



Rhode Island Division of Taxation - 2018 CPE Associates Presentation

RI Division of Taxation



- 1) Marlen Bautista, Chief of Tax Processing, Assessment and Review
- 2) Theriza Iafrate-Salib, Chief Revenue Agent, Excise and Estate Tax
- 3) Neil Caouette, Chief Business Management Officer, Collections and Compliance
- 4) Rahul Sarathy, Chief of Examinations
- 5) Matthew Cate, Chief Legal Officer
- 6) Leo Lebeuf, Chief Revenue Agent, Income Tax



Rhode Island Division of Taxation - 2018 Corporate Income Tax Presentation



New Items of Interest

- Form Changes coming
 - ❖ 1096PT changes coming
 - ❖ Schedule CRS
 - ❖ New Subsidiary Schedule
- TCJA
 - ❖ Section 965
 - New regulation [280-RICR-20-25-15](#)
 - Details next slide
 - ❖ 26 U.S. Code Section 951
 - GILTI



Internal Revenue Code Section 965

- Under federal legislation signed into law on December 22, 2017, taxpayers with untaxed foreign earnings must include, in income for federal tax purposes, their accumulated post-1986 deferred foreign income.
- Such income must be included in income for federal tax purposes, for the 2017 tax year, and is subject to tax at special effective federal tax rates. This is referred to as the one time “repatriation transition tax.”
- **Federal law:**
 - ❖ does not defer recognition of the Section 965 income therefore the entire Section 965 income is recognized and included in the taxpayer’s 2017 federal tax return
 - ❖ allows certain taxpayers to elect to defer payment of a portion of their repatriation transition tax



RI's Treatment of Repatriated Section 965 Income

■ Under RI regulation, C corporations:

- ❖ must include, as income for tax year 2017, the amount of their net Section 965 income – that is, Section 965 income less federal deductions provided under Section 965
 - must file a RI Schedule 965 (“965 Transition Tax Statement”) with their 2017 RI return
- ❖ are allowed a dividends-received deduction against net Section 965 income as well as apportionment relief in some cases
- ❖ are not allowed a deferral of payment on recognized income

■ Individuals and Pass-Through Entities:

- ❖ are not required to file a RI Schedule 965 with their 2017 return as the Section 965 income is included in federal adjusted gross income
 - ❖ must file amended 2017 return if original return filed did not include Section 965 income



TAX YEAR 2017 EXAMPLE: PRE-TAX CUTS AND JOBS ACT

XYZ is a combined group that is engaged in a unitary business. The combined group includes MNO Corp., which is a C corporation with headquarters in Rhode Island. MNO Corp. serves as the group's designated agent, responsible for filing returns and is a calendar year end filer.

Federal taxable income for RI purposes:	\$75,000,000.00
<u>Less net of RI additions/deductions:</u>	<u>(\$25,000,000.00)</u>
MNO Corp's adjusted taxable income:	\$50,000,000.00

XYZ has \$20 million in Rhode Island sales, and \$300 million in sales everywhere (“everywhere sales”), its RI corporate income tax is:

Apportionment factor (\$20 mil / \$300 mil)	0.066667
<u>Apportioned RI taxable income (0.066667 * \$50 mil)</u>	<u>\$3,333,350.00</u>
RI corporate income tax (\$3,333,350 * 0.07)	\$233,334.00



EXAMPLE CONTINUED: POST-TAX CUTS AND JOBS ACT

XYZ includes a 100% owned foreign subsidiary. The group has \$500 million in untaxed foreign earnings from that subsidiary in 2017, which under the TCJA is deemed to represent repatriated dividends for federal tax purposes for the 2017 tax year. That \$500 million in repatriated dividend income consists of \$400 million in cash and \$100 million in intangibles.

Cash:	\$400,000,000.00
<u>Federal deduction (\$400 mil * 0.557142857)</u>	<u>(\$222,857,143.00)</u>
Income after deduction:	\$177,142,857.00
Income from intangibles:	\$100,000,000.00
<u>Federal deduction (\$100 mil * 0.771428571)</u>	<u>(\$77,142,857.00)</u>
Income after deduction:	\$22,857,143.00
Federal Section 965 income overall:	\$500,000,000.00
<u>less combined federal deductions:</u>	<u>(\$300,000,000.00)</u>
Section 965 income after combined federal deductions:	\$200,000,000.00



EXAMPLE CONTINUED: TOTAL RI TAX (INCLUDING TAX ON REPATRIATED INCOME)

Original federal taxable income:	\$75,000,000.00
<u>+ net section 965 income:</u>	<u>\$200,000,000.00</u>
Subtotal:	\$275,000,000.00
<u>Less net RI additions/deductions:</u>	<u>(\$25,000,000.00)</u>
RI income before apportionment:	\$250,000,000.00

Apportionment relief: RI will require that the Section 965 income be included only in the denominator of the apportionment formula, not the numerator.

Original everywhere sales:	\$300,000,000.00
<u>+ net Section 965 income:</u>	<u>\$200,000,000.00</u>
Subtotal:	\$500,000,000.00
Apportionment factor (20 mil / \$500 mil)	0.040000
<u>Apportioned RI taxable income (0.040000 * \$250 mil)</u>	<u>\$10,000,000.00</u>
RI corporate income tax (\$10,000,000 * 0.07)	\$700,000.00



EXAMPLE CONTINUED: DIFFERENCE IN RI TAX

Tax under new system:	\$700,000.00
<u>Tax under old system:</u>	<u>(\$233,334.00)</u>
Difference:	\$466,666.00

On \$500 million in repatriated dividends, the business pays \$466,666 in Rhode Island tax. The Rhode Island tax is less than one-tenth of 1 percent of the repatriated dividend income.



New Filing Deadlines:

Due March 15 or the 15th day of the 3rd month:

- General partnerships
- Limited partnerships
- Limited liability partnerships
- Single-member LLCs (owned by a passthrough)
- Subchapter S corporations

Due April 15 of the 15th day of the 4th month:

- C corporations
- Public service gross earnings tax
- Bank excise tax
- Insurance gross premiums tax
- Single-member LLCs (owned by an individual or C corp)

Estimated Payment Due Dates:

- 15TH DAY OF 4TH MONTH
- 15TH DAY OF 6TH MONTH
- 15TH DAY OF 9TH MONTH
- 15TH DAY OF 12TH MONTH



Rhode Island Division of Taxation -
2018
Excise & Estate Tax Section
Theriza Iafrate Chief Revenue Agent
&
Loriann Baccari Principal Revenue
Agent

Rhode Island Division of Taxation Excise & Estate Tax Section Annual Update



- **Annual Reconciliations**
- **Current law changes**
 - Investigation, Guard, Armored Car services
 - Kegs and barrel containers
 - Software as a service
- **Individualized account numbers**
- **Use tax**
- **Real Estate Conveyance Tax**
- **Estate Tax & Excise Tax sections merger**
- **Section contacts:**

Email: Tax.Excise@tax.ri.gov or Tel: 401-574-8955

Rhode Island Division of Taxation Excise & Estate Tax Section Annual Update



Annual Reconciliations

- Annual Reconciliation billings were issued and were used for:
 - ❖ Assisting various taxpayers in identifying errors, understanding and completing the return to minimize future mistakes.
 - ❖ Clearing past discrepancies and questions
- New forms for 2018 will be published the last week of Dec 2018
- Links for last years (2017) various annual reconciliations:

Class A alcohol filers T204-A [2017 Annual Rec Alcohol](#)

Writers, Composers and Artists T204-W [2017 Annual Rec Artist](#)

ALL other filers T204-R [2017 Annual Rec all others Filers](#)

Rhode Island Division of Taxation Excise & Estate Tax Section Annual Update



Current law changes

- Investigation, Guard, Armored Car services [Advisory ADV 2018-05](#)
- Kegs and barrel containers [Advisory ADV 2018-25](#)
- Software as a service [Advisory ADV 2018-38](#)
- BAR form Business Application & Registration [BAR FORM](#)

Rhode Island Division of Taxation Excise & Estate Tax Section Annual Update



Individualized account numbers

- **Improved consistency and security**
- **Allowed the Division to process and post taxpayers' information timely and efficiently**
- **Electronic filers: limited impact**
- **Paper filers with pre-printed documents: limited impact**
- **Individualized account numbers for holders of sales permits**

[Advisory ADV 2017-18](#)

Rhode Island Division of Taxation Excise & Estate Tax Section Annual Update



Use Tax

- Use tax is due on ALL taxable purchases made out of state where the vendor did not charge RI sales tax [What is Use Tax Link](#)
- ❖ Delivered in this state, 7% Use Tax is due (regardless of how the item was purchased, online, catalogue, phone order...etc.).
- ❖ Picked up in other states, Use Tax is due on the variance between RI 7% Use Tax due & the sales tax collected.

