



Rhode Island Department of Revenue

Division of Taxation

Seminar for Tax Preparers: Agenda

First session: November 18, 2015, from 9:00 a.m. to 12 noon, CCRI in Warwick
Second session: December 10, 2015, from 9:00 a.m. to 12 noon, CCRI in Newport

- 9:00 a.m. to 9:05 a.m.

Greetings

David Sullivan / Tax Administrator

- 9:05 a.m. to 9:10 a.m.

Housekeeping / Introduction

Neil Downing, EA, CFP® / Chief Revenue Agent

- 9:10 a.m. to 9:25 a.m.

E-File Update

Leo Lebeuf / Chief Revenue Agent, Personal Income Tax

- 9:25 a.m. to 10:15 a.m.

Personal Income Tax Update

Leo Lebeuf / Chief Revenue Agent, Personal Income Tax
Matthew Lawlor or Scott Lewis / Principal Revenue Agents, Personal Income Tax

- *What's new for filing season*
- *What's new for tax year 2016*
- *Property-tax relief credit (Form RI-1040H) review*
- *Other items and reminders*

- 10:15 a.m. to 10:30 a.m.

Regulatory Update

Neena Savage, Esq. / Associate Director of Revenue Services

- *New tax credits focused on job creation and business growth*
 - *Corporate tax regulations*
-

10:30 a.m. to 10:40 a.m.

+ **Break** +

- 10:40 a.m. to 11:15 a.m.

Corporate Income Tax / Pass-Through Entities

Marlen Bautista / Chief Revenue Agent, Corporate Tax

Richard Coia / Principal Revenue Agent, Corporate Tax

- *What's new for filing season*
- *What's new for tax year 2016*
- *Other items and reminders*

- 11:15 a.m. to 11:45 a.m.

Sales and Use Tax / Excise Tax

Donald Englert / Chief Revenue Agent, Excise Tax

Susanna Coburn or Theriza Salib-Iafrate / Principal Revenue Agents, Excise Tax

- *Sales and hotel tax on short-term residential rentals*
- *Annual reconciliation*
- *Other items and reminders*

- 11:45 a.m. to 12:00 noon

Collections / Self-Audits / Closing Remarks

Michael F. Canole, CPA / Chief of Examinations

- *What's new in Collections*
- *Self-audits*
- *Reminder on Certificate of Completion*
- *Closing remarks*

NOTE: Agenda times are approximate. Agenda topics and speakers are subject to change. To be eligible for Certificate of Completion, you must stay for entire session today and complete and hand in evaluation form found on last page. Certificates will be distributed at end of today's program near main entrance to meeting room. Today's agenda and supporting documents will be posted online at www.tax.ri.gov/onlineservices. Thank you for attending.

Rhode Island Division of Taxation Seminar Evaluation Form

Thank you for participating in our "Tax Preparers' Seminar." By completing the evaluation form below, you will help us improve our future programs. Please hand your completed evaluation form to the greeter at the door following the seminar to obtain a "Certificate of Completion." Thank you.

Evaluation	
Name of Seminar Provider:	Rhode Island Division of Taxation
Seminar Name:	"Seminar for Tax Preparers"
Date Seminar was Completed:	Please circle one date: Nov. 18, 2015 or Dec. 10, 2015
Your Name (optional):	
Instructions: Please grade all of the following evaluation points for this seminar. For each one, please assign a number grade, using a scale of 1 to 5, with 5 being the highest.	
1. Were stated learning objectives met?	
2. Were program materials accurate, relevant and did they contribute to the achievement of the learning objectives?	
3. Was the time allotted to learning adequate?	
4. Were the facilities / equipment appropriate?	
5. Were the handout materials <small>[print and/or online]</small> satisfactory?	
6. Were the audio and video materials effective?	
7. Were individual presenters knowledgeable and effective?	

Additional Comments (optional):



2015 Rhode Island Personal Income Tax Presentation

Rhode Island Division of Taxation

General Information



- 1) Integrated Tax System Update
- 2) MEF
 - No 1041. Only 1040 & 1040NR
 - RI-1120C, RI-1120S and RI-1065
 - Attachments Paper vs MEF
 - IRS Summit
- 3) Lead Paint Program
- 4) Federal Audit Change Responsibilities

Rhode Island Division of Taxation

PIT Form Changes



- 1) Inflationary Changes-SD, exemptions, phaseout
- 2) RI Earned Income Credit Schedule
- 3) Schedule M – Cancellation of Business
Indebtness Removed
- 4) Schedule CR – Additional Credits

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2015 PIT Legislation Changes



- 1) Property Tax Relief - \$320
- 2) Additional Credits
- 3) RI Earned Income Tax Credit 2015 & 2016
- 4) Social Security Benefits - 2016

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Common Preparation Errors



- 1) No statements attached
- 2) 1099PT's are not "other payments"- list on Sch W
- 3) correct FEI #'s on Schedule W
- 4) No Signature

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Property Tax Relief Claim, Form RI – 1040H



Qualification Requirements RIGL 44-33

1. Purpose of property tax relief is to provide tax relief to elderly and/or disabled individuals who own or rent their home.
2. Age 65 or greater at December 31, 2015 or disabled
3. Disabled is defined as receiving a social security disability benefit. Receiving Supplemental Security Income (SSI) also qualifies as disabled.
4. New for 2015 – maximum property tax relief claim = \$320.00
5. File as a stand alone form or with a RI-1040.
6. 1040H Due Date: Friday, April 15 which is extended to Monday, April 18, 2016. Filing an extension does not apply to the RI-1040H.
7. Qualifications remain the same as in 2014
8. Claimant must be domiciled for the entire year in Rhode Island. Nonresident and part-year residents do not qualify – Administrative hearing decision 2014-15

Rhode Island Division of Taxation

Property Tax Relief Claim, Form RI – 1040H



9. Household income : Less than or equal to \$30,000 including taxable and nontaxable income

Include in household income items such as, but not limited to:

- Temporary Disability Insurance
- Worker's Compensation
- Unemployment
- Nontaxable pensions
- Addback losses from federal 1040; RIGL 44-33-3(a)(7)
- Gross amount of annuities - Gross income from an annuity is considered in the calculation of household income - per statute RIGL 44-33 and administrative hearing decision 2014-17.
- Child Support

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Property Tax Relief Claim, Form RI – 1040H



10. Food Stamps and food vouchers are not considered income
11. Rent does not include utilities
12. Property tax is for real estate, do not include automobile tax
13. Municipal owned real estate does not qualify (buildings owned by a Public Housing Authority)
14. RI 1040H is “refundable” = the credit will be refunded to the taxpayer to the extent it exceeds the taxpayer’s income tax liability

Rhode Island Division of Taxation

Property Tax Relief Claim, Form RI – 1040H



15. Attachments:

A. Paper filings – As applicable

Copy of 2015 1099 form issued by Social Security Administration

Copy of 2015 real estate property tax bill; or

Copies of at least three (3) rent receipts – 2015; or

Copy of lease agreement - 2015

B. If filing RI-1040H with a RI-1040, then attach W2(s)/1099 forms and Schedule W

C. Electronic filings – attachments are not required; however the Division of Taxation reserves the right to ask for documentation. If you have the capability to scan and attach documents you may do so.

16. Include landlord's name and phone number

17. Signatures – Paper returns - remember to sign the form (Preparer and Claimant). Sign both the 1040 and 1040-H

Rhode Island Division of Taxation

Property Tax Relief Claim, Form RI – 1040H



18. Unreasonable calculations will delay the claim processing: Example, if rent exceeds income:

Rent \$12,000

Income = \$7,000

A. Usually indicates more than one individual in the household or rent is subsidized

19. The right to file a claim does not survive a person's death; therefore a claim filed on behalf of a deceased person cannot be allowed.

20. If the claimant dies after having filed a timely claim, the amount thereof will be disbursed to another member of the household as determined by the Tax Administrator

21. Administrative Hearing Decision 2015-22-Rent does not include subsidized amts
Prior Year Questions:

22. Personal Savings is not considered income

23. Nursing homes – not considered a dwelling unit; does not have separate kitchen, living and bathroom

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Rhode Island Earned Income Tax Credit (EITC)



Qualification Requirements

1. EITC can be claimed on RI 1040 or RI 1040 NR
2. Rhode Island conforms to federal eligibility requirements and income levels (Preparer Due Diligence)
3. RI EITC is in addition to the existing federal EITC
4. EITC phases out as income increases
5. EITC is “refundable” = the credit will be refunded to the taxpayer to the extent the credit exceeds the taxpayer’s personal income tax liability
6. 2015 RI EITC = 10% of Federal EITC
7. 2016 RI EITC = 12.5% of Federal EITC
8. Taxpayers filing “Married Filing Separately” are not eligible for the federal or Rhode Island EITC
9. Max 2015 Fed EITC X 10% = \$6,242 X 10% = \$624.20
10. Min 2015 Fed EITC X 10% = \$503 X 10% = \$50.30

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Rhode Island Earned Income Tax Credit (EITC)



RI Earned Income Tax Credit (EITC) Example 1

	2014	2015	2016
RI Tax	\$0.00	\$0.00	\$0.00
Fed EIC	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
RI %	<u>25%</u>	<u>10%</u>	<u>12.50%</u>
RI EIC	\$ 250.00	\$ 100.00	\$ 125.00
Smaller Amount (RI Tax or RI EIC)	0		
Difference	\$ 250.00		
Refundable %	<u>15%</u>		
Refundable EIC	\$ <u>37.50</u>		
Total EIC	\$ 37.50	\$ 100.00	\$ 125.00

Rhode Island Division of Taxation

Rhode Island Earned Income Tax Credit (EITC)



