



Rhode Island Division of Taxation

State of Rhode Island and Providence Plantations
Department of Revenue

Advisory

December 20, 2013

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Filing season to start on January 31; first historic tax credit contract signed

Taxpayers and preparers can begin e-filing federal and Rhode Island personal income tax returns on January 31, 2014, the Rhode Island Division of Taxation announced today.

A total of 37 states and the District of Columbia take part in the federal/state e-file program, which the Internal Revenue Service coordinates. Rhode Island is part of the program, and the start of Rhode Island's filing season coincides with the start of the federal filing season.

The IRS announced on December 19 that it will open the federal filing season on January 31, 2014. On that date, Rhode Island will officially begin accepting and processing electronically filed returns. Rhode Island acknowledgements for e-filed returns will start on February 3, 2014. The vast majority of Rhode Island returns are e-filed.

"We began making preparations for the coming filing season even before last year's filing season was over," Rhode Island Tax Administrator David M. Sullivan said. "Our capable staff at the Division of Taxation, along with the professional support we receive from the Division of Information Technology, is well-positioned to accept and process returns in the usual prompt and efficient manner starting January 31."

Associate Director of Revenue Services Peter McVay said that all taxpayers should consider e-filing because e-filing is more efficient, results in fewer errors, and typically generates refunds more quickly.

The Division of Taxation will also accept paper returns starting in January, but Sullivan reminded taxpayers that for paper returns, it can take four to six weeks for a refund to be issued, whereas refunds resulting from e-filed returns typically take between seven to 10 days. Also, only e-filers may elect to have their refunds deposited directly into a bank or credit union account; paper filers don't have the direct-deposit option.

The Division of Taxation on December 16 [posted an Advisory](#) about tax forms and other elements related to the filing season. The Advisory also included information about the annual sales tax reconciliation and other topics.

Historic tax credit contract signed

The Division of Taxation today [posted information](#) about the first applicant to sign a contract and pay the required fee under the state's new historic preservation tax credit program.

The applicant, Veterans for Tomorrow LLC, of Pawtucket, plans to convert the two-story Heaton & Cowing Mill at 1115 Douglas Ave., Providence, into 19 units of affordable housing for veterans. The Division of Taxation has reserved about \$676,000 in historic preservation tax credits for the applicant, based on the project's estimated \$3.38 million in qualified rehabilitation expenditures. The required fee was \$101,386.

The Division of Taxation has created a new section of its website on which information about approved tax credit applicants will be posted, including signed contracts:
<http://www.tax.ri.gov/taxcreditreports/historictax2013.php>

The old historic tax credit program has generally been closed since 2008. Certain projects were essentially grandfathered. However, some other projects were "abandoned" – leaving about \$34.5 million in credits available but unclaimed as of May 15, 2013. It is those unused credits that became available to qualified applicants through a new program authorized by legislation approved by the General Assembly and signed into law by Governor Lincoln D. Chafee on July 3, 2013. The new program – which uses the term "historic preservation tax credits" – is intended to encourage the redevelopment and reuse of historic buildings and help spur economic growth.

Tax credit regulations posted

In connection with the new historic tax credit program mentioned above, the Division of Taxation today [posted a proposed regulation](#) to give guidance on the program to developers, tax advisers, and others. The proposed regulation would succeed an emergency regulation which is currently in place.

The Division of Taxation will hold a public hearing on the proposed regulation at 9:00 a.m. on Wednesday, January 22, 2014, at One Capitol Hill, Providence. Click [here](#) to view the proposed regulation and more information about the public hearing.

Streamlined sales and use tax pact

The Streamlined Sales Tax Governing Board on December 19 found four states, including Rhode Island, to be out of compliance with the Streamlined Sales and Use Tax Agreement (SSUTA). The board raised various issues regarding the four states; the only Rhode Island issue involved the structure of the tax on clothing. (Effective October 1, 2012, Rhode Island's 7 percent sales and use tax applies to articles of clothing, including footwear, priced at more than \$250 per item. Only the increment above \$250 is taxed.)

Tax Administrator David M. Sullivan said that Rhode Island continues to be an active participant in, and a member state of, the Streamlined agreement.

The SSUTA is intended to simplify and modernize sales and use tax administration. One result of being a member of the SSUTA is that a state can generate additional revenue.

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