- The use tax filing requirement can be fulfilled one of 2 ways:
 - ❖ Use tax return T-205 [Use Tax Return Link](#)
 - ❖ By including RI Schedule U to the 1040 Resident or 1040 Non- Resident personal income tax returns [2017 RI Schedule U](#)

Rhode Island Division of Taxation Excise & Estate Tax Section Annual Update



Acquired Real Estate Company Conveyance Tax

- Law was effective 07/01/2015 [RIGL 44-25-1](#)
- Division issued a notice notifying taxpayers of the law change [Notice 2015-13](#)
- Form is available on the division's website [CVYT-2 Form](#)
- For questions in regards to this return or the implementation of the tax, please call Theriza lafrate 401-574-8934 or Loriann Baccari directly 401-574-8762.

Rhode Island Division of Taxation Excise & Estate Tax Section Annual Update



Estate Tax & Excise Tax sections merger

Section contacts:

Tax.Excise@tax.ri.gov

401-574-8955 Excise Tax questions

401-574-8829 Option 5 for Excise Tax questions

Tax.Estate@tax.ri.gov

401-574-8829 Option 8 for Estate Tax questions



Rhode Island Division of
Taxation - 2018 Compliance &
Collections Presentation
Neil Caouette and Crystal Cote,
Chief Business Management
Officer



Compliance & Collections

- License and Registration Blocks
- Sales Permit Block Program
- Treasury & Vendor Offset Programs
- Liens & Levies
- Installment Agreements
- Offer and Compromise
- Letters of Good Standing
- Liquor License Certificate of Good Standing

Rhode Island Division of Taxation Compliance & Collections Annual Update



■ 2018 Statistics

- 44,585 phone calls
- 6,693 walk-ins
- Approximately 7,100 emails
- Collections FY 2017 - \$17,166,034
- Collections FY 2018 - \$35,560,388 (includes Amnesty)



- **Letters of Good Standing**

- Received 6,769 applications from July 2017 through June 2018
- 17% able to be issued without additional information
- Mailed nearly 4,800 Additional Information letters to contacts.
- 41% do not respond to these letters.



- **Letters of Good Standing Continued**
 - Major Sale Applications
 - Increase of 50% of applications since a law change on 7/1/2017. LLC's and partnerships are now required to receive a Letter of Good Standing for a Major Sale.
 - 12% able to be cleared without additional information
 - Major Sale LOGS Requirements
 - An application for LOGS (§ 44-11-29)
 - Proforma RI Tax Return with payment through date of sale. Must reflect the sale.
 - Copy of Proforma Federal tax return (Form 4797/Sch. D)
 - 1096PT return needed if there is a gain with Non-resident members
 - Purchase and Sales Agreement
 - All other taxes must be filed and all balances paid.



- **Disregarded LLC's**
 - Still required to file a RI 1065 with payment of the annual charge.
 - The single member's income tax return is not considered to be a filing for the LLC.
 - Must use a FEIN to file. (Regulation CT 13-14)



■ Liquor License Renewal

- Approximately 2,200 Certificate of Good Standing for Liquor Renewal applications were mailed
- Application was due on 9/11/2018
- All taxes must be filed and balances paid.(§ 3-7-24)
- Certificate of Good Standing will be mailed directly to the city/town.
- If Revoked with SOS, entity should request LOGS for reinstatement as soon as possible.



Rhode Island Division of Taxation - 2018 Operations Presentation

Rahul Sarathy
Rahul.Sarathy@tax.ri.gov

Rhode Island Division of Taxation Operations Annual Update



Fiscal Year 2018

- \$3.56B Revenue Deposited
 - 21.9M for Amnesty
- 2.5M Documents Processed
- 6863 LOGS Processed
 - Avg time: 7-8 Business Days
- 3,985 Liquor License Clearances
- 160,000 Phone Calls
- 15,000 Walk-ins
- 14,915 Emails Answered

Rhode Island Division of Taxation Operations Annual Update



Different IDs used by Taxpayers

- FEIN
- SSN
- Account ID
- License ID
- Notice ID
- Bill Invoice ID

Rhode Island Division of Taxation Operations Annual Update



Taxpayer Notice



State of Rhode Island and Providence Plantations
DIVISION OF TAXATION
One Capitol Hill
Providence, RI 02908-5800



Phone: (401) 574-8941
TTY Via 711
Fax: (401) 574-8915

10/03/2018

NOTICE OF ASSESSMENT

Account ID:	2-0948-4781
Tax Type:	WITHHOLDING-FILING
Notice ID:	10003325683
Case ID:	13983790
Due Date:	11/02/2018
Tax:	\$180.00
Interest:	\$2.22
Penalty:	\$9.90
Amount Paid:	\$180.00
Balance Due:	\$12.12
Period:	07/01/2018-07/31/2018

Dear Taxpayer,

The Division of Taxation is issuing this assessment for the period above because the liability provided on a previous notice or on the return filed, has not been resolved. If you agree with the assessment, please make full payment of the balance due within thirty (30) days of the date of this notice. Additional interest and penalties will continue to accrue on any unpaid tax balance. A breakdown of the current interest and penalties for this assessment is on the back of this notice.

Rhode Island Division of Taxation Operations Annual Update



Bill Coupon

-----Detach-----

State of Rhode Island and Providence Plantations
DIVISION OF TAXATION
NOA Bill Coupon


14201599990101

Return this coupon with your payment

Make check(s) payable to: **Rhode Island Division of Taxation**

Include **Notice ID 10003325683** on the check Date: 10/03/2018

Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908-5800

Tax Type: **WITHHOLDING-FILING**

Case ID: **13983790**
Invoice Number: **1017463835**
Due Date: **11/02/2018**
Balance Due: **\$12.12**

Amount Enclosed: \$ _____

Rhode Island Division of Taxation Operations Annual Update



License ID

State of Rhode Island and Providence Plantations
DIVISION OF TAXATION



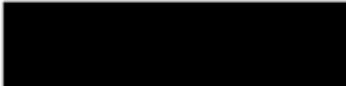
RETAIL SALES PERMIT

Valid From: 07/01/2017 to 06/30/2018

LICENSE FEE: \$10.00
ID: 2-0323-6524

This permit, which authorizes the holder to collect the sales/use tax, is not assignable and is valid only for the person in whose name it is issued and for the transaction of business at the place designated. When the holder of this permit ceases to conduct the business for which it is issued at the place named, the permit must be returned to the Tax Administrator for cancellation. The ID Number, which appears in the upper left-hand corner, should be shown in all sales and use tax returns and in correspondence relative to the tax.

ISSUED TO:



**THIS PERMIT MUST AT ALL TIMES BE PROMINENTLY
DISPLAYED AT THE LOCATION FOR WHICH IT IS ISSUED.**

DATE ISSUED: 07/01/2017

NEENA SAVAGE
TAX ADMINISTRATOR



Upcoming Business Process Improvements

- Updated RI.GOV Website
 - Pay directly using Account ID

- Taxation Services Portal
 - File Returns
 - Make Payments
 - Compliance Check
 - LOGS Application

Rhode Island Division of Taxation Operations Annual Update



RI.GOV website update uses Account ID to better route payment

RI Business Tax Filings

Tax Filing Account

Please select the Tax Account you are filing for.

Meals & Beverage Tax - Example Store 1 (12345) ▾

✓ Meals & Beverage Tax - Example Store 1 (12345)

Sales & Use Tax - Example Store 1 (12345)

Bank Deposit Tax - Example Store 2 (67890)

CONTINUE

CANCEL



Portal – Security

- Unique User ID
 - 2 Factor Authentication
 - “Not a Robot” Authorization
 - Security Challenge Questions
- Delegated Authority for Functions & Taxes
- “Tokens” to store Payment Information
- Access to multiple taxpayers from a single user

Rhode Island Division of Taxation Operations Annual Update



Portal – File a Return

- Ability to file a return online
 - Allows for Saving and Resuming a Filing
 - Allows for Amended Returns
 - History of Filings
- Pre-population of Demographics
- Return Line Item Calculations
- Logic to Avoid Duplicate Filings

Rhode Island Division of Taxation Operations Annual Update



Portal – Make a Payment

- Multiple types of payments
 - Voucher Payment
 - Estimated Payment
 - Extension Payment
 - Bill Payment
- ACH Debit w/ Bank Info Securely Stored
- Ability to View Payment History
- Liability Payoff Amount on Request
 - Included Updated P&I

Rhode Island Division of Taxation Operations Annual Update



Portal – LOGS Application

- Compliance Check for Taxpayer
 - Owed Liabilities
 - Missing Filings
- Step-by-Step LOGS Wizard
 - Prompts users with questions and guides toward relevant sections
 - Pre-fill information when able to do so
 - Prompts for ACH debit payment upon submission
- Ability to Securely Upload Documentation
 - e.g. Purchase and Sales Agreement

Rhode Island Division of Taxation Operations Annual Update



Portal – Home Page



State of Rhode Island
Division of Taxation
DEPARTMENT OF REVENUE

[HOME](#)

Member Sign In

User ID

Password

SIGN IN

[Forgot User ID? Forgot password?](#)

There is no maintenance scheduled at this time. If at any point maintenance is done, the date and time will be posted here.