RI Earned Income Tax Credit (EITC) Example 2

	2014	2015	2016
RI Tax	\$700.00	\$700.00	\$700.00
Fed EIC	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
RI %	<u>25%</u>	<u>10%</u>	<u>12.50%</u>
RI EIC	\$ 1,250.00	\$ 500.00	\$ 625.00
Smaller Amount (RI Tax or RI EIC)	\$700.00		
Difference	\$ 550.00		
Refundable %	<u>15%</u>		
Refundable EIC	\$ <u>82.50</u>		
Total EIC	\$ 782.50	\$ 500.00	\$ 625.00

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- **Update on New Credits and Incentives for Job Creation**
 - **Rebuild Rhode Island Tax Credit (R.I. Gen. Laws § 42-64.20-1 *et seq.*)**
 - **Anchor Institution Tax Credit (R.I. Gen. Laws § 42-64.30-1 *et seq.*)**
 - **Rhode Island Qualified Jobs Incentive Act of 2015 (R.I. Gen. Laws § 44-48.3-1 *et seq.*)**
 - **Stay Invested in RI Wavemaker Fellowship (R.I. Gen. Laws § 42-64.26-1 *et seq.*)**
 - **Tax Increment Financing (R.I. Gen. Laws § 42-64.21-1 *et seq.*)**

- **Update on Existing Tax Credits**
 - **Enterprise Zone Tax Credit (R.I. Gen. Laws §§ 42-64.3-3 and 42-64.3-3)**
 - **Jobs Development Act (R.I. Gen. Laws § 42-64.5-1 *et seq.*)**

- **New Acquired Real Estate Company Conveyance Tax Requirement (R.I. Gen. Laws § 44-25-1 *et seq.*)**

SUMMARY OF NEW TAX CREDITS AND INCENTIVES FOR JOB CREATION

TAX CREDIT/INCENTIVE PROGRAM	Brief Summary	Effective Date/Time Frames
<p>Rebuild RI Tax Credit</p> <p>RI Gen. Laws Sections 42-64.20-1 et seq.</p> <p><i>-Provides capital-up to 20% of eligible project costs or 30%, if eligible, to qualified real estate projects that demonstrate a financing gap.</i></p> <p><i>-Credit maximum is \$15 million per project.</i></p>	<ul style="list-style-type: none"> • Application to Commerce Corp; • Commerce Corp. to determine eligibility; • Commerce Corp enters into Incentive Agreements; • Under jurisdiction of Commerce, but requires Commerce to confer with Dept of Admin/Div. Taxation annually on “availability of funds for new credits; • Certificate issued by Commerce/revocation by Commerce; • Commerce Corporation presents a Certification that the terms of the Incentive Agreement have been met, and authorizes the Division of Taxation to issue Tax Credit Certificates to the Applicant in the amounts and for years that the Corporation has reflected in its Certification; • Credits against taxes under RIGL Title 44 Chapters 11, 13, 14, 17, or 30; • Regulation CR 15-19: http://www.tax.ri.gov/regulations/other/CR15-19_RebuildRI.pdf 	<ul style="list-style-type: none"> • “Eligibility Period”: 5 years; • Carry-forward for 4 years; • Commerce Regulation effective 10/22/15; • Division of Taxation Regulation effective 10/27/15; • Reporting Requirements • No credits shall be authorized to be reserved pursuant to this chapter after December 31, 2018.
<p>Anchor Institution Tax Credit</p> <p>RI Gen. Laws Sections 42-64.30-1 et seq.</p> <p><i>-Compensates existing RI businesses that attract suppliers, service providers and/or major customers to relocate in RI</i></p> <p><i>-Eligible relocations must have 10 jobs in 2015-2018 and 25 jobs in 2019-2020.</i></p>	<ul style="list-style-type: none"> • Application to Commerce Corp; • Commerce Corp. to determine eligibility; • Commerce Corp enters into Incentive Agreements; • May be used as a tax credit against corporate income taxes under chapters 11,12, 13,14,or 17 of Title 44-and only allowed against tax of a corp. included in a consolidated return that qualifies for the credit and not against the tax of other corps that may join the consolidated tax return; • Request to redeem to Division of Taxation to be processed within 90 days of submission and subject to annual appropriation by general assembly; • Commerce to administer fund out of which Director of Revenue may make requisition for funding for redemption of tax credits; • Regulation CR 15-17: • http://www.tax.ri.gov/regulations/other/CR15-17_Anchor.pdf 	<ul style="list-style-type: none"> • “Eligibility Period”: 5 years; • Carry-forward for 4 years; • Commerce Regulation effective 10/22/15; • Division of Taxation Regulation effective 10/27/15; • Reporting Requirements; • No grants, funding, or incentives shall be authorized after December 31, 2018.

SUMMARY OF NEW TAX CREDITS AND INCENTIVES FOR JOB CREATION

TAX CREDIT/INCENTIVE PROGRAM	Brief Summary	Effective Date/Time Frames
<p>Rhode Island Qualified Jobs Incentive;</p> <p>RI Gen. Laws Sections 44-48.3-1 <i>et seq.</i></p> <p><i>-Provides businesses with a base tax credit for creating a minimum number of new jobs in RI or growing an in-state workforce by a specific percentage. The base tax credit is up to \$2500/new full time job with a bonus up to \$7,500/job if certain criteria (targeted industry, hope community) are met.</i></p>	<ul style="list-style-type: none"> • Application to Commerce Corp; • Commerce Corp. to determine eligibility; • Commerce Corp enters into Incentive Agreements; • Tax credits not to exceed ten (10) years and may be a credit against taxes imposed pursuant to chapters 11, 13,14,17, or 30 of title 44; • May be carried forward for the succeeding 4 years or until credit is used; • Prior to assignment or transfer of a tax credit granted under this chapter, the Division of Taxation at the request of the business may redeem the credit in whole or part for 90% of the value of the tax credit; • Sales tax exemption for building materials may apply; • Audit of program at least every 3 years. Rate reductions pursuant to 42-64.5 are discontinued effective July 1, 2015 except for those that had rate reduction prior to July 1 2015; • Regulation CR 15-18: • http://www.tax.ri.gov/regulations/other/CR15-18_Jobs.pdf 	<ul style="list-style-type: none"> • Applicant required to report annually by Aug 1, of each year; • Commerce Regulation effective 10/22/15; • Division of Taxation Regulation effective 10/27/15; • Reporting Requirements; • No credits shall be authorized to be reserved after December 31, 2018.
<p>RI Tax Increment Financing</p> <p>RIGL 42-64.21-1 <i>et seq.</i></p> <p><i>-Provides capital to eligible projects by rebating the new state tax revenue generated.</i></p>	<ul style="list-style-type: none"> • Commerce to establish TIF program; • Up to 75% of the projected annual revenues may be allocated under TIF agreement and the Division of Taxation shall pay to the developer incremental state revenues directly realized from projects or businesses operating in the qualifying TIF areas from the taxes assessed and collected under Title 44, Chs 11,13,14,17,18,19, and 30 or realized from venue ticket sales or parking taxes as may be established and levied under state law. 	<p>No agreements with Commerce Corporation after December 31, 2018.</p>

SUMMARY OF NEW TAX CREDITS AND INCENTIVES FOR JOB CREATION

TAX CREDIT/INCENTIVE PROGRAM	Brief Summary	Effective Date/Time Frames
<p>Stay Invested in RI Wavemaker Fellowship</p> <p>RIGL 42-64.26-1 <i>et seq.</i></p> <p><i>-Used to attract and retain talent through funding student loan repayment costs for graduates of Rhode Island academic institutions pursuing careers in technology, engineering, design, and other key sectors in the state.</i></p>	<ul style="list-style-type: none"> • Administered by Fund Commerce to pay for redemption of tax credits applied against a taxpayer’s liability. Commerce Corporation Selects Participants; • Director of Revenue to make a requisition to Commerce Corporation for funding during any fiscal year; • May be used as a credit under Personal Income Taxes imposed under RIGL 44-30-1 <i>et seq.</i>; • Not to exceed \$1,000 for an associate’s degree, \$4000 for a bachelor’s degree; or \$6000 for a graduate/post graduate degree; • 70% of the fund is dedicated to Rhode Island Residents or those attending Rhode Island institutions; • The Division may redeem the credits in whole or in part for 100% of the value of the tax credit. 	<ul style="list-style-type: none"> • May be carried-forward for 4 years or until full credit is used; • No incentives or credits shall be authorized after December 31, 2018.

From the Division of Taxation's Summary of Legislative Changes (July 22, 2015):

<http://www.tax.ri.gov/Tax%20Website/TAX/notice/Summary%20of%20Legislative%20Changes%202015.pdf>)

Jobs Development Act

The tax rate reduction provision allowed under the Jobs Development Act (RIGL Chapter 42- 64.5) is discontinued as of July 1, 2015. However, any company that has qualified for a rate reduction under the Jobs Development Act before July 1, 2015, will be allowed to maintain the rate reduction in effect as of June 30, 2015, although no additional rate reduction under the program will be allowed.

Effective: July 1, 2015 **Citation:** RIGL Chapter 42-64.5

■ Enterprise zone tax credit

No new tax credits under the Rhode Island Distressed Areas Economic Revitalization Act ("enterprise zone" tax credits) will be issued on or after July 1, 2015.

However, under a grandfather provision, new credits will be allowed for a business that has received certification from the State Enterprise Zone Council prior to July 1, 2015. Furthermore, unused credits from before July 1, 2015, may continue to be carried forward for a period of three years under the conditions set for in RIGL § 42-64.3-6.

The credit program was enacted in 1982 as experimental program to stimulate economic revitalization, promote employment opportunities, and encourage business development and expansion in distressed areas of the state. In general, the maximum credit is either \$2,500 or \$5,000 per employee, depending on the circumstances. In fiscal year 2014, four entities claimed the credit for a total of \$191,188.

Real estate conveyance tax

In general, the real estate conveyance tax applies when real estate changes hands. The tax is equal to \$2.30 for each \$500 (or fractional part thereof) which is paid for the purchase of real estate.

