



Rhode Island Division of Taxation

State of Rhode Island and Providence Plantations
Department of Revenue

March 14, 2013

ADV 2013-05

Advisory:

Filing season update

This update includes information about the following:

- Corporate filing deadline tomorrow
- Corporate e-file mandate
- List of tax-prep software programs
- Corporate extensions
- Help for East Providence and Woonsocket
- Practitioner note on Hurricane Sandy

Corporate tax filing deadline tomorrow

Tomorrow night is the deadline for filing Rhode Island corporate income tax returns. The deadline applies to calendar-year C corporations, S corporations, and limited liability companies (LLCs) that have elected to be treated as corporations.

The Division of Taxation expects to see a sharp increase in e-filing, especially since the agency in January 2013 began enforcing the state's corporate tax e-file mandate. The mandate applies to paid preparers. It requires that returns on Form RI-1120C, Form RI-1120S, and Form RI-1065 be e-filed.

List of software programs

The Division of Taxation has updated its [list of tax preparation software programs](#) that have completed and passed acceptance testing for tax year 2012. The list contains commercial software programs that have been cleared for e-filing by the Division of Taxation. It includes 12 tax preparation programs cleared for e-filing Rhode Island corporate tax returns, 31 for individual returns, and 12 for partnership returns.

Corporate extensions

Keep in mind that Rhode Island's corporate e-file mandate does not apply to extension requests.

Normally, requests for an automatic six-month filing extension are made on Form RI-7004. But the Division of Taxation does not accept e-filed extensions; Form RI-7004 must be filed on paper. Similarly, the corporate e-file mandate does not apply for purposes of seeking an automatic one-month extension, on Form RI-7004-CRS, for corporate returns involving *pro forma* combined reporting.

Don't forget that you can make an extension payment online. If you do, you won't need to send in an extension form - either the RI-7004 or the RI-7004-CRS. Here's the address: <https://www.ri.gov/taxation/business/index.php>

March 15 deadline

Some other filings are also due on or before 11:59 p.m. on March 15, 2013, including the following:

- the first corporate estimated tax payments for calendar year 2013, as well as estimated payments for the bank deposits, banking institution excise, gross premium insurance, and public service taxes;
- the annual return for a political organization with \$100 or more of political organization taxable income; and
- the annual banking institution excise tax return.

Help for East Providence, Woonsocket

The Division of Taxation has generated more than \$175,000 for East Providence so far this filing season and more than \$10,000 for Woonsocket as a direct result of the state tax refund offset program.

Legislation approved by the General Assembly and signed into law in June 2011 by Governor Lincoln D. Chafee authorized the Division of Taxation to collect debts owed other government agencies and entities in the state, including cities and towns. For this purpose, the Division of Taxation was authorized to use the refund offset power already contained in statute, the new law said.

Because it took time for provisions of the new law to be implemented, this is the first tax-filing season in which the state refund offset program is in use for municipalities.

"Many communities throughout the country are still feeling the effects of the recession, which was the worst since the Great Depression," said Tax Administrator David M. Sullivan. "East Providence and Woonsocket are no exception. If the state tax refund offset program can help them in any way, no matter how much, we're happy to do it," he said.

How it works

The program generally works this way: A city or town provides a list of its delinquents to the state Division of Taxation. The list can be for any “outstanding liability,” the law says – so it can be for delinquent property tax, motor vehicle taxes, municipal water or sewer fees, or other such debts.

Before issuing a state personal income tax refund to a taxpayer, the Division of Taxation checks the list to see if the taxpayer has a delinquency on record with the city or town. If so, the Division of Taxation will hold back some – or all – of the refund and hand it over to the city or town until the taxpayer’s delinquent balance is reduced to zero.

Community	Total offset	Number of offsets	Average offset
East Providence	\$ 175,829	517	\$ 340
Woonsocket	\$ 10,035	20	\$ 502

East Providence offsets began with start of filing season. Woonsocket offsets began March 8, 2013.

Any Rhode Island city or town is free to sign up. East Providence was the first to enroll, early last year; Woonsocket was second. Because it takes time to mesh computers and attend to other details, this is the first tax-filing season in which the Division of Taxation has done state personal income tax refund offsets for municipalities.

Offset results

Sullivan predicted that the number and amount of offsets will grow as the April 15 filing deadline draws near. “But this program also serves as a deterrent – and that is perhaps its greatest value. If you receive a notice of delinquency, you’re more likely to pay up if you know there’s a threat of having your state income tax refund offset.”

For example, the City of East Providence in October 2012 sent letters to about 9,700 people who were delinquent on their taxes. The letters told them that their state tax refunds might be offset unless they paid their local taxes. As a result of the letters alone, the City wound up collecting \$2.9 million. In other words, just in response to the letters, and before actual offsets began, people who received the letters chose to step forward voluntarily to pay to the City of East Providence their delinquent taxes.

Practitioner note: Hurricane Sandy

The IRS will give taxpayers in Rhode Island and some other states until October 15, 2013, to decide when to deduct losses suffered from Hurricane Sandy. In general, when a taxpayer suffers a loss attributable to a federally declared disaster, the taxpayer may elect to deduct the loss either for the year in which the loss occurred or for the immediately preceding year. Details are in [Notice 2013-21](#).

Reminders

Statistics of Income: The Division of Taxation tomorrow plans to post on its website two sets of Statistics of Income (SOI) reports: one for Rhode Island's personal income tax, another for the state corporate income tax. Both will cover tax year 2011.

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.

RI-8453: The Division of Taxation has discontinued Form RI-8453, "R.I. Individual Income Tax Declaration for Electronic Filing." The Division of Taxation will recognize the federal [Form 8879](#), "IRS e-file Signature Authorization," or its equivalent, as a substitute.

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.

Contact:

Neil Downing
Chief Revenue Agent
Rhode Island Division of Taxation
Neil.Downing@tax.ri.gov
(401) 574-8115