Popular Services

- [Tax Forms](#)
- [Administrative Decisions](#)
- [Advisories](#)
- [Where's My Refund](#)
- [Business Registration](#)
- [Reports](#)
- [Regulations](#)
- [Newsletters](#)
- [Contact Us](#)

Frequently Asked Questions

Who should use the online taxpayer portal and what taxes can be filed?

How do I create a Portal user account?

[More >](#)

Rhode Island Division of Taxation Operations Annual Update



Portal – User Registration

Tax Portal Usage Terms

Privacy Protection
The Division of Taxation and the State of Rhode Island are committed to protecting your privacy as defined in IRS publication 1075.

Modification or Termination of Service (TOU)
The Division of Taxation reserves the right at any time, and from time to time, to modify or terminate access to the Portal on this website or sending notice to any contact point listed in your user profile. You can review the most current version of the TOU on our website.

Portal Access Termination for Specific User.
The Division of Taxation reserves the right to terminate access to the Portal for a specific user.

Acceptance of Terms of Use
You may accept and agree to these TOU of Portal on behalf of a business or individual that you have read these TOU, that you have the authority to agree to the TOU on behalf of the agency or yourself will be bound by these TOU. Before you check the "I agree" box, you should read the TOU carefully.

* I agree to the above Terms & Conditions

Select all images with a store front

CANCEL

Rhode Island Division of Taxation. All rights reserved.

Enrollment - Security Questions ?

Thank you for registering for the web portal.
As part of the sign up process, please select and answer 3 security questions below. These questions will be used for security verification.

* Security Question #1

* Security Question #2

* Security Question #3

* Question #1 Answer

* Question #2 Answer

* Question #3 Answer

* indicates required field

SAVE

Select one of the options below ?

Progress 0%

Please review the options below and select the one that best fits your registration scenario to continue with the registration process.

- I am adding administrator authorization for a Business and do not have a PIN.
- I am adding administrator authorization for a Business and have a PIN.
- I am adding administrator authorization for my Individual and Sole Proprietor accounts and do not have a PIN.
- I am adding administrator authorization for my Individual and Sole Proprietor accounts and have a PIN.

← BACK

CANCEL

NEXT

Rhode Island Division of Taxation Operations Annual Update



Portal – Authorized Users

Manage Authorized Users ?

This page allows you, for each taxpayer for which you are the Authorized Administrator, to designate one or more individuals as Authorized Users for the purpose of viewing and/or modifying account information, and executing one or more account functions based on specific permissions you assign them. A Authorized user is someone other than an employee or officer of the taxpayer (for example, an accountant or attorney).

By adding a new Authorized User, you are certifying that you designate that individual as an authorized agent of the taxpayer and allow that individual to have access via this portal to confidential State of US tax information for the periods indicated; for the Tax Type[s] selected; and in order perform any Taxpayer Functions selected.

ADD NEW AUTHORIZED USER

Search:

User Name	User ID	Taxpayer Name	Effective Start Date	Effective End Date	Status
jonathan slusarz	jspptest2	RWU	05/31/2017		Active
jonathan slusarz	jspptest2	AUOCRAT	05/31/2017	05/01/2018	Active
jonathan slusarz	jspptest2	DONNIE DARKO	05/31/2017	06/01/2022	Active
jonathan slusarz	jspptest2	NARRAGANSETT	07/01/2017	06/29/2018	Active

Showing 1 to 4 of 4 entries

Navigation: Home, Left Arrow, 1, Right Arrow, Home

Tax Type Authorizations ?

Check the check boxes below to enable this user to perform the selected functions on behalf of this Taxpayer.

User ID: jspptest2
 User Name: jonathan slusarz
 Taxpayer Name: NARRAGANSETT
 User Authorization Start Date: 07/01/2017
 User Authorization End Date: 06/29/2018

Assign	Tax Type	Effective Dates	Assigned Function
<input type="checkbox"/>	INSURANCE	Start: <input type="text"/> End: <input type="text"/> ADD DATE RANGE	TAX TYPE FUNCTIONS
<input type="checkbox"/>	INTERNATIONAL FUEL TAX AGREEMENT	Start: <input type="text"/> End: <input type="text"/> ADD DATE RANGE	TAX TYPE FUNCTIONS

Showing 1 to 2 of 2 entries

Navigation: Home, Left Arrow, 1, Right Arrow, Home

OK

User Details ?

* indicates required field

User Information

First Name: jonathan
 Last Name: slusarz
 User ID: jspptest2
 Last Logged On: 05/31/2017 10:23 AM

Contact Information

Daytime Phone: 617-656-8955
 Extension:
 Email: jonathan.slusarz@tax.ri.gov

[View Profile History](#)

Taxpayer Authorizations

Please select the checkboxes in the View column to assign the user read-only access to the selected taxpayers. In order to provide access based on a security template, please select a template name under the Apply a Template dropdown list. The details of the template will display after selecting it and access can be reviewed by clicking on the Taxpayer Functions and Tax Type Authorizations buttons. In order to manually choose authorizations, please select Taxpayer Functions and/or Tax Type Authorizations to assign the user additional access to the selected taxpayers. The dropdown value will display Custom to confirm that access was chosen.

View	Taxpayer Name	ID	*Start Date	End Date	Assignments ?
<input checked="" type="checkbox"/>	AUOCRAT	XX-XXXX146	05/31/2017	05/01/2018	Authorize Manually: <input type="checkbox"/> TAXPAYER FUNCTIONS <input type="checkbox"/> TAX TYPE AUTHORIZATIONS Or: <input type="text"/> APPLY A TEMPLATE
<input checked="" type="checkbox"/>	DONNIE DARKO	XX-XXXX666	05/31/2017	06/01/2022	Authorize Manually: <input type="checkbox"/> TAXPAYER FUNCTIONS <input type="checkbox"/> TAX TYPE AUTHORIZATIONS Or: <input type="text"/> APPLY A TEMPLATE
<input checked="" type="checkbox"/>	NARRAGANSETT	XX-XXXX877	07/01/2017	06/29/2018	Authorize Manually: <input type="checkbox"/> TAXPAYER FUNCTIONS <input type="checkbox"/> TAX TYPE AUTHORIZATIONS Or: <input type="text"/> APPLY A TEMPLATE
<input checked="" type="checkbox"/>	RWU	XX-XXXX987	05/31/2017		Authorize Manually: <input type="checkbox"/> TAXPAYER FUNCTIONS <input type="checkbox"/> TAX TYPE AUTHORIZATIONS Or: <input type="text"/> APPLY A TEMPLATE

Showing 1 to 4 of 4 entries

BACK

SAVE

Rhode Island Division of Taxation Operations Annual Update



Portal – Taxpayer Landing Page

Welcome, Jonathan
You have **2** incomplete documents
You last logged in on
06/01/2017 09:50 AM

User Profile Summary

Jonathan Slusarz
jonathan.slusarz@tax.ri.gov

Taxpayer Information

NARRAGANSETT
1 CAPITOL HL,
PROVIDENCE, RI 02908-5816
UNITED STATES

SELECT A TAXPAYER

Tax Accounts ?

Account Type	ID	Address	Last Activity Date	Current Balance	Last Period Filed
IFTA/FUEL USE TAX	Account ID:2-0963-7456	1 CAPITOL HL, PROVIDENCE, RI, 02908-5816	05/30/2017	\$0.00	06/30/2017
IFTA/LICENSE AND DECAL	Account ID:2-0963-7455	1 CAPITOL HL, PROVIDENCE, RI, 02908-5816	05/30/2017	\$500.00	12/31/2017
INSURANCE/GROSS PREMIUMS	Account ID:2-0963-7457	1 CAPITOL HL, PROVIDENCE, RI, 02908-5816	05/30/2017	\$0.00	
INSURANCE/HMO	Account ID:2-0963-7459		05/30/2017	\$102.00	12/31/2017
INSURANCE/SELF PROCUREMENT	Account ID:2-0963-7458	1 CAPITOL HL, PROVIDENCE, RI, 02908-5816	05/31/2017	\$20,000.00	06/01/2017

Showing 1 to 5 of 6 entries

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Information about Outstanding Debt

The outstanding debts below may not represent the true balance of your account as they are periodically updated with penalty & interest information.
In order to review the most up to date balances, please continue to Make a Payment and choose Bill Payment as payment type.