The new law extends the real estate conveyance tax to the transfer of a controlling interest in a limited liability company (LLC), corporation, partnership, or other entity that owns real estate in Rhode Island.

› For example, suppose that Providence LLC, which owns real estate in Rhode Island, is owned 75 percent by Able and 25 percent by Baker. If Able sells to Charlie the 75 percent interest in Providence LLC, the conveyance tax applies. (Under prior law, the conveyance tax would not have applied in this example.)

Specifically, the new law says that the conveyance tax applies to the sale or other transfer of an interest in an acquired real estate company. The new law defines "real estate company" as a corporation, LLC, partnership, or other legal entity which meets certain conditions. An "acquired real estate company" is defined as a real estate company that has undergone a change of ownership interest.

› Notice must be given to the Division of Taxation at least five days before the grant, transfer, assignment, or conveyance of real estate. The notice must list the price, terms, and conditions of the transfer, as well as the character and location of all of the real estate assets held by the real estate company.

Process for Determining Acquired Real Estate Company Conveyance Tax:

A. First, determine if the entity or entities is/are a Real Estate Company (See Charts 1 and 2 below). There are 2 ways in which an entity or entities may be a Real Estate Company.

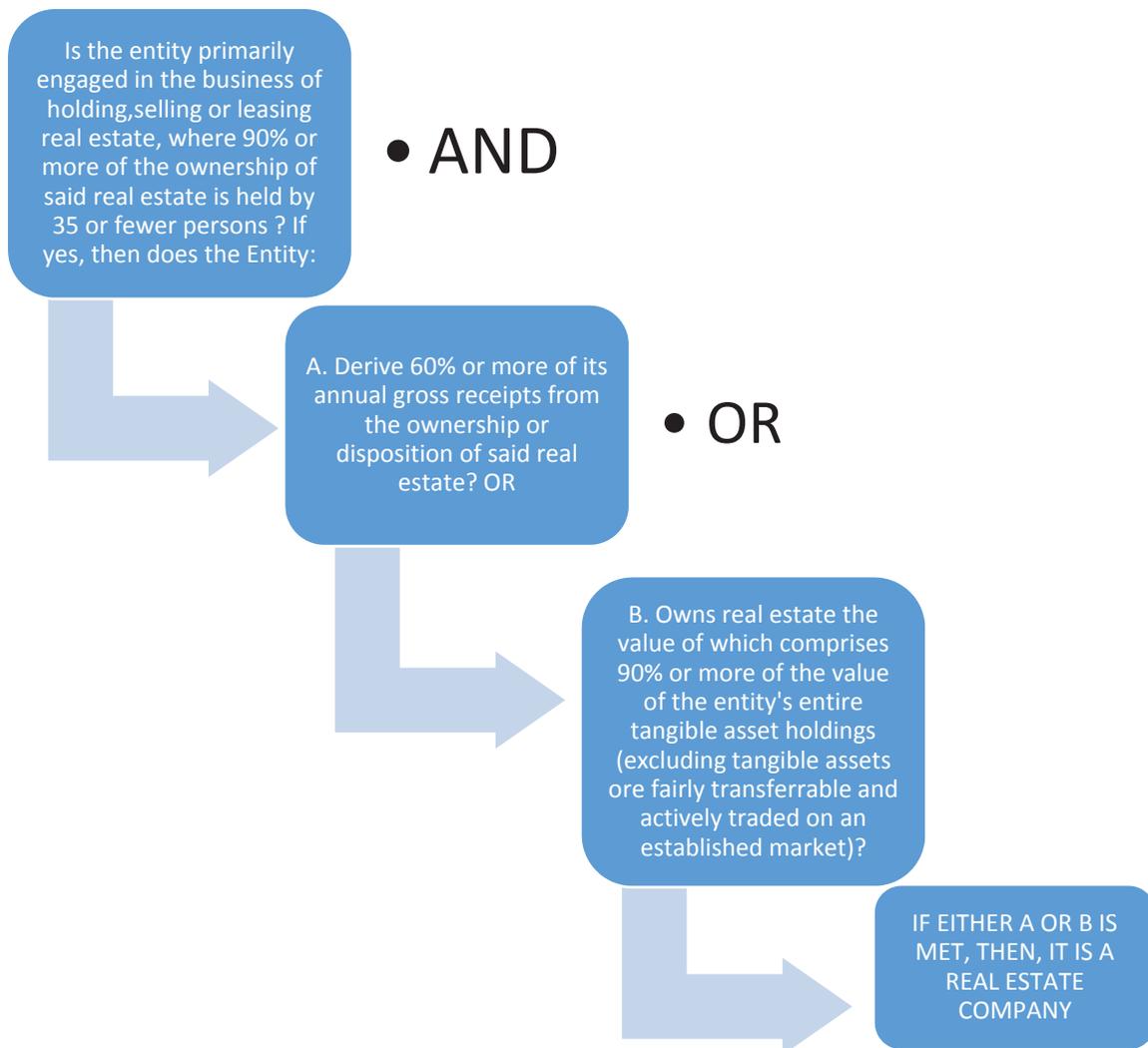
B. Then, determine if fits the definition of Acquired Real Estate Company:

An acquired Real Estate Company is a Real Estate Company that has undergone a change in ownership interest if both of the following terms are met:

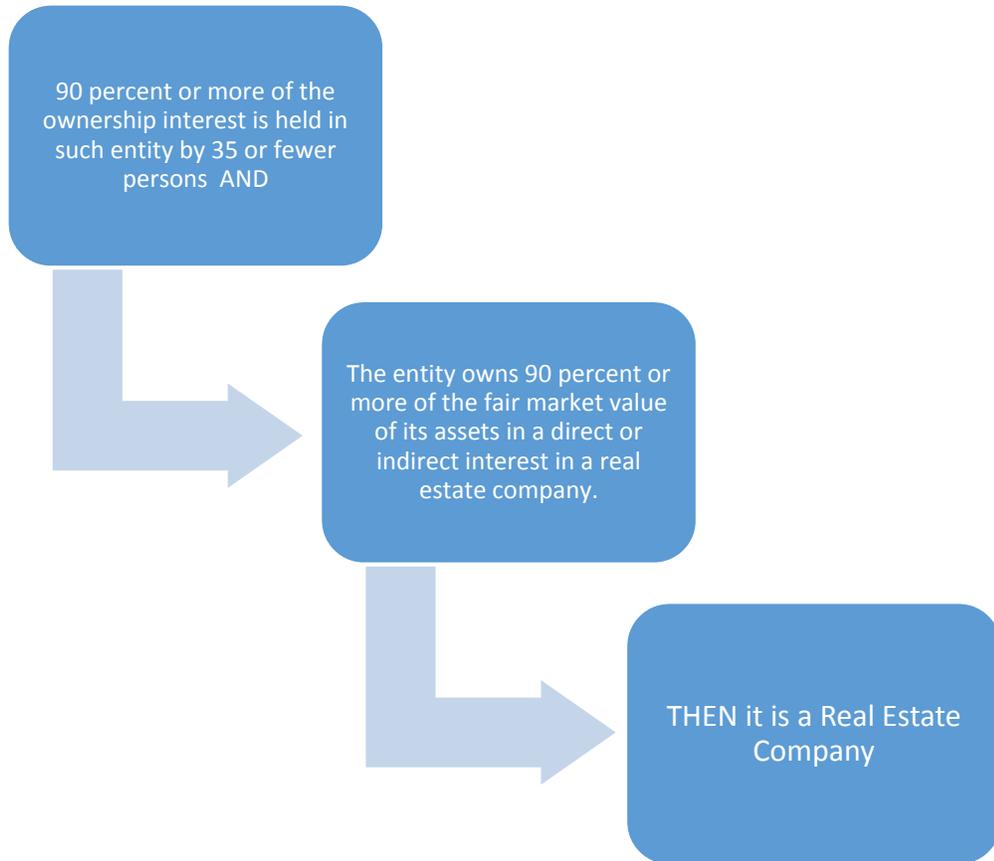
1. The change in ownership does not affect the continuity of the operations of the company AND
2. The change, whether alone or together will with prior changes has the effect of granting, transferring, assigning or conveying or vesting directly or indirectly 50% or more of the total ownership in the company within a period of 3 years.

Two Ways in Which An Entity Can be a Real Estate Company:

1:



OR 2:



QUALIFIED JOBS INCENTIVE

Provides businesses with a base tax credit for creating a minimum number of new jobs in Rhode Island or growing an in-state workforce by a specific percentage. The base tax credit is up to \$2,500/new full-time job, with a bonus up to \$7,500/job if certain criteria (targeted industry, hope community, etc.) are met.

SPECIFICS

- Must create a minimum 20 jobs or grow in-state workforce by 10%; lowered to 10 jobs if certain criteria are met
- Benefit may not exceed 10 years in term or income tax withholdings generated by the jobs created
- Applications must be received by December 21, 2018
- Usable, tradable and redeemable (90% to the state)

ANCHOR INSTITUTION TAX CREDIT

Compensates existing Rhode Island businesses that attract suppliers, service providers and/or major customers to relocate to Rhode Island. The fiscal year 2016 budget includes \$1.75 million to fund this program.

SPECIFICS

- Eligible relocations must have 10 jobs in 2015-2018 and 25 jobs in 2019-2020
- Sector, location, demonstrated role in relocation decision, impact on state, prevailing brokerage fee and ROI all factors in award

INDUSTRY CLUSTER GRANTS

Competitive grants to start, grow or improve industry sector partnerships, encouraging companies to work together to solve problems, exchange technology and share talent. Competitive startup and technical assistance grants range from \$75,000 to \$250,000, while competitive program grants start at \$100,000 and cap at \$500,000 for businesses that enhance cluster growth and effectiveness.

SMALL BUSINESS ASSISTANCE PROGRAM

Provides businesses with under 200 employees access to capital of up to \$750,000 per business. The potential uses include: direct lending, collateral support, credit enhancements, co-investing and technical assistance.

