2009 INSTRUCTIONS FOR FILING RI-1040

GENERAL INSTRUCTIONS

This booklet contains returns and instructions for filing the 2009 Rhode Island Resident Individual Income Tax Return. Read the instructions in this booklet carefully. For your convenience we have provided "line by line instructions" which will aid you in completing your return. Please print or type so that it will be legible. Check the accuracy of your name(s), address and social security number(s).

Most resident taxpayers will only need to complete the first two pages of Form RI-1040. Those taxpayers claiming modifications to federal adjusted gross income must complete RI Schedule I. Taxpayers claiming a credit for income taxes paid to another state must complete page 2, schedule III.

Nonresidents and part-year residents will file their Rhode Island Individual Income Tax Returns on Form RI-1040NR.

Complete your 2009 Federal Income Tax Return first.

It is the basis for preparing your Rhode Island income tax return. In general, the Rhode Island income tax is based on your federal taxable income.

Accuracy and attention to detail in completing the return in accordance with these instructions will facilitate the processing of your tax return. You may find the following points helpful in preparing your Rhode Island Income Tax Return.

WHO MUST FILE A RETURN

RESIDENT INDIVIDUALS – Every resident individual of Rhode Island required to file a federal income tax return must file a Rhode Island individual income tax return (RI-1040 or RI-1040S).

A resident individual who is not required to file a federal income tax return may be required to file a Rhode Island income tax return if his/her income for the taxable year is in excess of the sum of his/her federal personal exemptions.

"Resident" means an individual who is domiciled in the State of Rhode Island or an individual who maintains a permanent place of abode in Rhode Island and spends more than 183 days of the year in Rhode Island.

For purposes of the above definition, 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. For a married couple, normally both individuals have the same domicile.

Any person asserting a change in domicile must show:

(1) an intent to abandon the former domicile,
(2) an intent to acquire a new domicile and
(3) actual physical presence in a new domicile.

JOINT AND SEPARATE RETURNS

JOINT RETURNS: Generally, if a husband and wife file a joint federal income tax return, they also must file a joint Rhode Island income tax return. However, if either the husband or the wife is a resident and the other is a non-resident, they must file separate returns, unless they elect to file a joint return as if both were residents of Rhode Island. If the resident spouse files separately in RI and a joint federal return is filed for both spouses, the resident spouse must compute income, exemptions and tax as if a separate federal return had been filed.

If neither spouse is required to file a federal income tax return and either or both are required to file a Rhode Island income tax return, they may elect to file a joint Rhode Island income tax return.

Individuals filing joint Rhode Island income tax returns are both equally liable to pay the tax. They incur what is known as "joint and several liability" for Rhode Island income tax.

SEPARATE RETURNS: Individuals filing separate federal income tax returns must file separate Rhode Island income tax returns.

MILITARY PERSONNEL

Under the provisions of the Soldiers and Sailors Civil Relief Act, the service pay of members of the armed forces can only be subject to income tax by the state of which they are legal residents. Place of legal residence at the time of entry into the service is normally presumed to be the legal state of residence and remains so until legal residence in another state is established and service records are changed accordingly. The Rhode Island income tax is imposed on all the federal taxable income of a resident who is a member of the armed forces, regardless of where such income is received.

Military pay received by a nonresident service person stationed in Rhode Island is not subject to Rhode Island income tax. This does not apply to other income derived from Rhode Island sources, e.g., if the service person holds a separate job, not connected with his or her military service, income received from that job is subject to Rhode Island income tax. Income derived from Rhode Island sources by the service person's spouse is subject to Rhode Island income tax.

Internal Revenue Code provisions governing armed forces pay while serving in a "combat zone" or in an area under conditions that qualify for Hostile Fire Pay are applicable for Rhode Island purposes.

DECEASED TAXPAYERS

If the taxpayer died before filing a return for 2009, the taxpayer's spouse or personal representative must file and sign a return for the person who died if the deceased was required to file a return. A personal representative can be an executor, administrator or anyone who is in charge of the taxpayer's property.

The person who files the return should write "deceased" after the deceased's name and show the date of death in the name and address space on the return.

If you are claiming a refund as a surviving spouse filing a joint return with the deceased, no other form is needed to have the refund issued to you. However, all other filers requesting a refund due the deceased, must file Form RI-1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, to claim the refund.

If you are filing a RI-1040H, 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. 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.

WHERE AND WHEN TO FILE

Mail your return no later than April 15, 2010 to:

STATE OF RHODE ISLAND
Division of Taxation
One Capitol Hill
Providence, RI 02908 – 5806

EXTENSION OF TIME

Any extension of time granted for filing an individual income tax return shall not operate to extend the time for the payment of any tax due on such return.

In General -

(1) An individual who is required to file a Rhode Island income tax return shall be allowed an automatic six month extension of time to file such return.

(2) An application must be prepared in duplicate on form RI-4868.

(3) The original of the application must be filed on or before the date prescribed for the filing of the return of the individual with the Rhode Island Division of Taxation.

(4) Such application for extension must show the full amount properly estimated as tax for such taxpayer for such taxable year, and such application must be accompanied by the full remittance of the amount properly estimated as tax which is unpaid as of the date prescribed for the filing of the return.

