

STATE OF RHODE ISLAND - DIVISION OF TAXATION
RESIDENT BUSINESS OWNER MODIFICATION

Business owner's full name Social Security #
Domicile address - number and street Spouse S.S. #
Domicile address - city, state and zip Years at this domicile
Cert. Business Address - number and street Cert. Business F.E.I #
Cert. Business Address - city, state, zip Years Business Certified

1. Taxpayer owns _____% of the certified business listed above.
2. Taxpayer operates the certified business as evidenced by his/her performance of the following day to day activities: _____

3. This is the (circle one) 1st 2nd 3rd 4th 5th year of the certified business' operation in the Enterprise Zone.

Calculation of modification:

- A. Year of operation circled above: _____
B. Enter base modification - Years 1 to 3 = \$50,000
Years 4 and 5 \$25,000 \$ _____
C. Enter % from Line 1 above _____
D. Multiply Line B by Line C and enter result here
and on other modifications line for modifications
decreasing Federal AGI of the Rhode Island 1040. _____

I, _____, certify under penalties of perjury that, as part of the claim for modification, my domicile is the address given above; that I am a domiciliary in the same Rhode Island Enterprise Zone as the certified business listed above of which I am an (the) owner; that I actively operate the certified business in the manner described above in its day-to-day activities; and that I agree to furnish, upon the Division's request, all necessary documents sufficient to prove my domicile and the above statements.

Signature of taxpayer/resident business owner Date

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General: In computing his or her annual tax liability only under chapters 30 of title 44 (or in the event of a shareholder in a Subchapter S corporation which is a qualified business), a domiciliary of an enterprise zone who owns and operates a qualified business facility in that zone may deduct \$50,000 per year as a modification reducing federal adjusted gross income during the first 3 years of operation within the zone and he or she may deduct \$25,000 per year as a modification reducing federal adjusted gross income during the fourth and fifth years of operation within the zone.

For Rhode Island personal income tax purposes, domicile is found to be a place an individual regards as his or her permanent home - the place to which he or she intends to return after a period of absence. A domicile, once established, continues until a new, fixed and permanent home is acquired. No change of domicile results from moving to a new location if the intention is to remain only for a limited time even if it is for a relatively long duration. A person may have several residences but a person only has one domicile. A person asserting a change in domicile must show: a) an intent to abandon the former domicile; b) an intent to acquire a new domicile; and c) actual physical presence in the new domicile.

Some factors *indicating [but not solely determinative of]* a person's domicile include, but are not limited to, where one votes; where one has his driver's license; where one's children attend school; the address given for important correspondence (e.g. from which federal and state income tax returns were filed; the address given to obtain credit cards; the address given to one's employer for personnel, withholding, insurance or employee benefit purposes; the address given to financial institutions for account purposes, to insurance companies, to local property tax collectors (for notification purposes in RI communities where one owns taxable property), or given to federal or state agencies with which one has routine contact.

"Qualified business" or "business facility" means business corporation, sole proprietorship, or partnership which after the effective date of zone designation pursuant to section 42-64.3.4 creates new or additional jobs and meets certain requirements as set forth by the Council and has received certification and annual recertification from the Council pursuant to the rules and regulations promulgated by the Enterprise Zone Council.

Limitations and Documentation:

Any modification shall not be available in taxable years other than the year in which the taxpayer qualifies for tax modification. In the case of multiple business owners, the modifications shall be apportioned according to the ownership interests of the domiciliary owners of the qualified business. Amounts of unused modification may be carried forward to any other tax year. **A TAXPAYER WHO ELECTS THIS MODIFICATION WILL NOT BE ELIGIBLE FOR THE ENTERPRISE ZONE BUSINESS TAX CREDIT.**

An individual claiming this modification must acquire and attach to the Rhode Island tax return (in which this modification is being claimed) a photocopy of the certification given the qualified business by the Enterprise Zone Council and compete and sign this form (RI-ZN03) under penalties of perjury. In the case of multiple business owners, the individual resident business owners must attach schedule showing how the modification was apportioned only to those owners who were also domiciled in the same enterprise zone as the qualified business.