WAVEMAKER FELLOWSHIP

Used to attract and retain talent through funding student loan repayment costs for graduates employed at Rhode Island companies pursuing careers in technology, engineering, design and other key sectors in the state.

SPECIFICS

- Four-year reimbursement equal to individual's student loan obligation not to exceed: \$1,000 for an associate's degree, \$4,000 for a bachelor's degree, or \$6,000 for a graduate/post-graduate degree
- 70% of the fund is dedicated to Rhode Island residents or graduates of Rhode Island academic institutions

REBUILD RHODE ISLAND TAX CREDIT

Provides capital – up to 20% of eligible project costs, or 30% if certain criteria are met – to qualified real estate projects that demonstrate a “financing gap.” The credit maximum is \$15 million per project.

SPECIFICS

- Usable, tradable and redeemable (90% of value)
- Sales tax exemption on building materials may apply
- Credits payable in five years following completion (certificate of occupancy)

TAX INCREMENT FINANCING

Provides capital to eligible projects by rebating the new state tax revenue generated.

SPECIFICS

- Projects must demonstrate need through a “financing gap”
- Reimbursements may not exceed 30% of total project costs (exemption for public infrastructure/utilities) or 75% of incremental revenue generated

MAIN STREET RHODE ISLAND

Funding to stimulate investment in local business districts by providing grants and loans to attract new investment and jobs in Main Street districts. Uses include infrastructure, signage, building façade, street lighting, sidewalks, etc.

TAX STABILIZATION INCENTIVE

Provides an incentive for Rhode Island municipalities to enter into tax stabilization agreements (TSA) of up to 10% of forgone tax revenue reimbursed to a local municipality for 12 years. Projects must be more than or equal to \$10 million and create 50 jobs (50% for Hope Communities).

INNOVATION VOUCHERS

Are you a small business owner in Rhode Island? Do you have fewer than 500 employees within Rhode Island? Are you searching for R&D services to develop an innovative product or process that could help grow your business, create new markets, and reach new clients? If you answered “yes” to these questions, then you may be eligible to receive \$5,000-\$50,000 through the Rhode Island Innovation Voucher program.

ELIGIBLE ACTIVITIES

Rhode Island small businesses may redeem the voucher in partnership with a Rhode Island knowledge providing institution for activities including but not limited to:

- Research and development support towards the commercialization of innovative new products, processes, and/or services;
- Services and activities including access to research or scientific expertise;
- Technological development or technological exploration;
- Product, service, or market development; and
- Improved business practices that implement strategies to grow business and create operational efficiencies.

SPECIFICS

Vouchers must be redeemed within 12 months of receipt. No more than two vouchers may be awarded within a 12-month period. Knowledge providers are limited to a 25% indirect cost charge. All small businesses must be located and conducting business in the state of Rhode Island, and at least fewer than 500 employees must be located in the state of Rhode Island.

INNOVATION NETWORK MATCHING GRANTS

Matching funds to expand a small business development and assistance program at eligible organizations to help more companies start and grow their firms. Competitive applicants will be non-profit organizations, for-profit organizations, universities and co-working space operators that are helping entrepreneurs and small businesses solve innovation challenges, have a track record of outcomes that demonstrate success in helping entrepreneurs and small businesses solve these problems, and have well-conceived plans for scaling or expanding successful programs or initiatives to reach more entrepreneurs and small businesses.

SPECIFICS

Applicants must be able to provide matching support (cash, in-kind, or a combination of) of at least \$50,000. Programs for which grant assistance is sought must be well-defined, and applying organizations must have a demonstrated track record of assisting small business development.

FOR MORE INFORMATION ON ANY OF THESE PROGRAMS, VISIT
[HTTP://COMMERCERI.COM/FINANCE-BUSINESS/TAXES-INCENTIVES](http://COMMERCERI.COM/FINANCE-BUSINESS/TAXES-INCENTIVES).



Rhode Island Department of Revenue

Division of Taxation

IMPORTANT NOTICE

REAL ESTATE CONVEYANCE TAX FOR AN ACQUIRED REAL ESTATE COMPANY

The Rhode Island General Assembly enacted a law effective July 1, 2015 requiring acquired real estate companies to (i) file notice of a potential acquisition of a real estate company at least five (5) days prior to the grant, transfer, assignment, conveyance, or vesting of such an acquisition; and to (ii) pay an appropriate tax for the acquisition of the real estate company. The law amended several subsections of R.I. Gen. Law § 44-25-1 which is part of the current real estate conveyance tax law to require notice of the real estate company acquisition, payment of an appropriate tax, and issuance of a certificate by the Division of Taxation upon payment of the tax for the interest in the acquired real estate company.

KEY TERMS OF THE NEW REQUIREMENT

You must be a “**real estate company**” and an “**acquired real estate company**” in order to be subject to the tax.

- To determine if you are a “**real estate company**” you must be a corporation, limited liability company, partnership, or other legal entity which meets 1 or 2 below:
 1. Is primarily engaged in the business of holding, selling or leasing real estate, where 90% or more of the ownership of said real estate is held by 35 or fewer persons and which company either:
 - (a) derives 60% or more of its annual gross receipts from the ownership or disposition of real estate; or,
 - (b) owns real estate the value of which comprises 90% or more of the value of the entity’s entire tangible asset holdings exclusive of tangible assets which are fairly transferrable and actively traded on an established market.If you meet 1 (a) or 1 (b) above, you are primarily engaged in real estate and are considered a “real estate company.”

OR

 - 2. 90% or more of the ownership interest in such entity is held by 35 or fewer persons and the entity owns as 90% or more of the fair market value of its assets a direct or indirect interest in a real estate company. An indirect ownership interest is an interest in an entity 90% or more of which is held by 35 or fewer persons and the purpose of the entity is the ownership of a real estate company.
- An “**acquired real estate company**” is defined in the law as: a real estate company that has undergone a change in ownership interest if :
 - (i) such change does not affect the continuity of the operations of the company; and
 - (ii) the change, whether alone or together with prior changes has the effect of granting, transferring, assigning or conveying or vesting, transferring directly or indirectly, 50% or more of the total ownership in the company within a period of three (3) years. If you meet (i) and (ii) above, you are considered an acquired real estate company.
- The tax is applicable when there is consideration paid of more than \$100 at a rate of \$2.30 for each \$500 or fractional part of \$500 which is paid for the interest acquired in a real estate company.
- The tax is payable at the time of the making, the execution, delivery, acceptance or presentation for recording of any instrument affecting such transfer, grant, assignment, transfer, conveyance or vesting.
- The tax is imposed upon the grantor, assignor, transferor or person making (giving) the conveyance or vesting.

Instructions and Form CVYT-2 are available at:
http://www.tax.ri.gov/taxforms/sales_excise/real_estate.php

Should you have any questions, please contact the Excise Tax Section at (401) 574-8955.

Marlen Bautista
Chief Revenue Agent
Corporation Tax Section
Telephone: 401-574-8806
Fax: 574-8932
E-mail: marlen.bautista@tax.ri.gov

Recent Legislative Changes:

- RIGL 44-11-2: Corporate tax rate change from 9% to 7% for tax years beginning on or after January 1, 2015
- RIGL 44-12-1: Franchise Tax of \$2.50 per \$10,000 of a corporation's authorized stock is now repealed for tax years beginning on or after January 1, 2015
- RIGL 44-11-2: Reduces minimum Corporate tax from \$500 to \$450 for tax years beginning on or after January 1, 2016
- RIGL 44-11-4.1: Combined Reporting filing requirement for C corps considered a part of a combined group engaged in a unitary business; for tax years beginning on or after January 1, 2015
- RIGL 44-11-14: Allocation of income, apportionment ratio for C corps has change from the three-factor formula (sales, payroll and property) to a single factor, sales (total receipts) for tax years beginning on or after January 1, 2015
- RIGL 44-11-14: Sourcing of income for apportionment purposes for C corps has changed from the cost-of-performance method to market-based-sourcing for tax years beginning on or after January 1, 2015
- RIGL 44-64-3: Repeals Outpatient Health Care Facility Surcharge effective July 1, 2015
- RIGL 44-65-3: Repeals Imaging Services Surcharge effective July 1, 2015
- Addition of 3 new tax credits:
 - RIGL 44-48.3-1: RI Qualified Jobs Incentive Credit
 - RIGL 42-64.3: Anchor Institution Tax Credit
 - RIGL 42-64-20: Rebuild RI Tax Credit

<input type="checkbox"/> Initial Return	Name	Federal employer identification number
<input type="checkbox"/> Short Year	Address 1	Gross Receipts
<input type="checkbox"/> Final Return	Address 2	Depreciable Assets
<input type="checkbox"/> Address Change	City, town or post office	State
<input type="checkbox"/> Amended Return		ZIP code
<input type="checkbox"/> Combined Return	E-mail address	Total Assets
<input type="checkbox"/> 1120F		NAICS code

Year end: Calendar Year: 01/01/2015 through 12/31/2015
 Fiscal Year: beginning MM/DD/2015 through MM/DD/2016

Schedule A - Computation of Tax

1	Federal taxable income (see instructions).....			
2	Total Deductions from page 3, Schedule B, line 1g.....	2		
3	Total Additions from page 3, Schedule C, line 1e.....	3		
4	Adjusted taxable income. Line 1 less line 2 plus line 3.....	4		
5	Rhode Island Apportionment Ratio from Schedule G, line 2. Carry to six (6) decimal places.....	5		
6	Apportioned Rhode Island taxable income. Multiply line 4 times line 5.....	6		
7	Research and development adjustments (see instructions, attach schedule).....	7		
8	Pollution control and hazardous waste adjustment (see instructions).....	8		
9	Capital investment deduction (see instructions).....	9		
10	Total adjustments. Add lines 7, 8 and 9.....	10		
11	Rhode Island adjusted taxable income. Subtract line 10 from line 6.....	11		
12	Rhode Island income tax. Multiply line 11 times 7% (0.07).....	12		
13	Rhode Island Credits from Schedule B-CR 2015 - Business Credit Schedule, line 21.....	13		
14	Tax. Subtract line 13 from line 12, but not less than the minimum tax of \$500.00.....	14		
15 a	Recapture of credits.....	15a		
	b Jobs Growth Tax.....	15b		
16	Total tax due. Add lines 14, 15a and 15b.....	16		

Check if a Jobs Growth Tax is being reported on line 15b.