Outstanding Debts ?

MAKE PAYMENT

Account Type	ID	Period End Date	Balance
IFTA/LICENSE AND DECAL	Account ID:2-0963-7455	12/31/2017	\$500.00
INSURANCE/HMO	Account ID:2-0963-7459	12/31/2017	\$102.00
INSURANCE/SURPLUS LINES	Account ID:2-0963-7460	12/31/2017	\$35,031.88
INSURANCE/SELF PROCUREMENT	Account ID:2-0963-7458	06/01/2017	\$20,000.00

Showing 1 to 4 of 4 entries

⏪ ⏩ 1 ⏪ ⏩

Rhode Island Division of Taxation Operations Annual Update



Portal – Filing

File a Form ?

The tax return information below has been prepopulated based on default account information. Please make alternate selections below as needed. Click the "Next" button when you are ready to continue.

* indicates required field

* Name

* Account

* ID

* Form Type

* Return Type

* Filing Method

* Filing Period

CANCEL

Saved Items

This page holds a list of all of the taxpayer's saved items. You can view incomplete documents and transaction history below, or use the search filter to find a specific item.

* indicates required field

TAX R Search Filter ?

Incomplete Documents ?

To finish a previously started document, click the Reference Number for the document in the list below.

Form Type	Taxpayer Name	Identifier	Period End Date	Reference Number	Last Activity Date
IFTA-100 - ORIGINAL DOCUMENT	RWU	Account ID:2-0963-8477	06/30/2017	FR0000000124	05/31/2017

Showing 1 to 1 of 1 entries



Transaction History ?

[VIEW SCHEDULED PAYMENTS](#)

Transaction History

Taxpayer Name	Identifier	Period End Date	Confirmation Number	Payment Amount	Date Submitted	Form Type	Status	Submitter Name
RWU	Account ID:2-0963-8478	12/31/2017	164	\$12,321,321.00	05/31/2017	PAYMENT VOUCHER	In Process	Jonathan Slusarz

Showing 1 to 1 of 1 entries



Rhode Island Division of Taxation Operations Annual Update



Portal – Payment Confirmation

Saved Items

This page holds a list of all of the taxpayer's saved items. You can view incomplete documents and transaction history below, or use the search filter to find a specific item.

* indicates required field

Search Filter - ?

Incomplete Documents ?

To finish a previously started document, click the Reference Number for the document in the list below.

Form Type	Taxpayer Name	Identifier	Period End Date
IFTA-100 - ORIGINAL DOCUMENT	RWU	Account ID:2-0963-8477	06/30/2017

Showing 1 to 1 of 1 entries

Transaction History ?

Transaction History

Taxpayer Name	Identifier	Period End Date	Confirmation Number	Payment Amount	Date Submitted
RWU	Account ID:2-0963-8478	12/31/2017	164	\$12,321,321.00	05/31/2017

Showing 1 to 1 of 1 entries

Payment Confirmation ?

Please see information about your payment below.

The payment has been accepted. The confirmation number and payment details can be found below.

Transaction Information

Confirmation # 184

Status In Process

Transaction Date 06/01/2017

Transaction Time 04:00 PM

Payment Information

Taxpayer Name NARRAGANSETT

Document Type PAYMENT VOUCHER

Amount Paid \$500,000.00

Payment Amount \$500,000.00

Fee Amount \$0.00

Effective Date 06/02/2017

Period Covered 12/31/2017

ACH DEBIT Information

Bank Nickname BankTEST

Bank Account Type Business/Corporate Checking

Routing Number XXXXX0022

Account Number XXXXXX3215

Rhode Island Division of Taxation Operations Annual Update



Portal – LOGS Compliance Check

Requesting a Letter of Good Standing ?

Please select a Business below in order to check compliance for the Business and initiate a Letter of Good Standing Request. If the compliance check returns any issues, Users may still proceed with submitting the Letter of Good Standing request but the Division of Taxation will not approve the request until the Business is in compliance.

Business Name:

CHECK COMPLIANCE

Compliance Check Results

Account ID	Tax Type	Issue	Period End Date	Tax	Penalty	Interest	Balance
202915305	IFTA/FUEL USE TAX	Missing Period	09/30/2016				
202915305	IFTA/FUEL USE TAX	Missing Period	06/30/2016				
202915305	IFTA/FUEL USE TAX	Missing Period	03/31/2016				
202915306	INSURANCE/GROSS PREMIUMS	Missing Period	12/31/2017				
202915305	IFTA/FUEL USE TAX	ORIGINAL - \$111545.83	12/31/2015	\$95,000.00	\$9,500.00	\$7,045.83	\$111,545.83
202915306	INSURANCE/GROSS PREMIUMS	ORIGINAL - \$129236.51	12/31/2015	\$32,800.00	\$90,000.00	\$6,436.51	\$129,236.51
202915306	INSURANCE/GROSS PREMIUMS	ORIGINAL - \$1816.42	12/31/2016	\$1,600.00		\$216.42	\$1,816.42

« ‹ 1 2 3 › »

NEXT

Rhode Island Division of Taxation Operations Annual Update



Portal – LOGS Wizard

Progress 40%

* Indicates required field

SECTION I - General Requests for Good Standing

Requirements:

1. All tax returns administered by the tax division that are past due must accompany this request.
2. All of the tax, interest, and penalty balances must be paid.

CORPORATIONS ONLY

Human Resource Investment Council Certification:

Enterprise Zone Certification:

Merger of corporation with another corporation:

OTHER

Financing:

Capital Stock Sale or Transfer (Must also complete Schedule B):

Reinstatement of charter revoked by Secretary of State:

Reinstatement of charter forfeited by Rhode Island Division of Taxation:

Sale of less than 50% of Rhode Island assets:

Motion Picture Production Company Certification:

Tax Status:

Re-Domestication:

Mobile Home Park Certification:

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Rhode Island Division of Taxation Operations Annual Update



Portal – LOGS Attachment Upload

File a Tax Return

State of Rhode Island
Division of Taxation
DEPARTMENT OF REVENUE

Log Out

HOME PROFILE INFORMATION ONLINE TRANSACTIONS MESSAGE CENTER

Online Transactions / File a Tax Return

Request a Letter of Good Standing

Progress 80%

* indicates required field

Attachments

Please refer to attachment instructions within each section previously filled out. Make sure to read any and all requirements under each section before continuing as this can delay the Letter of Good Standing's issuance

Maximum File Size: 2MB
Maximum number of attachments allowed: 10
Allowable File Types: .pdf, .csv, .gif, .xlsx, .xls, .doc, .docx, .xml, .jpeg

+ ADD FILES... START UPLOAD CANCEL UPLOAD DELETE

Help Text Document_Rhodisland_v1 (1).docx	44.35 KB	* Attachment Type	DELETE
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- Miscellaneous
- Return Filing Documentation
- Logs Documentation

Previously Uploaded Attachments

No Attachments uploaded for this document.

BACK CANCEL CLEAR I WANT TO ADD ATTACHMENTS SAVE AND EXIT SAVE AND CONTINUE

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Rhode Island Division of Taxation Operations Annual Update



Portal – LOGS Payment

State of Rhode Island
Division of Taxation
DEPARTMENT OF REVENUE

Log Out

HOME PROFILE INFORMATION - ONLINE TRANSACTIONS - MESSAGE CENTER -

Online Transactions / Make a Payment

Form Payment ?

* indicates required field

Form Details	
Taxpayer Name	Period End Date
Account ADMIN/LETTER OF GOOD STANDING	10/02/2018
ID Account ID:209842392	Amount Due \$50.00

Total Amount Due \$50.00

* Payment Amount \$ Check here to pay Total Outstanding Balance

* Payment Method

[CANCEL](#) [NEXT](#)

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Rhode Island Division of Taxation - 2018 Legal Section Presentation



DISCLAIMER

- This presentation is intended for informational purposes only, not as legal advice.

How did we get to *Wayfair*?



- *National Bellas Hess v. Dep't of Revenue of Illinois*, 386 U.S. 753 (1967)
 - Mail order house selling apparel. HQ in MS (inc'd in DE).
 - Only connection w/ IL was US mail and common carrier to ship goods and catalogs.
 - No offices, employees, property, or advertising in IL.
 - USSC ruled that IL could not force Hess to collect use tax from IL customers.
 - Court appeared to rely on Commerce Clause and Due Process Clauses in reaching its result.