NOTE: If no payment is required to be made with your Rhode Island extension form and you are filing a federal extension form for the same period of time, then **you do not need to submit the Rhode Island form.** Attach a copy of the Federal Form 4868 or the electronic acknowledgement you receive from the IRS to your Rhode Island individual income tax return at the time it is submitted.

WHERE TO GET FORMS

As far as practical, tax forms and instructions are mailed directly to taxpayers. Additional forms may be obtained from:

The website http://www.tax.ri.gov
The Division of Taxation (401) 574-8970

MISSING OR INCORRECT FORM W-2

This is the form furnished to you by your employer, which shows the amount of your income tax withheld by them, and a copy of it must accompany your Rhode Island income tax return if you are to receive credit for such withheld tax. Only your employer can issue or correct this form. If you have not received a Form W-2 from your employer by February 15, 2010 or if the form which you have received is incorrect, contact your employer as soon as possible.

ROUNDING OFF TO WHOLE DOLLARS

The money items on your return and schedules may be shown in whole dollars. This means that you may eliminate any amount less than 50 cents and increase any amount from 50 cents to 99 cents to the next higher dollar.

CHANGES IN YOUR FEDERAL TAXABLE INCOME OR FEDERAL TAX LIABILITY

You must report to the Rhode Island Division of Taxation any change or correction in federal taxable income or federal tax liability as reported on your federal income tax return, whether resulting from the filing of an amended federal return or oth-

DRAFT 10/19/2009

erwise. Such report must be made within 90 days after filing an amended federal return or final determination of such change by the Internal Revenue Service. Use Form RI-1040X to report any changes.

RHODE ISLAND LOTTERY PRIZES

Winnings and prizes received from the Rhode Island Lottery are taxable under the Rhode Island personal income tax law and are includable in the income of both residents and nonresidents alike.

SIGNATURE

You must sign your Rhode Island income tax return and both husband and wife must sign their joint return. An unsigned return cannot be processed.

Any paid preparer who prepares a taxpayer's return must also sign as "preparer". If a firm or corporation prepares the return, it should be signed in the name of the firm or corporation.

If you wish to allow the Tax Division to contact your paid preparer should questions arise about your return, check the appropriate box above the preparer's name.

Don't need forms mailed to you next year? Taxpayers who pay someone else to prepare their returns probably do not need a booklet mailed to them each year. If you do not need a booklet mailed to you next year, check the box below the signature line. Telling us that you do not need a booklet next year will help us to reduce printing and mailing costs.

PAYMENTS OR REFUNDS

Any **PAYMENT** of tax liability shown on your return to be due the State of Rhode Island must be paid in full with your return. Complete and submit Form RI-1040V with your payment. Make check or money order payable to the Rhode Island Division of Taxation and send them with your return to:

The Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908-5806

An amount due of less than one dollar ($1) need not be paid.

A **REFUND** will be made if an overpayment of income tax is shown on your return, unless you indicate on your return that such overpayment is to be credited to your estimated tax liability for 2010. No other application for refund is necessary. Please note that no refund can be made unless your return is properly signed. Refunds of less than $1.00 will not be paid unless specifically requested.

ESTIMATED INCOME TAX

If a taxpayer can reasonably expect to owe more than $250 after allowing for withholding tax and/or credits, he or she must make estimated tax payments. Estimated tax payments are made on Form RI-1040ES that has instructions for computing the estimated tax and making payments.

NET OPERATING LOSS DEDUCTIONS

The Rhode Island Personal Income Tax law relating to Net Operating Loss deduction (NOL) has been amended by enactment of RIGL §44-30-2.8 and RIGL §44-30-87.1

Under the provisions of RIGL §44-30-2.8, the five (5) year carry back provision for years ending in 2001 and 2002 provided by the Job Creation and Worker Assistance Act of 2002 (P.L.107-147) for federal tax purposes shall not be allowed for Rhode Island tax purposes.

If a taxpayer has already filed a return claiming a five (5) year carry back, he/she must file a Rhode Island amended return on form RI-1040X.

Under the provisions of RIGL §44-30-87.1, for losses incurred for taxable years beginning on or after January 1, 2002, an NOL deduction may not be carried back for Rhode Island personal income tax purposes, but will only be allowed as a carry forward for the number of succeeding years as provided in IRS §172. A carry forward can only be used on the Rhode Island return to the extent that the carry forward is used on the federal return.

Should you have any questions regarding this matter, please call the Personal Income Tax Section at (401) 574-8829, option #3.

BONUS DEPRECIATION

A bill passed disallowing the new federal bonus depreciation for Rhode Island tax purposes. When filing a Rhode Island tax return any bonus depreciation taken for federal purposes must be added back to income as a modification on RI Schedule I, line 23D for Rhode Island purposes. In subsequent years, when federal depreciation is less than what previously would have been allowed, the difference may be deducted from income as a modification on RI Schedule I, line 24I for Rhode Island purposes.

A separate schedule of depreciation must be kept for Rhode Island purposes. The gain or loss on the sale or other disposition of the asset is to be determined, for Rhode Island purposes, using the Rhode Island depreciation schedule.