Name	Federal employer identification number

17 Total tax due from page 1, line 16.....		17		
18 Payments made on 2015 declaration of estimated tax.....	18			
19 a Other payments.....	19a			
b Rhode Island pass-through withholding. Attach RI-1099PT(s).....	19b			
20 TOTAL PAYMENTS. Add lines 18, 19a and 19b.....		20		
21 Previously issued refunds (if filing an amended return).....		21		
22 NET PAYMENTS. Subtract line 21 from line 20.....				
23 Net tax due. Subtract line 22 from line 17.....		23		
24 a Late payment interest.....	24a			
b Late payment penalty.....	24b			
c Underestimating interest.....	24c			
d Late filing penalty.....	24d			
e Total interest and penalty amounts. Add lines 24a, 24b, 24c and 24d.....		24e		
25 Total due with return. Add lines 23 and 24e.....		25		
26 Overpayment. Subtract lines 17 and 24c from line 22.....		26		
27 Amount of overpayment to be credited to 2015.....		27		
28 Amount of overpayment to be refunded. Subtract line 27 from line 26.....		28		

DRAFT 1010512015

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, it is true, accurate and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Authorized officer signature	Print name	Date	Telephone number
Paid preparer signature	Print name	Date	Telephone number
Paid preparer address	City, town or post office	State	ZIP Code PTIN

May the Division of Taxation contact your preparer? YES

Name	Federal employer identification number

Schedule B - Deductions to Federal Taxable Income

1 a Net operating loss deduction (see instructions - attach schedule)	1a		
b Special deductions.....	1b		
c Exempt dividends and interest from page 4, Schedule E, line 10	1c		
d Foreign dividend gross-up (s78) US 1120, Schedule C, line 15	1d		
e Bonus depreciation and Section 179 expense adjustment.....	1e		
f Modification for Tax Incentives for Employers under RIGL §44-55-4.1. Attach Form RI-107	1f		
g TOTAL DEDUCTIONS. Add lines 1a through 1f. Enter here and on RI-1120C, page 1, line 2.....			

Schedule C - Additions to Federal Taxable Income

1 a Interest (see instructions)	1a		
b Rhode Island corporate taxes (see instructions).....	1b		
c Bonus depreciation.....	1c		
d Domestic Production Activity Deduction.....	1d		
e TOTAL ADDITIONS. Add lines 1a through 1d. Enter here and on RI-1120C, page 1, line 3.....	1e		

Schedule D - General Information

1 a Location of principal place of business in Rhode Island.....			
b location of corporation's books and records.....			
c List states to which you are liable for income or excise taxes for the taxable year..			
d US Business Code Number	State and date of incorporation		
e President	Treasurer		
f Salaries and wages paid or incurred in Rhode Island.....	1f		
g Salaries and wages paid or incurred Everywhere.....	1g		

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Schedule E - Exempt Dividends and Interest

1	Dividends received from shares of stock of any payer liable for RI taxes as outlined in Chapters 11, 13, & 14 (attach schedule)	1	
2	Amount of such dividends included in Special Deductions, Schedule B, line 1b	2	
3	Balance of Exempt Dividends. Line 1 less line 2	3	
Foreign Dividends included on line 13, 14 & 17 Schedule C, US 1120			
4	More than 20% owned _____ X 80%	4	
5	Less than 20% owned _____ X 70%	5	
6	100% owned _____ X 100%	6	
7	Interest on obligations of public service corporations liable for Rhode Island Gross Earnings Tax	7	
8	Interest on certain obligations of the US (attach schedule)	8	
9	Interest on obligations of US possessions and other interest exempt under Rhode Island law (attach schedule)	9	
10	Total. Add lines 3 through 9. Enter here and on page 3, Schedule B, line 1c	10	

Schedule F - Exempt Dividends and Interest

Enter amount for year that ended:	2015	2014	2013	2012	2011
-----------------------------------	------	------	------	------	------

Schedule G - Apportionment

	Column A Rhode Island	Column B Everywhere
1 a Gross receipts	1 a	
Rhode Island Sales		
Sales Under 44-11-14.2(2)(B)	1 a	
b Dividends	1b	
c Interest	1c	
d Rents	1d	
e Royalties	1e	
f Net capital gains	1f	
g Ordinary income	1g	
h Other income	1h	
i Income exempt from federal taxation	1i	
j Total. Add lines 1a, 1b, 1c, 1d, 1e, 1f, 1g, 1h and 1i	1j	
2 Ratio in Rhode Island, line 1j, Column A divided by line 1j, Column B. Calculate to six (6) decimal places. Enter here and on page 1, Schedule A, line 5	2	

DRAFT 10/05/2015

<input type="checkbox"/> Initial Return <input type="checkbox"/> Short Year <input type="checkbox"/> Final Return	Name		Federal employer identification number
	Address 1		Gross Receipts
	Address 2		Depreciable Assets
	City, town or post office	State ZIP code	Total Assets
<input type="checkbox"/> Address Change <input type="checkbox"/> Amended	E-mail address		NAICS code RI Secretary of State ID number

Entity type: LLC LLP LP Partnership SMLLC

Year end: Calendar Year: 01/01/2015 through 12/31/2015 Fiscal Year: beginning MM/DD/2015 through MM/DD/2016

Schedule A - Computation of Tax

1	Federal taxable income	1		
2	Total Deductions from page 2, Schedule B, line 1d	2		
3	Total Additions from page 2, Schedule C, line 1d	3		
4	Adjusted taxable income. Line 1 less line 2 plus line 3	4		
5	Rhode Island Apportionment Ratio from Schedule I, line 5	5		
6	Apportioned Rhode Island taxable income. Multiply line 4 times line 5	6		
7a	Rhode Island Annual Fee - \$500.00.....	7a		IMPORTANT: If entity is a general partnership, STOP HERE! No annual fee is due. All others continue to line 7.
b	Jobs Growth Tax.....	7b		
c	TOTAL TAX. Add lines 7a and 7b.....	7c		
8a	Payments made on 2015 declaration of estimated tax.....	8a		<input type="checkbox"/> Check if a Jobs Growth Tax is being reported on line 7b.
b	Other payments.....	8b		
c	TOTAL PAYMENTS. Add lines 8a and 8b.....	8c		
9	Net tax due. Subtract line 8c from line 7c.....	9		
10	(a) Interest _____ (b) Penalty _____ (c) Form 2220 Interest	10		
11	Total due with return. Add lines 9 and 10. Use Form RI-1065V.....	11		
12	Overpayment. Subtract lines 7c and 11 from line 8c.....	12		
13	Amount of overpayment to be credited to 2016 estimated tax.....	13		
14	Amount to be refunded. Subtract line 13 from line 12.....	14		

DRAFT 1010512015

Name	Federal employer identification number

Schedule B - Deductions to Federal Taxable Income

1 a Exempt interest.....	1a		
b Bonus depreciaton and Section 179 expense adjustment.....	1b		
c Modification for Tax Incentives for Employers under RIGL §44-55. Attach Form RI-107.....	1c		
d TOTAL DEDUCTIONS. Add lines 1a, 1b and 1c. Enter here and on page 1, line 2.....	1d		

Schedule C - Additions to Federal Taxable Income

1 a Interest (see instructions)	1a		
b Bonus depreciation adjustment.....	1b		
c Intangible addback.....	1c		
d TOTAL ADDITIONS. Add lines 1a,1b and 1c. Enter here and on page 1, line 3.....	1d		

Schedule D - Rhode Island Credits

Complete RI Schedule CR if the entity has credits passing through to its partners.

Schedule E - Other Deductions to Federal Taxable Income

1 Elective Deduction for New Research and Development Facilities under RIGL §44-32-1.....	1		
2 Qualifying Investment in a Certified Venture Capital Partnership under RIGL § 44-32-2.....	2		

Schedule F - Final Determination of Net Income by Federal Government

Has the Federal Government changed your taxable income for any prior year which has not yet been reported to The Tax Administrator?..... Yes No
 If yes, complete an amended Form RI-1065 immediately (see instructions) and submit to the Tax Administrator with any remittance that may be due.

Changes made by the Federal Government in the income of any prior year must be reported to the Tax Administrator within 60 days after a final determination.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, it is true, accurate and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Authorized officer signature	Print name	Date	Telephone number
Paid preparer signature	Print name	Date	Telephone number
Paid preparer address	City, town or post office	State	ZIP Code PTIN

May the Division of Taxation contact your preparer? YES

Name	Federal employer identification number

Schedule G - General Information

Location of principal place of business in Rhode Island _____

Location of corporation's books and records _____

List states to which you are liable for income or excise taxes for the taxable year _____

US Business Code Number _____ President _____

State and date of incorporation _____ Treasurer _____

Schedule H - Federal Taxable Income (US 1120, page 1, line 28)

Enter amount for year that ended:	2015	2014	2013	2012	2011

Schedule I - Apportionment

AVERAGE NET BOOK VALUE

		Column A Rhode Island	Column B Everywhere
1a Inventory.....	1a		
b Depreciable assets.....	1b		
c Land.....	1c		
d Rent (8 times annual net rental rate).....			
e Total. Add lines 1a, 1b, 1c and 1d.....	1e		
f Ratio in Rhode Island. Line 1e, Column A divided by line 1e, Column B. Calculate to six (6) decimal places.....	1f		

RECEIPTS

2a Gross receipts.....	2a		
Rhode Island Sales.....			
Sales Under 44-11-14(a)(2).....			
b Dividends.....	2b		
c Interest.....	2c		
d Rents.....	2d		
e Royalties.....	2e		
f Net capital gains.....	2f		
g Ordinary income.....	2g		
h Other income.....	2h		
i Income exempt from federal taxation.....	2i		
j Total. Add lines 2a, 2b, 2c, 2d, 2e, 2f, 2g, 2h and 2i.....	2j		
k Ratio in Rhode Island. Line 2j, Column A divided by line 2j, Column B. Calculate to six (6) decimal places.....	2k		

SALARIES

3a Salaries and wages paid or incurred.....	3a		
b Ratio in Rhode Island. Line 3a, Column A divided by line 3a, Column B. Calculate to six (6) decimal places.....	3b		

RATIO

4 Total of Rhode Island ratios shown on lines 1f, 2k and 3b.....	4	
5 Apportionment Ratio. Divide line 4 by the number 3 or the number of ratios used. Enter here and on pg 1, Sch A, line 5.....	5	

Form K-1 - 2015

Taxpayer's Share of Income, Deductions, Credits, Etc.