Bellas Hess Dissent (J. Fortas)



- Hess's sales were over \$2.1 million during the 15-month assessment at issue.
- A taxpayer that systematically exploits a local market on a large scale should charge use tax.
- As sales taxes grow, the issue of exempting such sellers will also grow.
- Technology will help taxpayers keep track of tax obligations.

Quill: Hess Revisted



- *Quill Corp. v. North Dakota*, 504 U.S. 298 (1992)
 - Office equipment seller. Inc'd in DE. Warehouses in IL, CA, and GA.
 - No place of business in ND, no employees working/living there, and little or no tangible property in ND.
 - Made annual sales of ~\$1 million to 3,000 ND customers.
 - Delivered goods by mail or common carrier.
 - Unlike in *Hess*, Court distinguished between Due Process and Commerce Clause standards.
 - Commerce Clause prohibited ND from requiring Quill to collect use tax from ND customers b/c Quill had no physical presence there.

Quill: Hess Revisted



- Quill was decided on bright-line rule and stare decisis grounds.
- Court - Congress may decide whether, when, and how States may burden interstate commerce with a duty to collect use taxes.” Id. at 318.
- Dissent argued that *Hess* was outdated and unfair in its application.

Kennedy's Concurrence in *Brohl*



- “The instant case does not raise this issue in a manner appropriate for the Court to address it. It does provide, however, the means to note the importance of reconsidering doubtful authority. The legal system should find an appropriate case for this Court to reexamine *Quill* and *Bellas Hess*.”
J. Kennedy (concurring), *Direct Marketing Ass’n v. Brohl* (US 2015)

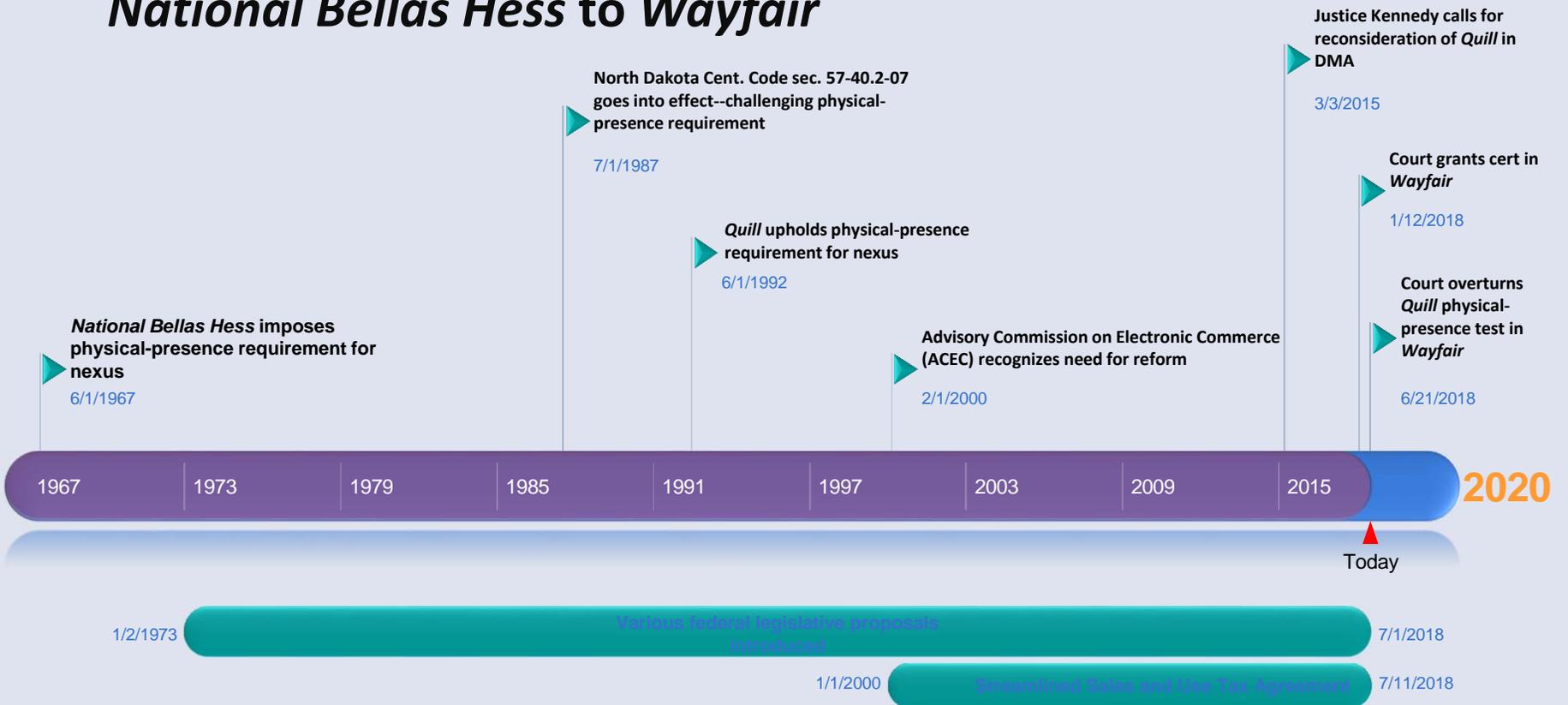
South Dakota and *Wayfair*



- South Dakota enacted Senate Bill 106 in 2016.
- Required sellers w/o physical presence to collect and remit sales tax if they made over \$100,000 or 200 transactions.
- Wayfair, Newegg, and Overstock.com challenged the new law under *Hess and Quill*.
- 1/12/2018 – USSC granted cert in *Wayfair*.
- 4/17/2018 – Oral arguments in *Wayfair*.
- 6/21/2018 – *Wayfair* decision.



National Bellas Hess to Wayfair



The Wayfair Decision Holding: June 21, 2018



- In a 5-4 Decision, Justice Kennedy (joined by Thomas, Gorsuch, Ginsburg, Alito) held that:
 - *Quill* and *National Bellas Hess* are overruled.
 - The physical presence rule is unsound, is an incorrect interpretation of the Commerce Clause, and restricts the states' authority to "collect taxes and perform critical public functions".
- Majority concluded that the following features of South Dakota's law minimized the burdens on interstate commerce:
 - Included a transactional safe harbor.
 - Did not apply retroactively.
 - South Dakota was a full member of the Streamlined Sales and Use Tax Agreement (SSUTA).

Impressions of the Court's Reasoning in Wayfair



- Clarity that the physical presence jurisdictional standard is gone.
- But there are some questions about the implications of the case.
- What is the sales/use tax collection duty nexus standard in light of Wayfair?
- How can a sales/use tax collection duty be discriminatory or result in an impermissible undue burden?
- Best or necessary methods of implementing the case?
- Implications for other state taxes?
- Application to online marketplace statutes?

The End of the Physical Presence Jurisdictional Standard



- “[T]he physical presence rule of Quill is unsound and incorrect...”
- Quill and Bellas Hess “should be, and now are, overruled”.
- Quill was “wrong on its own terms when it was decided in 1992” and “since then the Internet revolution has made its earlier error all the more egregious and harmful”.
- Justice Roberts dissent: “Bellas Hess was wrongly decided”.

Nexus on the Facts



- Court said nexus is clearly sufficient based on both the economic and virtual contacts respondents have with the state.
- Respondents are “large, national companies that undoubtedly maintain an extensive virtual presence”.
- South Dakota Act applies to vendors that sell more than \$100,000 of goods/services into the state or that engage in 200 or more separate transactions on an annual basis.
- Court: “this quantity of business could not have occurred unless the seller availed itself of the substantial privilege of carrying on business in [the state]”.

The Importance of Due Process Principles



- Wayfair cites *Bellas Hess* for the proposition that the Commerce Clause nexus requirement is “closely related to the due process nexus requirement;” and notes also that there are “significant parallels”.
- Court has said “‘notice’ or ‘fair warning’ are the analytic touchstone of due process nexus analysis”.
- This standard is met where a commercial actor's efforts are “purposefully directed” toward the residents of the State.

Undue Burden and Discrimination



- Complexity and business-development obstacles of nationwide sales tax collection may pose burdens, especially for small businesses making small volume of sales.
- Complex state tax systems could discriminate against interstate commerce, though in-state businesses pay the taxes as well.
- Such concerns could invalidate the South Dakota Act.
- Creating a constitutional law does not necessarily mean an efficient, fair modern sales tax system.

Will Other States Follow the South Dakota Model?



