



Rhode Island Department of Revenue

Division of Taxation

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PERSONAL INCOME TAX

ADVISORY FOR TAX PROFESSIONALS
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Division posts updated guide to tax break for pension/annuity income

Tax break also applies to 401(k) plans, military retirement pay, 403(b) plans

PROVIDENCE, R.I. – The Rhode Island Division of Taxation today posted an updated version of its guide to the personal income tax modification involving income from 401(k) plans, 403(b) plans, profit-sharing plans, private-sector pensions, government pensions, military retirement pay, annuities, and other such sources.

[The 27-page guide](#) is intended as an aid to taxpayers and tax preparers during the 2019 tax-filing season, covering tax year 2018 returns. The guide can also be used for future tax-filing seasons.

“We’ve revised and updated the guide mainly to reflect changes on the federal form that taxpayers will first encounter during this filing season,” said Rhode Island Tax Administrator Neena S. Savage, who oversees the Division of Taxation. “The updated guide will also help those who will be claiming this tax break for the first time, and those who are engaged in tax planning for the balance of this calendar year,” she said. The guide is posted under the “Miscellaneous Tax Notices” category on the Division’s website: <http://www.tax.ri.gov/notice/>.

The modification – which reduces federal adjusted gross income for Rhode Island tax purposes – was authorized under legislation approved by the Rhode Island General Assembly and signed into law by Rhode Island Governor Gina M. Raimondo on June 24, 2016. It applies for tax years beginning on or after January 1, 2017.

Assuming a taxpayer meets the rules involving eligibility, up to \$15,000 of the person’s income from 401(k) plans, 403(b) plans, Section 457 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. Assuming, for convenience, a Rhode Island tax rate of 3.75 percent, the break could generate Rhode Island personal income tax savings of up to approximately \$563 for someone who is single, or up to \$1,125 for a married couple filing a joint Rhode Island return. (Actual savings may differ, depending on a taxpayer’s income, tax rates, and other factors.)

The Rhode Island Division of Taxation office is located 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 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>