<u>ENTITY INFORMATION</u>	<u>TAXPAYER INFORMATION</u>
Federal identification number:	Taxpayer identification number:
Name, address, city, state and ZIP code:	Name, address, city, state and ZIP code:
Entity type: <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Partnership	<input type="checkbox"/> INCLUDED IN COMPOSITE FILING (RI-1040C)
<input type="checkbox"/> AMENDED K-1 <input type="checkbox"/> FINAL K-1	Taxpayer's State of Residency:
	Taxpayer's RI Apportionment Percentage: . _ _ _ _ _
	Taxpayer's Ownership Percentage:

SECTION I - TAXPAYER'S INCOME AND DEDUCTION INFORMATION

1 Ordinary Business Income Apportioned to Rhode Island	1
2 Interest and Dividends Apportioned to Rhode Island	2
3 Income from the Sale or Exchange of Property Apportioned to Rhode Island	3
4 Rents and Royalties Apportioned to Rhode Island	4
5 Miscellaneous Income Apportioned to Rhode Island	5
6 Section 179 deduction Apportioned to Rhode Island	6
7 Other deductions Apportioned to Rhode Island (see instructions)	7

SECTION II - TAXPAYER'S OTHER ADDITIONS

1 Income from obligations of any state or its political subdivisions, other than RI under RIGL §44-30-12(1) and RIGL §44-30-12(2)	1
2 Bonus depreciation that has been taken for federal purposes that must be added back to Rhode Island income under RIGL §44-61-1	2

SECTION III - TAXPAYER'S OTHER DEDUCTIONS

1 Income from obligations of the US government included in Federal AGI but exempt from state income taxes	1
2 Elective deduction for new research and development facilities under RIGL §44-32-1	2
3 Qualifying investment in a certified venture capital partnership under RIGL §44-43-2	3
4 Bonus depreciation that has already been taken on the Federal return that has not yet been subtracted from Rhode Island income under RIGL §44-61-1	4
5 Section 179 depreciation that has already been taken on the Federal return that has not yet been subtracted from Rhode Island income under RIGL §44-61-1	5
6 Tax Incentives for Employers under RIGL §44-65	6

SECTION IV - COMPOSITE FILING INFORMATION

1 Rhode Island source income included on composite filing	1
2 Composite payment made on taxpayer's behalf	2

SECTION V - RI-1096PT PASS-THROUGH WITHHOLDING INFORMATION

1 Rhode Island source income included on pass-through withholding filing	1
2 Pass-through withholding payment made on taxpayer's behalf	2

Form K-1 - 2015

Taxpayer's Share of Income, Deductions, Credits, Etc.

ENTITY INFORMATION	TAXPAYER INFORMATION
Federal identification number:	Taxpayer identification number:

SECTION VI - TAXPAYER'S CREDIT BREAKDOWN

1 RI-2276 - Tax Credit for Contributions to Qualified Scholarship Organization - RIGL §44-62	1
2 RI-286B - Historic Preservation Investment Tax Credit - RIGL §44-33.2 and Historic Preservation Tax Credits 2013 - RIGL §44-33.6	2
3 RI-6754 - Rhode Island New Qualified Jobs Incentive Act 2015 - RIGL §44-48.3	3
4 RI-7253 - Rebuild Rhode Island Tax Credit - RIGL §42-64.20	4
5 RI-8201 - Motion Picture Production Company Tax Credit - RIGL §44-31.2 and Musical and Theatrical Production Tax Credits - RIGL §44-31.3	5
6 RI-9283 - Stay Invested in RI Wavemaker Fellowship - RIGL §42-64.26	6

DRAFT
09/10/2015

<input type="checkbox"/> Initial Return <input type="checkbox"/> Short Year <input type="checkbox"/> Final Return <input type="checkbox"/> Address Change <input type="checkbox"/> Amended <input type="checkbox"/> Q-sub Included	Name		Federal employer identification number
	Address 1		Gross Receipts
	Address 2		Depreciable Assets
	City, town or post office	State ZIP code	Total Assets
	E-mail address		RI Secretary of State ID number

Year end: Calendar Year: 01/01/2015 through 12/31/2015 Fiscal Year: beginning MM/DD/2015 through MM/DD/2016

Schedule A - Computation of Tax

1	Federal taxable income from Federal Form 1120S, Schedule K, line 15	1	
2	Total Deductions from page 2, Schedule B, line 1d	2	
3	Total Additions from page 2, Schedule C, line 1d	3	
4	Adjusted taxable income. Line 1 less line 2 plus line 3	4	
5	Rhode Island Apportionment Ratio from Schedule I, line 5	5	
6	Apportioned Rhode Island taxable income. Multiply line 4 times line 5	6	
7a	Rhode Island Minimum Tax - \$500.00	7a	
	b Jobs Growth Tax	7b	
	c TOTAL TAX. Add lines 7a and 7b	7c	
8a	Payments made on 2015 declaration of estimated tax	8a	<input type="checkbox"/> Check if a Jobs Growth Tax is being reported on line 7b.
	b Other payments	8b	
	c TOTAL PAYMENTS. Add lines 8a and 8b	8c	
9	Net tax due. Subtract line 8c from line 7c	9	
10	(a) Interest (b) Penalty (c) Form 2220 Interest	10	
11	Total due with return. Add lines 9 and 10. Use Form RI-1120V	11	
12	Overpayment. Subtract lines 7c and 11 from line 8c	12	
13	Amount of overpayment to be credited to 2016 estimated tax	13	
14	Amount to be refunded. Subtract line 13 from line 12	14	

Name	Federal employer identification number

Schedule B - Deductions to Federal Taxable Income

1 a Exempt interest.....	1a		
b Bonus depreciation and Section 179 expense adjustment.....	1b		
c Modification for Tax Incentives for Employers under RIGL §44-55. Attach Form RI-107.....	1c		
d TOTAL DEDUCTIONS. Add lines 1a, 1b and 1c. Enter here and on page 1, line 2.....	1d		

Schedule C - Additions to Federal Taxable Income

1 a Interest (see instructions)	1a		
b Bonus depreciation adjustment.....	1b		
c Intangible addback.....	1c		
d TOTAL ADDITIONS. Add lines 1a, 1b and 1c. Enter here and on page 1, line 3.....	1d		

Schedule D - Rhode Island Credits

Complete RI Schedule CR if the entity has credits passing through to its members.

Schedule E - Other Deductions to Federal Taxable Income

1 Elective Deduction for New Research and Development Facilities under RIGL §44-32-1.....	1		
2 Qualifying Investment in a Certified Venture Capital Partnership under RIGL § 44-32-2.....	2		

Schedule F - Final Determination of Net Income by Federal Government

Has the Federal Government changed your taxable income for any prior year which has not yet been reported to The Tax Administrator?..... Yes No
 If yes, complete an amended Form RI-1065 immediately (see instructions) and submit to the Tax Administrator with any remittance that may be due.

Changes made by the Federal Government in the income of any prior year must be reported to the Tax Administrator within 60 days after a final determination.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, it is true, accurate and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Authorized officer signature	Print name	Date	Telephone number
Paid preparer signature	Print name	Date	Telephone number
Paid preparer address	City, town or post office	State	ZIP Code PTIN

May the Division of Taxation contact your preparer? YES

Name	Federal employer identification number

Schedule G - General Information

Location of principal place of business in Rhode Island _____

Location of corporation's books and records _____

List states to which you are liable for income or excise taxes for the taxable year _____

US Business Code Number _____ President _____

State and date of incorporation _____ Treasurer _____

Schedule H - Federal Taxable Income (US 1120, page 1, line 28)

Enter amount for year that ended:	2015	2014	2013	2012	2011

Schedule I - Apportionment

AVERAGE NET BOOK VALUE

	Column A Rhode Island	Column B Everywhere
1a Inventory.....	1a	
b Depreciable assets.....	1b	
c Land.....	1c	
d Rent (8 times annual net rental rate).....		
e Total. Add lines 1a, 1b, 1c and 1d.....	1e	
f Ratio in Rhode Island. Line 1e, Column A divided by line 1e, Column B. Calculate to six (6) decimal places.....		1f

RECEIPTS

2a Gross receipts.....	Rhode Island Sales.....	Sales Under 44-11-14(a)(2).....
b Dividends.....	2b	
c Interest.....	2c	
d Rents.....	2d	
e Royalties.....	2e	
f Net capital gains.....	2f	
g Ordinary income.....	2g	
h Other income.....	2h	
i Income exempt from federal taxation.....	2i	
j Total. Add lines 2a, 2b, 2c, 2d, 2e, 2f, 2g, 2h and 2i.....	2j	
k Ratio in Rhode Island. Line 2j, Column A divided by line 2j, Column B. Calculate to six (6) decimal places.....		2k

SALARIES

3a Salaries and wages paid or incurred.....	3a	
b Ratio in Rhode Island. Line 3a, Column A divided by line 3a, Column B. Calculate to six (6) decimal places.....		3b

RATIO

4 Total of Rhode Island ratios shown on lines 1f, 2k and 3b.....	4	
5 Apportionment Ratio. Divide line 4 by the number 3 or the number of ratios used. Enter here and on pg 1, Sect A, line 5.....	5	

**Donald W. Englert
Chief Revenue Agent
Excise Tax Section**

Telephone: (401) 574-8955

Fax: (401) 574-8914

E-mail: donald.englert@tax.ri.gov

1. Expanded Exemption for Electricity, Gas and Heating Fuels
2. Cigarette Tax Increase (including Cigarette Floor Stock Tax and Minimum Pricing)
3. Sales and Hotel Tax on Vacation Homes, Rooms and Other Residential Dwellings

NOTICE

Expanded Exemption for Electricity, Gas, and Heating Fuels

The 2015 session of the Rhode Island General Assembly amended Rhode Island General Laws Section 44-18-30 (20) and (21) to read as follows:

There are exempted from the taxes imposed by this chapter the following gross receipts:

(20) Heating fuels. From the sale and from the storage, use, or other consumption in this state of every type of heating fuel.