- South Dakota statute has several features that appear to prevent discrimination against or undue burdens upon interstate commerce:
- First, safe harbor for businesses that transact limited business in the state.
- Second, the law is not retroactive.
- Third, South Dakota is “one of more than 20 States that have adopted the Streamlined Sales and Use Tax Agreement (SSUTA)”.
- SSUTA “standardizes taxes to reduce administrative and compliance costs,” including through “single, state level tax administration, uniform definitions of products and services, simplified tax rate structures, and other uniform rules.”

Will State “Platform” Laws Be the Hot Legislative Item in 2019?



- A quickly growing trend in the sales tax arena is adopting “marketplace” laws, also referred to as “platform” laws.
- In general, these laws impose collection and/or reporting obligations on a “marketplace facilitator” or “marketplace providers” for sales made by “marketplace sellers” e.g., Amazon, eBay, Etsy, etc.
 - *To date, 8 states have adopted platform laws:*
 - Alabama, Connecticut, Iowa, Minnesota, Oklahoma, Pennsylvania, Rhode Island, and Washington.

Platform Laws



- *Of the 8 states, 4 states give the platform the option to collect and remit sales tax on third party sales, or comply with the Colorado-style reporting requirements:*
 - Alabama, Oklahoma, Pennsylvania, and Washington
 - Will these states change their laws to require collection in 2019?
- *3 states require the platform to collect (with no choice to report):*
 - Connecticut, Iowa, and Minnesota
- *Rhode Island only imposes reporting obligations on platforms.*

What's next for the states?



- What happens with SSUTA?
- Will the “big states” join SSUTA?
- New rules for all sellers, not just remote sellers
- Future litigation?
- Marketplace collection requirement?
- How does this impact inbound sales?

Will Congress step in?



- What would Federal Legislation look like?
- July 24 - Judiciary Committee hearing discussed a moratorium on state remote seller laws.
- S. 976 — *Marketplace Fairness Act* (introduced April 2017 – sent to committee)
- H.R. 2193—*Remote Transactions Parity Act* (introduced April 2017 – sent to committee)
- *Online Sales Simplification Act* (hybrid origin-based system)

Why Modernizing the State Sales Tax Is Critical to State Tax Policy



- General sales taxes account for over 32% of all state taxes.
- Largest sources of state tax revenues along with personal income taxes.
- U.S. state and local sales tax system is one of the most complex and inefficient consumption tax systems in the world.
 - **Exemption of Business Inputs:** Sales tax on business inputs account for **42% of all sales taxes collected**. Virtually all other countries mitigate pyramiding of their consumption tax with more expansive credits for business inputs.
 - **Uniformity and Simplification:** Higher level of consumption tax uniformity in Europe (harmonization through the EU) than in the United States. The **largest states with about 2/3 of the U.S. population have not adopted SSUTA.**
 - **Central Administration:** The U.S. states' sales tax system – with 45 state taxing jurisdictions (plus D.C.) and **over 10,000 state and local taxing jurisdictions** – is the most decentralized consumption tax system in the world.
- **The stakes are high:** state efforts to significantly broaden the sales tax base to tax the growing services sector continue to founder because of business opposition to the pyramiding of sales tax on business inputs and the overall complexity of sales tax compliance.

Approaches to *Wayfair*



A. Economic nexus with effective date			B. Economic nexus with no specific date	
<ul style="list-style-type: none"> AL – 10/1/2018 CT – 12/1/2018 (replaces prior rule) CO- 12/1/2018 HI – 7/1/2018 IL – 10/1/2018 IN – 10/1/2018 IA – 1/1/2019 KY – 10/1/2018 MD – 10/1/2018 ME – 7/1/2018 MI – 10/1/2018 MN – 10/1/2018 MS – 9/1/2018 	<ul style="list-style-type: none"> NE – 1/1/2019 NJ – 10/1/2018 (pending signature) NC – 11/1/2018 ND – 10/1/2018 NV – 10/1/2018 SC – 10/1/2018 SD – 11/1/2018 TX – 10/1/2019 (proposed) UT – 1/1/2019 VT – 7/1/2018 WA – 10/1/2018 WI – 10/1/2018 	<ul style="list-style-type: none"> CA (leg. proposed) AR (proposal approved) LA (DOR pointing towards 1/1/2019) 	<ul style="list-style-type: none"> TN (enjoined; needs legislative approval) WY (enjoined) 	
C. Broad doing business statute*			D. Other	
<ul style="list-style-type: none"> AZ DC FL ID 	<ul style="list-style-type: none"> KS MO NM NY 	<ul style="list-style-type: none"> NY VA WV 	<ul style="list-style-type: none"> CO (collect-or-report) GA (collect-or-report) MA (software nexus) OH (software nexus) 	<ul style="list-style-type: none"> OK (collect-or-report) PA (collect-or-report) RI (collect-or-report) WA (collect-or-report)
<p>*Statute likely broad enough so as not to require physical presence, but no official notice/action taken requiring collection by remote sellers</p>				

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Implementation Plans and Efforts – Rhode Island

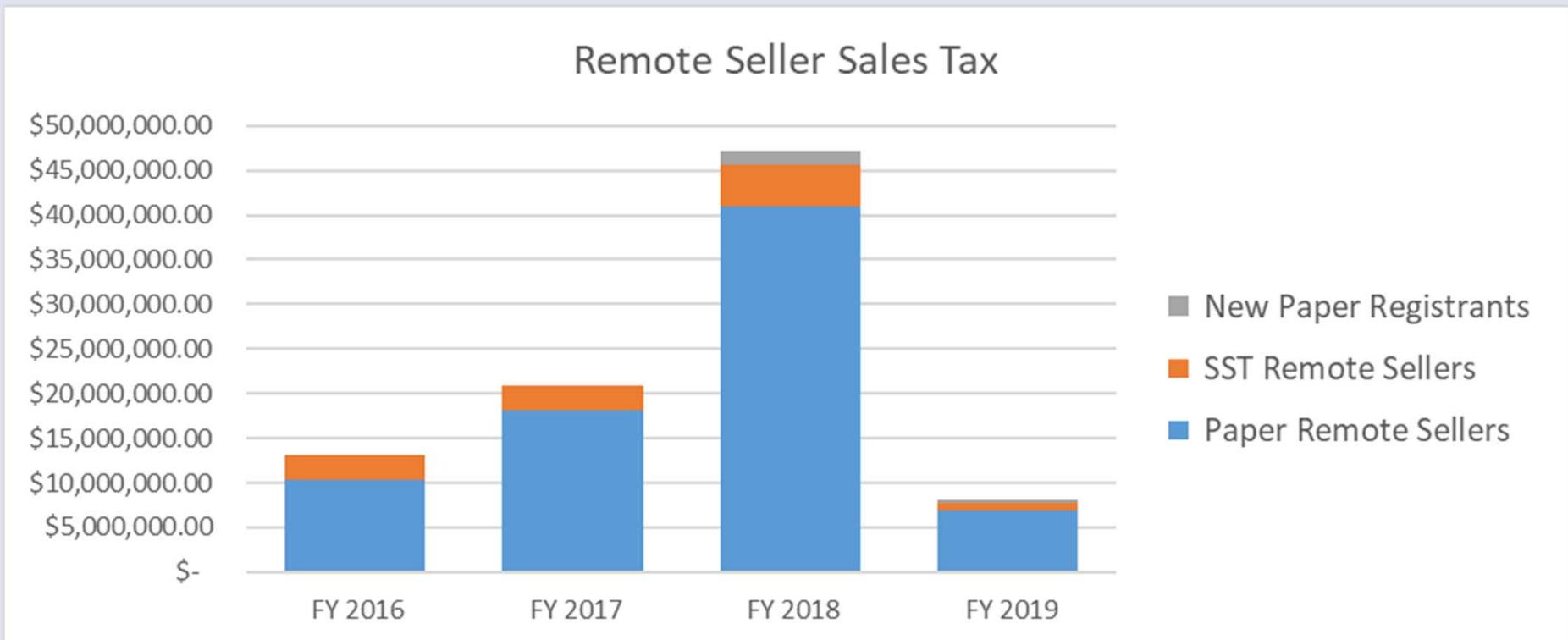


- RI adopted the SSUTA in 2006, and became a full member on January 1, 2007.
- One state-wide sales tax rate: 7%.
- *Noncollecting Retailer, Referrer, Retail Sale Facilitator Act* (R.I. Gen. Laws §§44-18.2-1 *et seq.*) effective on August 17, 2017.
- Participated in MTC Marketplace Seller Amnesty Program August 17, 2017 through October 17, 2017.
- Rhode Island Amnesty Program from December 15, 2017-February 15, 2018.

Implementation Plans and Efforts – Rhode Island - R.I. Gen. Laws §§44-18.2-1 *et seq.*



Since August 17, 2017: 491 Streamlined Sales Tax filers, 391 new paper filers



Implementation Plans and Efforts – Rhode Island - R.I. Gen. Laws §§44-18.2-1 et seq.



