purposes.

The inflation-adjusted numbers will also aid tax professionals and taxpayers throughout 2018 as they make any needed adjustments to withholding or estimated payments, or for other purposes. The inflation-adjusted amounts are presented in the following tables.

Rhode Island standard deduction amounts		
Filing status	2017	2018
Single	\$8,375	\$8,525
Married filing jointly*	\$16,750	\$17,050
Head of household	\$12,550	\$12,800
Married filing separately	\$8,375	\$8,525

* Or qualifying widow or widower.
Note: Amounts are determined based on inflation figures calculated by U.S. Bureau of Labor Statistics and applied to formulas under Rhode Island General Laws § 44-30-2.6.

Rhode Island personal and dependency exemption amounts	
2017	2018
\$3,900	\$4,000

Most taxpayers are able to claim the full amount of their applicable standard deduction. The same is true for personal exemptions and dependency exemptions. However, if a taxpayer's federal adjusted gross income (as modified for Rhode Island tax purposes) falls within a certain income range, the standard deduction amount – and the personal and dependency exemption amounts – are limited.

If income exceeds the range, the taxpayer cannot claim a standard deduction or personal or dependency exemption amount. The income ranges are listed in the following table.

Phase-out range for standard deduction, exemption amounts	
2017	2018
\$195,150 to \$217,350	\$199,000 to \$221,800

Personal income tax: uniform rate schedule

The Division of Taxation has recalculated tax bracket ranges for tax year 2018, as required by statute. The changes were made to the Rhode Island personal income tax's uniform tax rate schedule, which is used by all filers.

If the dollar figures in tax brackets remained constant, a taxpayer might be bumped into a higher bracket solely because of an annual wage increase that is intended to help the worker keep pace with inflation -- an outcome often referred to as "bracket creep." To help offset the effects of bracket creep, the General Assembly adopted a provision that requires the tax brackets to be adjusted annually with inflation. (Standard deduction and exemption amounts are adjusted in similar fashion.) The effect can be seen in the following two tables: one for tax year 2017, the other for tax year 2018.

Uniform tax rate schedule for tax year 2017 (personal income tax)				
Taxable income:				
Over	But not over	Pay	+ percent on excess	of the amount over
\$ 0	\$ 61,300	\$ --	3.75%	\$ 0
61,300	139,400	2,298.75	4.75%	61,300
139,400	--	6,008.50	5.99%	139,400

Uniform tax rate schedule for tax year 2018 (personal income tax)				
Taxable income:				
Over	But not over	Pay	+ percent on excess	of the amount over
\$ 0	\$ 62,550	\$ --	3.75%	\$ 0
62,550	142,150	2,345.63	4.75%	62,550
142,150	--	6,126.63	5.99%	142,150

Trusts and estates: income tax rate schedule

The Division of Taxation has posted the income tax rate schedule for 2018 that will be used by fiduciaries for many trusts and estates.

As a convenience, tables for tax year 2017 and tax year 2018 appear below.

Income tax rate schedule for tax year 2017 (trusts and estates)				
Taxable income:				
Over	But not over	Pay	+ percent on excess	of the amount over
\$ 0	\$ 2,450	\$ --	3.75%	\$ 0
2,450	7,800	91.88	4.75%	2,450
7,800	--	346.00	5.99%	7,800

Table is for non-grantor trusts and non-bankruptcy estates. To calculate income tax for grantor trusts and bankruptcy estates, use personal income tax table.

Income tax rate schedule for tax year 2018 (trusts and estates)				
Taxable income:				
Over	But not over	Pay	+ percent on excess	of the amount over
\$ 0	\$ 2,500	\$ --	3.75%	\$ 0
2,500	7,950	93.75	4.75%	2,500
7,950	--	352.63	5.99%	7,950

Table is for non-grantor trusts and non-bankruptcy estates. To calculate income tax for grantor trusts and bankruptcy estates, use personal income tax table.

Withholding tables, W-4 withholding certificate

By December 31, 2017, the Division of Taxation plans to post on its website the booklet of income tax withholding tables for tax year 2018. Employers use the tables to calculate how much to withhold from an employee's pay for Rhode Island personal income tax purposes. The booklet will also include a copy of the 2018 version of Form RI W-4, "Employee's Withholding Allowance Certificate." Both documents will be available via the following website:
<http://www.tax.ri.gov/taxforms/withholding.php>

The Rhode Island Division of Taxation office is at One Capitol Hill in Providence, R.I., diagonally across from the Smith Street entrance to 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, or call (401) 574-8829.