(21) Electricity and gas. From the sale and from the storage, use, or other consumption in this state of every type of electricity and gas.

Effective July 1, 2015 all sales of heating fuels, electricity, and gas, will be exempt from sales and use tax.

If you have any questions regarding this notice, please contact Theriza Iafrate in the Excise Tax section by e-mail at theriza.iafrate@tax.ri.gov or by telephone at (401) 574-8934.

July 2015
Notice 2015-03

David Sullivan
Tax Administrator

NOTICE

TO ALL RHODE ISLAND CIGARETTE DEALERS

The 2015 session of the Rhode Island General Assembly enacted into law legislation increasing the tax levied upon the sale of cigarettes. The new rate of one hundred eighty-seven and one half (187.5) mills per cigarette, increases the tax from \$3.50 per package of 20 cigarettes to \$3.75, and from \$4.37 per package of 25 cigarettes to \$4.69. This increase is effective at 12:01 a.m. on August 1, 2015.

Please note the following:

- 1) A Cigarette Floor Stock Tax Return is required to be completed after the close of business on July 31, 2015, and returned to this office with full payment on or before August 10, 2015. Failure to remit the floor stock tax return may result in a full audit of your business.
- 2) The revised Minimum Price List detailing the new prices at which cigarettes may be sold at wholesale and at retail levels will be posted on the Division of Taxation's website at www.tax.ri.gov.

Should you have any questions please contact the Excise Tax section, at (401) 574-8955.

July 2015
Notice 2015-08

David Sullivan
Tax Administrator

NOTICE

Sales and Hotel Tax on Vacation Homes, Rooms and Other Residential Dwellings

The 2015 session of the Rhode Island General Assembly amended Rhode Island General Laws Section 42-63.1-2 (4) to define “Hotel” as follows:

Hotel means any facility offering a minimum of one (1) room for which the public may, for a consideration, obtain transient lodging accommodations. The term “hotel” shall include hotels, motels, tourist homes and camps, lodging houses, and inns. The term “hotel” shall also include houses, condominiums or other residential dwelling units, regardless of the number of rooms, which are used and/or advertised for rent or occupancy. The term “hotel” shall not include schools, hospitals, sanitariums, nursing homes, and chronic care centers.

Effective July 1, 2015 certain rentals will be subject to both the sales tax and the hotel tax. This change in the tax law may apply to certain taxpayers filing a federal Schedule E.

If a person or business rents a room, vacation home, or other type of residential dwelling for a period greater than thirty (30) consecutive days or for one calendar month to the same customer, there is no tax on this charge.

If a person rents a vacation home or residential dwelling in its entirety for thirty (30) days or less, the rental will be subject to the seven percent (7%) sales tax and a one percent (1%) hotel tax.

If a person rents a room in a residential dwelling for thirty (30) days or less, the rental will be subject to the seven percent (7%) sales tax and the six percent (6%) hotel tax.

All rentals of residential dwellings including room rentals which have a documented agreement in place prior to July 1, 2015 are not subject to tax, provided the rental takes place during 2015.

Any taxpayer making taxable rentals of rooms, vacation homes, and residential dwellings is required to apply for a sales tax permit by filling out a Business Application and Registration form.

Hotels are not affected by this change and will continue to file sales and hotel tax in the same manner.

If you have any questions regarding this notice, please contact the Excise Tax section by telephone at (401) 574-8955.

July 2015
Notice 2015-04

David Sullivan
Tax Administrator

RHODE ISLAND DIVISION OF TAXATION

EXCERPTS FROM DRAFT REGULATION

OCTOBER 8, 2015

The following information from the Rhode Island Division of Taxation relates to legislation involving a tax on the short-term rental of residential rental property, chiefly vacation rentals. The following information is in draft form and is subject to revision. The following information is not a substitute for Rhode Island General Laws or for Rhode Island Division of Taxation regulations or declaratory rulings.

RULE 5. DEFINITIONS

"Hotel" means any commercial facility offering a minimum of one (1) room for which the public may, for a consideration, obtain transient lodging accommodations. The term "hotel" shall include hotels, motels, tourist homes, tourist camps, lodging houses, and inns. The term "hotel" shall also include houses, condominiums or other residential dwelling units regardless of the number of rooms, which are used and/or advertised for rent or occupancy. The term "hotel" shall not include schools, hospitals, sanitariums, nursing homes, and chronic care centers.

"Hosting Platform" means an electronic or operating system in which a person or entity provides a means through which an owner may offer and accept payment for a residential unit for transient use. This service is usually provided through an online or web-based system which generally allows an owner to advertise the residential unit through a hosted website and provides a means for a person or entity to arrange transient use in exchange for payment, whether the person or entity pays rent directly to the owner or to the hosting platform. All hosting platforms are required to collect and remit the tax owed.

"Living quarters" means sleeping rooms, sleeping or housekeeping accommodations, or any other room or accommodation in any part of the hotel, rooming house or tourist camp which is available for or rented out for hire in the lodging of guests.

"Occupancy" means a person, firm or corporation's use of space ordinarily used for transient lodging accommodations not to exceed thirty (30) days. Excluded from "occupancy" is the use of space for which the occupant has a documented agreement for the space, which lease covers a rental period of twelve (12) months or more. Furthermore, any house, condominium or other residential dwelling rented, for which the occupant has a documented agreement for the space covering a rental period of more than thirty (30) consecutive days or for one calendar month, is excluded from the definition of occupancy.

“Owner” means any person who owns real property and is the owner of record. Owner shall also include a lessee where the lessee is offering a residential unit for transient use.

“Residential unit” means a room or rooms, including a condominium or a room or a dwelling unit that forms part of a single, joint or shared tenant arrangement in any building, or portion thereof, which is designed, built, and leased for non-commercial use.

“Room reseller” means any person except a tour operator having any right, permission, license, or other authority from or through a hotel to reserve, or arrange the transfer of occupancy, such that the occupant pays all or a portion of the rental and other fees to the room reseller.

“Rooming house” means every house, vehicle, motor court or other structure kept, used, maintained, advertised or held out to the public to be a place where living quarters are supplied for pay to transient or permanent guests or tenants, whether in one or adjoining buildings.

“Tour operator” means a person that derives a majority of their revenue by providing tour operator packages.

“Tourist or transient” means any use of a residential unit for occupancy for less than a thirty (30) consecutive day term of tenancy, or occupancy for less than thirty (30) consecutive days of a residential unit leased or owned by a business entity.

“Tourist camp” means a place where tents or tent houses, or camp cottages, or cabins or other structures are located and offered to the public or any segment thereof for human habitation.

“Travel package” means a room or rooms bundled with one or more separate components of travel such as air transportation, car rental or similar items where the travel package is charged to the customer for a single retail price. When the room occupancy is bundled for a single consideration with other services and items, the entire single consideration shall be treated as the rental/fees for room occupancy.

“Usual places of abode” means regular, fixed and permanent residences as distinguished from temporary stopping or abiding places.

RULE 6. SALES TAX ON HOTELS AND OTHER ACCOMMODATIONS

(a) Sales tax liability

(i) Sales and use tax is imposed on the sale, storage, use, or other consumption in this state at the rate as provided in RIGL 44-18-18 and 44-18-20 on the rental charges for living quarters in hotels which include houses, condominiums, and other residential dwelling units used or advertised for rent or occupancy, motels, inns, tourist/lodging houses and tourist camps. Tax is imposed on the rental charges for the first thirty (30) consecutive calendar days of each rental period. Any break in occupancy results in the creation of a new and separate rental.

A break occurs when a guest terminates his occupancy by checking out or by transferring from one hotel to another hotel even though such hotels are operated by the same owner. The tax will apply to charges for such new and separate rentals in the same manner and to the same extent as though such guest had just checked in for the first time, and the 30 day taxable period starts all over. However, a mere change of rooms in the same hotel or motel, or in the same rooming house or in the same tourist camp does not constitute a break in occupancy.

(ii) Excluded from sales and hotel tax are rental charges for living quarters in hotels, rooming houses, or tourist camps for which the occupant has a documented agreement and the rental period is twelve (12) months or more. For leases less than twelve (12) months, the first thirty (30) consecutive days are subject to both sales and hotel tax.

(iii) For any house or room, condominium, and other residential dwelling rented, for which the occupant has a documented agreement covering a rental period of more than thirty (30) consecutive days or one calendar month, this charge is excluded from the definition of occupancy and is therefore not subject to the sales or hotel tax.

(iv) A room reseller shall calculate both sales and hotel taxes upon the amount of rental and other fees paid by the occupant to the room reseller, less the amount of rental and other fees paid by the room reseller to the hotel. The hotel shall calculate both sales and hotel taxes upon the amount of rental and other fees paid to the hotel by the room reseller or the occupant. The hotel or room reseller shall add and collect from the occupant or the room reseller the full amount of the taxes imposed on the rental and other fees.