COVERED ENTITIES:

Noncollecting Retailer

- Uses in-state Software to make sales at retail **or**
- Sells, leases, delivers or participates in any activity relating to sale, lease, delivery **or**
- Uses Retail Sale Facilitator (in state, or out of state) **or**
- Uses sales process including branding, selling, soliciting, processing, fulfilling, exchanges **or**
- Offers tangible personal property, etc **or**
- Is Related to an entity, etc with physical presence in this state.
- **Collects payments (either directly or through RSF)**



Retail Sale Facilitator

- Uses in-state Software to make sales at retail **or**
- Contracts or agree with a retailer to list and/or advertise **AND**
- Directly or indirectly **collects payments from in-state customers and transmit payments to a retailer**



Referrer

- Contracts with a retailer to list, etc for sale **and**
- Receives a fee, commission from a retailer for listing or advertisement **and**
- Transfers via telephone, internet or otherwise an in-state customer **and**
- **Does not collect payments from in-state Customer.**

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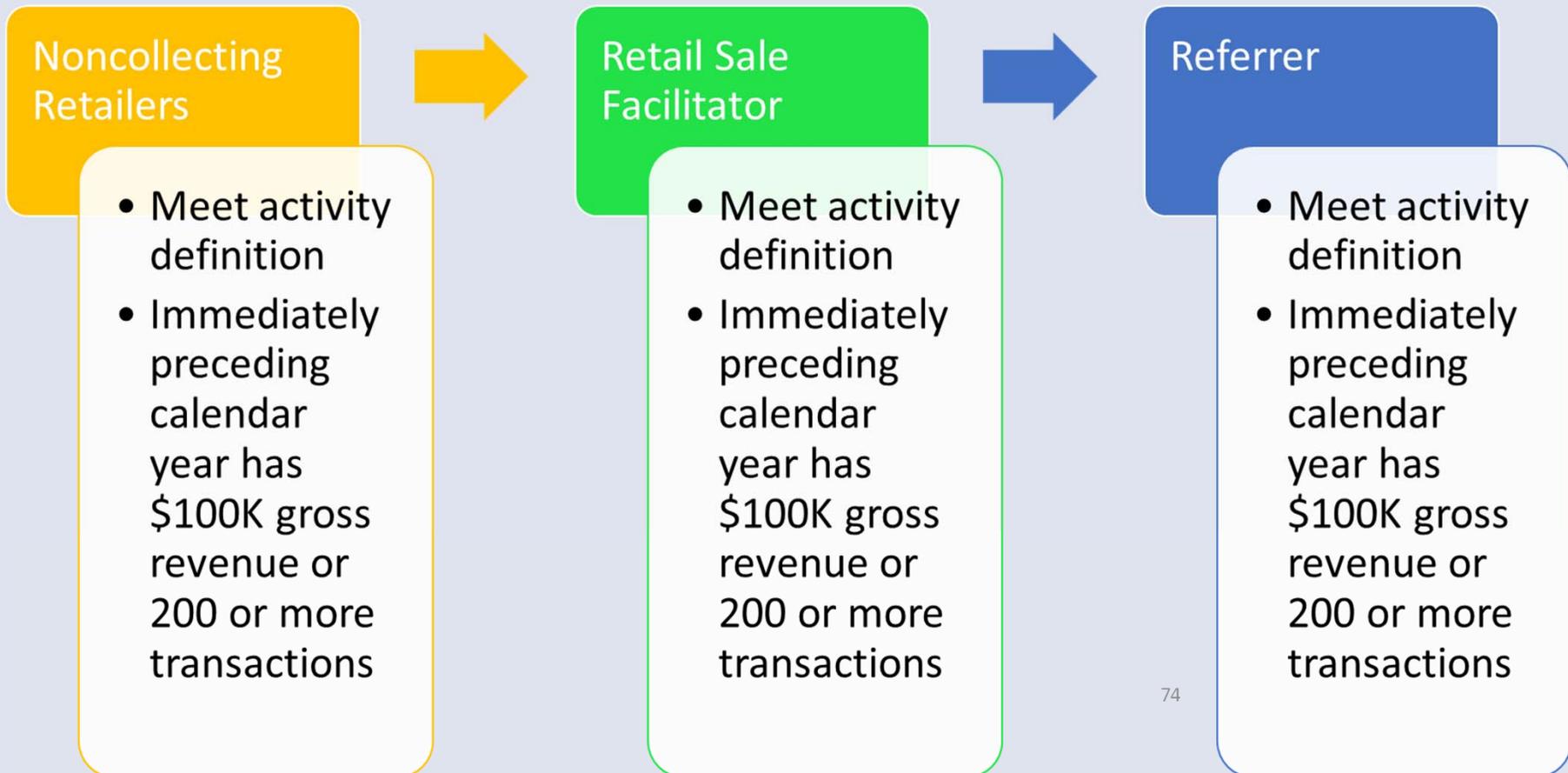
Implementation Plans and Efforts - RI

R.I. Gen. Laws §§44-18.2-1: Noncollecting Retailers, Referrers, and Retail Sale Facilitators

Effective August 17, 2017



THRESHOLD REQUIREMENTS:



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Implementation Plans and Efforts – RI

R.I. Gen. Laws §§44-18.2-1: Noncollecting Retailers, Referrers, and Retail Sale Facilitators

Effective August 17, 2017



COMPLIANCE OPTIONS: IF THRESHOLDS MET, THEN:

Noncollecting Retailer

- Beginning July 15, 2017, register, collect or remit **OR**
- **Post notice on website and**
- **Notify at time of purchase**
- **Notify within 48 hours**
- **Send annual notice**
- **Annual attestation**

Retail Sale Facilitator

- Beginning January 15, 2018, annually provide list of names/addresses of the retailers for whom they collect RI Sales Tax
- Annually provide list of names and address of retailers for whom they do not collect RI Sales and Use Tax.

Referrer

- At any time during any calendar year when more than \$10K from fees, commissions compensation, provide all retailers with notice within 30 days

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Penalties and Other Provisions of R.I. Gen. Laws §§ 44-18.2-1 *et seq.*



- 44-18.2-5 imposes a penalty of \$10 per transaction or a cap of \$10,000 (originally was a floor).
- The law was effective before *Wayfair* - not retroactive.
- Attempts to level the playing field for all taxpayers.
- For NCRs, allows option of registering for sales tax permit or notifying end users to pay use tax.

Implementation Plans and Efforts -- MA



- MA regulation, 830 CMR 64H.1.7, took effect October 1, 2017
- Asserts jurisdiction when remote vendor has, on an annual basis:
 - In excess of \$500,000 in Massachusetts sales from transactions completed over the Internet; **and**
 - Made sales resulting in a delivery into Massachusetts in 100 or more transactions.
- Requires vendor have in-state contacts, including “property interests in and/or the use of in-state software (e.g., "apps") and ancillary data (e.g., "cookies")”.
- Compare *Wayfair*, finding nexus, and noting large Internet vendors’ have in-state (1) websites that leave “cookies saved to ... customers’ hard drives” and (2) downloaded “apps”.

MA Litigation



- *Crutchfield Corp. v. Harding*, No. CL17001145-00 (Va. Cir. Ct. Feb. 15, 2018)
- Argument that application of 830 CMR 64H.1.7 to taxpayer is “undue burden” under the dormant Commerce Clause and violates the Internet Tax Freedom Act.
- Referenced in Petition for Writ of Certiorari, *Franchise Tax Bd. v. Hyatt*, March, 2018, which is to be heard by the US Supreme Court during its 2018-2019 term
- Question in *Hyatt* is whether *Nevada v. Hall*, 440 U.S. 410 (1979), which permits a sovereign State to be sued in another State’s courts without its consent,⁷⁸ should be overruled.