(v) A travel package consisting of a single consideration for “bundled” travel charges shall be treated as the rental/fee for room occupancy and is subject to tax, even if the separate sale of certain bundled travel charges would otherwise not be subject to tax. Separately stated room occupancy charges and other travel charges are subject to tax based on the taxability of each individual item.

(vi) Every person advertising, managing or operating a hotel which includes houses, condominiums, and other residential dwelling units used or advertised for rent or occupancy, motel, rooming house or tourist camp, or who collects or receives rents on behalf of the owner or operator, is liable for the tax on such rentals. The tax shall be added to the total rental charge without an allowance for any commissions or fees received. All taxes collected constitute a trust fund.

Example # 1

When an individual rents the same hotel room for 35 consecutive days, the sales tax as provided in RIGL 44-18-18 and hotel taxes as provided in RIGL 44-18-36.1(a) and (b) must be added to the amount charged for the first 30 consecutive days of occupancy. Rental charges for the remaining 5 days will not be taxable. A hotel room occupancy for thirty (30) consecutive days or less (e.g. a day, a week, two weeks, etc.) is subject to sales and hotel tax on the full rental charge.

When a house or room, condominium, or other residential dwelling is rented to an occupant who has a documented arrangement for a rental period greater than thirty (30) consecutive days

or for one month, there is no sales or hotel tax due on the rental charges. In this case the rental is excluded from the definition of “occupancy”.

Example # 2

A college student rents a home for the nine (9) month period September through May. Since the rental period is greater than thirty (30) consecutive days there is no sales or hotel tax due on the rental charges.

Example # 3

A person rents their beach house for a three (3) month period June through August and the occupant has a documented arrangement. Since the rental period is greater than thirty (30) consecutive days there is no sales or hotel tax due on the rental charges.

A person rents their beach house in its entirety for individual two week periods in July and August. Since no rental period exceeds thirty (30) consecutive days, sales tax as provided in RIGL 44-18-18 and the local hotel tax as provided in RIGL 44-18-36.1(b) must be added to the amount charged for each rental period. Since the beach house is rented in its entirety, the hotel tax per RIGL 44-18-36.1(a) does not apply.

A person rents a room in their beach house for individual two week periods in July and August. Since no rental period exceeds thirty (30) consecutive days, sales tax as provided in RIGL 44-18-18 and hotel taxes as provided in RIGL 44-18-36.1(a) and (b) must be added to the amount charged for each rental period. A separately stated charge for a security deposit is not subject to tax.

A person rents their beach house in its entirety for individual two week periods in July and August. The renter has made a down payment of fifty (50) percent in May 2015 with the balance due after July 1, 2015, when the rental period begins. Since the rental agreement was prior to the effective date of July 1, 2015 when certain rentals became taxable, the entire charge for the rental will be deemed to be prior to the effective date, and therefore is not subject to tax.

Example # 4

A person rents a room in their residential house through an online hosting platform. The rentals vary from a weekend to an entire week. Since the definition of a hotel includes residential dwellings and no rental period exceeds thirty (30) consecutive days, both sales tax as provided in RIGL 44-18-18 and hotel taxes as provided in RIGL 44-18-36.1(a) and (b) must be added to the amount charged for each rental period. The hosting platform is required to collect and remit the tax.

A person rents a room in their residential house through an online hosting platform. The rental period is for one month and the occupant has a documented arrangement. This rental is excluded from the definition of “occupancy”, therefore no sales or hotel tax is due on the rental charges.

Example #5

A hotel charges a room reseller \$100 for a room plus sales tax of \$7 and hotel tax of \$6. The room reseller arranges for the transfer of occupancy and charges the occupant \$150 for the room, sales tax of \$10.50 and hotel tax of \$9. The room reseller will calculate sales tax due as follows: \$10.50 collected less \$7 paid to the hotel equals \$3.50 sales tax due. Hotel tax is calculated in the same manner: \$9 collected less \$ \$6 remitted equals \$3 due.

Form RI-8478

Residential Dwelling/Room Rental Tax Return

Name			FEIN/SSN/Permit number		
Address			For the month ending:		
Address 2					
City, town or post office		State	ZIP code	E-mail address	

Calculation of Amount Due:

1 Total occupancy charges from a residential dwelling rented in its entirety for a period of thirty (30) days or less.....	1			
2 Local hotel tax. Multiply line 1 times 1% (0.01)	2			
3 Total occupancy charges from room rentals rented for a period of thirty (30) days or less.....	3			
4 Hotel and local hotel tax. Multiply line 3 times 6% (0.06)	4			
5 TOTAL AMOUNT DUE. Add lines 2 and 4.....	5			

Check this box if you have multiple rental units located in more than one city or town. You must complete the back of this form by entering the amount of tax owed to each city or town in which you have a rental unit.

DEFINITIONS

"Hotel" means any facility offering (a) room(s) for which the public may, for a consideration, obtain transient lodging accommodations. The term "hotel" shall include hotels, motels, tourist homes, tourist camps, lodging houses, and inns. The term "hotel" shall also include houses, condominiums or other residential dwelling units, regardless of the number of rooms, which are used and/or advertised for rent for occupancy. The term "hotel" shall not include schools, hospitals, sanitariums, nursing homes, and chronic care centers.

Hotel tax: There is imposed a hotel tax of five percent (5%) upon the total consideration charged for occupancy of any space furnished by any hotel, travel packages, or room reseller or reseller as defined in § 44-18-7.3(b) in this state. A house, condominium, or other resident dwelling shall be exempt from the five percent (5%) hotel tax under this subsection if the house, condominium, or other resident dwelling is rented in its entirety.

In addition, there is imposed a local hotel tax of one percent (1%) upon the total consideration charged for occupancy of any space furnished by any hotel in this state.

Mail the completed form and payment by the 20th day following the end of the preceding month to:

**RI Division of Taxation
One Capitol Hill
Providence, RI 02908**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, it is true, accurate and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Authorized officer signature	Print name	Date	Telephone number
Paid preparer signature	Print name	Date	Telephone number
Paid preparer address	City, town or post office	State	ZIP code
			PTIN

May the Division of Taxation contact your preparer? YES

Form RI-8478

Residential Dwelling/Room Rental Tax Return

Name	FEIN/SSN/Permit number

CITY OR TOWN	RESIDENTIAL DWELLING RENTAL - 1% TAX	ROOM RENTAL - 6% TAX
Barrington		
Bristol		
Burrillville		
Central Falls		
Charlestown		
Coventry		
Cranston		
Cumberland		
East Greenwich		
East Providence		
Exeter		
Foster		
Glocester		
Hopkinton		
Jamestown		
Johnston		
Lincoln		
Little Compton		
Middletown		
Narragansett		
<i>Newport - Any hotel tax collected for rentals in the city of Newport should be remitted directly to the city of Newport</i>		
New Shoreham		
North Kingstown		
North Providence		
North Smithfield		
Pawtucket		
Portsmouth		
Providence		
Richmond		
Scituate		
Smithfield		
South Kingstown		
Tiverton		
Warren		
Warwick		
Westerly		
West Greenwich		
West Warwick		
Woonsocket		
TOTAL		



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What's new in the Collections section?

- The Collections section now has a centralized phone number and email address:
- (401) 574-8941.
- tax.collections@tax.ri.gov

Self-audit program

A special page of the Tax Division website now focuses only on self-audits. The program is run by Field Audit. If questions, call (401) 574-8962.

How it works:

- A business or individual applies to the Tax Division
- If approved, the taxpayer audits its records for use tax for a 36-month period
- Taxpayer submits self-audit results on time and meets all program rules
- Tax Division waives all penalties, forgives up to two-thirds of the interest, and agrees not to audit taxpayer for the period and tax type involved in the self-audit

(See draft form on next page)

Closing remarks

- Please complete survey
- Drop survey off at front table where you registered
- Receive a Certificate of Completion

State of Rhode Island and Providence Plantations
SELF AUDIT - APP
 Managed Audit Application

Applicant legal name		FEIN/social security number	
Business name (if different from above)			
Physical address		City, town or post office	State ZIP code
Mailing address (include apt., office or unit #, if any)		City, town or post office	State ZIP code
Contact person/authorized representative		Telephone number () -	
Date operations commenced in Rhode Island / /	E-mail address		

Type of business: Individual Corporation Partnership Other (specify) _____

Explain business activity: _____

Ownership Information: Enter the names, titles, social security numbers and residence addresses of principal officers of a corporation or of members, partners, owners, etc.

Name	Title	Social security number	Address	City or Town/State/ZIP

Answer the following questions by circling the appropriate response:

- Do you currently possess a valid Rhode Island sales tax permit? Yes No
- Do you consistently file timely, accurate and paid returns with this state according to Rhode Island Law? Yes No
- What tax types and tax returns does this business file with this state on a monthly, bi-monthly, quarter-monthly, quarterly or annual basis?

- Do you have the time, resources and personnel to complete a managed audit in: (select one) 60 days 90 days 120 days
- Is the source documentation such as chart of accounts, depreciation schedules, federal and state returns, purchase journals with invoices, and other pertinent documentation readily available and accessible for all periods of the audit? Yes No
- Has your business or any related company, filed for bankruptcy within the last ten years? Yes No
- Have you ever received a declaratory ruling or any type of written ruling from the Division of Taxation or its representatives? Yes No
If yes, have you complied? Yes No
- Has the Division of Taxation performed any type of audit on this entity or any other related entity in the last five years? Yes No
- Are you prepared to remit full payment of tax and any interest assessed at the time of completion? Yes No

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, accurate and complete.

Authorized signature	Print name	Title	Date
Applicant signature	Print name	Date	Telephone number

Mail to RI Division of Taxation - Field Audit Section - One Capitol Hill - Providence, RI 02908
 For any questions, call (401) 574-8962