Rhode Island Division of Taxation - 2018 Personal Income Tax Presentation

Rhode Island Division of Taxation Personal Income Tax Section Annual Update



- 2018 Filing Season
 - 466K Refunds issued as of 9/10/18
 - 461K at this point last year
 - \$289.3M which is up \$7M from last year
 - 49,345 calls, 11,296 walkins, 10,806 emails as of 8/31
 - All down from last year this time

Rhode Island Division of Taxation Personal Income Tax Section Annual Update



- Quick Hit updates
 - Property Tax relief increase from \$350 to \$365
 - RI Earned Income Credit remained at 15%
 - RI 1040-H Property Tax Relief Claim and RI-6238 Lead Paint Abatement Credit – No extensions. Must be filed by due date
 - Reminder: Due date changed for RI-1096PT and RI-1040C to 03/15
 - Reminder: RI-1040X discontinued, Checkbox on 1040s



■ Additional Updates

- New Exemption schedule
 - Schedule E
 - Review of Dependents and New Questions
- RI-1096-PT Removal for 2019
 - First, RI-1096PTES will be removed
 - Website will re-direct to the Bus-Est or RI-1041ES
 - Second, RI-1096PT will become a schedule on the entity return
 - For 2018 tax year, RI-1096PT will still be in use
- CT entity level tax vs composite filing-Credit for taxes paid to another state
 - Listed like w/h credit on CT return



- **Additional Updates Continued**
 - New check off contribution
 - Substance Abuse and Mental Health Leadership Council
 - Other TCJA items
 - Included prior to Federal AGI. Follow federal treatment.
 - Section 199A Business Deduction
 - Social Security Modification amounts
 - Single \$ 83,550 Joint \$104,450
 - Pension and Annuity
 - Single \$81,900 Joint \$102,400



- Identity Theft – Security Summit and FTC
 - ❖ Security Summit and IRS campaign continues
 - ❖ Identitytheft.gov is set up by FTC as a resource for victims
 - Develops a personal recovery plan
 - Place fraud alerts and get credit reports
 - Allows filing of IRS Form 14039, Identity Theft Affidavit
 - ❖ For state returns, file on paper and attach IRS Form 14039
 - ❖ Still recommend filing a police report
- Start with Security-A guide for Business

Rhode Island Division of Taxation
Personal Income Tax Section Annual Update



- Common Errors:
- RI, Schedule W, summary page of payer's name, identification number, dollar amount of withholding and number of W2s/1099s
- Schedule W has been required since 2010, not including it will delay processing
- Incorrect Federal identification numbers. ID numbers are used to verify payer exists on Schedule W
- Use the correct code for the document on Sch W ("P" or "G")
- "Other payments" RI-1040, line 14f; RI-1040NR, line 17e; generally will be used for extension payments; do not include RI-TDI.
- Including Non-resident Real Estate Withholding on Schedule W
- Name Consistency year to year
- Non-resident Allocation indicators and schedules
- Include all schedules with Amended RI-1040, even if nothing has changed

Rhode Island Division of Taxation Personal Income Tax Section Annual Update



▪ **RI Social Security Modification and Pension and Annuity Modification Reminders**

1. For tax years beginning on or after **January 1, 2017**
2. Decreasing modification for social security benefits per RIGL 44-30-12(c)(8) and pension and annuity per RIGL 44-30-12(c)(9)
3. Key factors:
 - A. Modification is based on full retirement age (born before 01/01/1953)
 - B. Filing status, (single, separate, head of household, married joint or widow(er))
 - C. Fed adjusted gross income thresholds (less than \$80,000 and \$100,000) indexed for inflation
 - D. Decreasing modification = taxable amount from federal 1040 line 16b up to maximum of \$15,000 per person
 - E. Once AGI limitations are passed, no modification**
 - F. Does not include IRAs
 - G. \$15,000 limitation applies per individual
 - For example, Wife has taxable pension of \$17,000 and husband had \$8,000. Modification amount would be \$15,000 + \$8,000 = \$23,000. Not \$25,000.

Rhode Island Division of Taxation Personal Income Tax Section Annual Update



4. For a person who has attained the age used for calculating full retirement benefits or unreduced social security retirement benefits who files as an unmarried individual, head of household or married filing separate whose adjusted federal gross income for such taxable year is less than \$80,000 an amount not to exceed \$15,000 of taxable pension and/or annuity income includable in federal adjusted gross income; or
5. A married individual filing jointly or individual filing qualifying widow(er) who has attained the age used for calculating full or unreduced social security retirement benefits whose federal adjusted gross income for such taxable year is less than \$100,000 an amount not to exceed \$15,000 of taxable pension and/or annuity income includable in federal adjusted gross income.
6. [Pension and Annuity Guidance document](#)



Rhode Island EITC reminders

1. The Rhode Island EITC is in addition to the Federal EITC. Rhode Island EITC rate is a percentage of the Federal EITC. 2015 = 10.0%; 2016 = 12.5%; 2017 = 15.00%; 2018=15%
2. Increased rates allow for an increased dollar amount of credit; increases the refund or lowers the amount of tax due; illustration to follow
3. RI EITC is a refundable credit, which means the credit will be refunded to the taxpayer to the extent it exceeds the taxpayer's tax liability.
4. RI conforms to federal eligibility and income thresholds.
5. RI tax preparer's regulation includes guidance on due diligence requirements and records retention for EITC and RI-1040H property tax credit.
[Tax Preparer's Regulation 280-RICR-20-55-4](#)
6. If credit ineligibility is suspected, we may need to take extra steps to validate the EITC claim.
(Example: requesting documentation of income and expenses)

Rhode Island Division of Taxation

Personal Income Tax Section Annual Update



Driver's License Information for 2018 returns

1. Broad-based initiative amongst states to authenticate returns and reduce identity theft
2. Added to both electronic and paper returns beginning with tax year 2016
3. Include driver license number and state of issuance
4. If driver's license number(s) is not included returns will still be accepted. Possibly delay due to identity verification only
5. All state licenses (for example NR use Mass or Conn driver's license number)
6. Both spouses should be provided whenever possible
7. Only one of many indicators used to verify authenticity of the return

Form RI-1040H, Property Tax Relief Update

1. Maximum Credit for 2016 = \$365.00
2. Household income (taxable and nontaxable) = \$30,000 or less
3. One credit per household
4. Home or dwelling unit must be subject to property tax
5. Municipal owned public housing is not subject to property tax, therefore credit is disallowed
6. Nonresidents do not qualify, full-year Rhode Island residents
7. Must be age 65 or older or disabled (receiving social security disability, SSI or SSDI qualifies)
8. Responses to previous questions [RI-1040H FAQ](#)

Rhode Island Division of Taxation
Personal Income Tax Section Annual Update



1. Pass-through withholding: Rhode Island General Law 44-11-2.2, enacted in 2004, imposes a withholding tax on the Rhode Island source income of a nonresident corporation or a pass-through entity with nonresident partners, members, shareholders or beneficiaries.
2. Definitions
 - (1) "Pass-through entity" means a corporation that for the applicable tax year is treated as an S Corporation under IRC § 1362(a) [26 U.S.C. § 1362(a)], and a general partnership, limited partnership, limited liability partnership, trust, or limited liability company that for the applicable tax year is not taxed as a corporation for federal tax purposes under the state's check-the-box regulation.
 - (2) "Member" means an individual who is a shareholder of an S corporation; a partner in a general partnership, a limited partnership, or a limited liability partnership; a member of a limited liability company; or a beneficiary of a trust;
 - (3) "Nonresident" means an individual who is not a resident of or domiciled in the state, a business entity that does not have its commercial domicile in the state, and a trust not organized in the state.

Rhode Island Division of Taxation
Personal Income Tax Section Annual Update



1. Pass-through Reporting Bulletin: www.tax.ri.gov/misc/passthrough_entities.php
2. A non-resident member receiving a 1099PT is similar to an employee receiving a W2
3. Forms: RI-1096 PT filed by entity, RI-1099PT provided to the nonresident member showing the amount of tax withheld on the member's behalf
4. Nonresident withholding rates: NR C-Corp 7%, NR member 5.99%
5. No withholding unless the member receives at least \$1,000 of RI source income – see 1096 PT instructions; no opting out of p/t withholding
6. The 1099PT displays RI nonresident withholding; it does not include RI source income
7. Estimated payments follow same dates as PIT
8. **New due date for tax year 2016 p/t and composite returns is March 15**
9. Member reports pass-through withholding on RI-1040NR on RI Schedule W which carries over to RI -1040NR line 17a or on RI-1040C Composite Filing
10. Each pass through entity files its own pass through return
11. **No refunds or carry forward of overpayment is allowed on the 1096PT; Withholding is passed through to the nonresident member. All payments made by the pass through entity are made on behalf of the members/partners.**



Composite Filings – RI 1040C

1. Nonresident individuals may elect to be part of a composite (group) return, RI 1040C.
2. Members elect to participate by completing an election form; form RI 1040C-NE
3. The composite return is filed by pass through entity on behalf of the electing nonresident individuals only (no trusts or estates); any overpayment will be refunded to the pass through entity as a result of the composite filing.
4. No deductions, exemptions, or credits allowed on a composite return.
5. Income is taxed at the highest marginal rate of 5.99%
6. Estimated payments are required on RI-1040C ES
7. No electronic filing permitted for RI-1096PT and/or RI-1040C
8. Important: Due date, March 15, 2018 for 2017 pass-through and composite returns