EXAMPLE: A company bought equipment after September 11, 2001 that cost $10,000 and had a 10 year life and qualified for 30% bonus depreciation. Depreciation for federal purposes in the first year was $3,700 (30% X $10,000) + (10% x 7,000). Normal depreciation in the first year would have been $1,000. The Company should add back on RI Schedule I, line 23D the amount of $2,700 ($3,700 - $1,000). In subsequent years the company should deduct $300 ($1000 - $700) each year while depreciation lasts. The deduction should be on RI Schedule I, line 24I .

If a taxpayer has already filed a return, a form RI-1040X should be filed. Questions on this procedure should be addressed by calling the Personal Income Tax Section at (401) 574-8829, option #3.

SECTION 179 DEPRECIATION

Rhode Island passed a bill disallowing the increase in the Section 179 depreciation under the Jobs & Growth Tax Relief Reconciliation Act of 2003. Section 179 depreciation will remain limited to $25,000 for Rhode Island income tax purposes. When filing your Rhode Island tax return any additional Section 179 depreciation taken must be added back to federal adjusted gross income as a modification on RI Schedule I, line 23E. In subsequent years, when federal depreciation is less than what previously would have been allowed, the difference may be deducted from federal adjusted income as a modification RI-1040, schedule I, line 24J.

A separate schedule of depreciation must be kept for Rhode Island purposes. The gain or loss on the sale or other disposition of the asset is to be determined, for Rhode Island purposes, using the Rhode Island depreciation schedule.

FAMILY EDUCATION ACCOUNTS

(Tuition Savings Program – Section 529)

A modification decreasing federal adjusted gross income may be claimed for contributions made to a Rhode Island "qualified tuition program" under section 529 of the Internal Revenue Code, 26 U.S.C. §529. The maximum modification shall not exceed $500, $1,000 if a joint return, regardless of the number of accounts. Taxpayers should claim the modification on Schedule I, line 24F.

If the funds are rolled over to a Tuition Savings Plan of another state or are an unqualified withdrawal, recapture is required.

Taxpayers may also take a modification decreasing federal adjusted gross income in the amount of any qualified withdrawal or distribution from the "Tuition Saving Program" which is included in federal adjusted gross income. Taxpayers should claim the modification on Schedule I, line 24F.

RHODE ISLAND TAX CREDITS

Rhode Island law provides special Rhode Island tax credits which may be applied against the Rhode Island income tax. Before claiming any credits, taxpayers should refer to the Rhode Island law and/or regulations for specific requirements for each credit such as carry over provisions and the order in which the credits must be used. Taxpayers claiming credits must attach RI schedule CR and the proper form(s) and other documentation to the return; failure to do so will result in disallowance of the credit. A list of credits is available on RI Schedule CR.

INTEREST

Any tax not paid when due, including failure to pay adequate estimated tax, is subject to interest at the rates of 18% (.18).

Interest on refunds of tax overpayments will be paid if the refund is not paid within 90 days of the due date or the date the completed return was filed, whichever is later. The interest rate for tax overpayments is 3.25% (.0325).

PENALTIES

The law provides for penalties in the following circumstances:

- Failure to file an income tax return.
- Failure to pay any tax due on or before the due date.
- Preparing or filing a fraudulent income tax return.

USE OF FEDERAL INCOME TAX INFORMATION

All amounts reported from the Federal Forms 1040, 1040A, 1040EZ, 1040NR and 1040NR-EZ as well as those reported on Form RI-1040 are subject to verification and audit by the Rhode Island Division of Taxation.

The Rhode Island Division of Taxation and the Internal Revenue Service exchange income tax information to verify the accuracy of the information reported on Federal and Rhode Island income tax returns.

OTHER QUESTIONS

Obviously the foregoing general instructions and the specific instructions for completing the return form(s) which follow will not answer all questions that may arise. If you have any doubt regarding completion of your return, further assistance may be obtained at the Division of Taxation, One Capitol Hill, Providence RI 02908-5801 or by calling Taxpayer Assistance at (401) 574-8829 and selecting option #3.

DRAFT 10/20/2009

LINE INSTRUCTIONS

NAME AND ADDRESS

If the name or address shown on the return is incorrect, print or type any necessary correction on the return. If you did not receive the booklet and pre-addressed return, please complete the identification portion of the return, including the city or town of legal residence.

ELECTORAL SYSTEM CONTRIBUTION

You may designate a contribution of five dollars ($5) or ten dollars ($10) if married and filing a joint return, to the account for the public financing of the electoral system. The first two dollars ($2) or four dollars ($4) if married and filing a joint return, up to a total of two hundred thousand dollars ($200,000) collectively for all parties and the nonpartisan account, shall be allocated only to political parties which at the preceding general election, nominated a candidate for governor and such candidate polled at least 5 percent of the entire vote cast in the state for governor. The remaining funds shall be allocated for the public financing of campaigns for governor.

An electoral system contribution will **NOT** increase your tax due or reduce your refund.

DESIGNATION OF POLITICAL PARTY

If you don't name a political party, your contribution will by credited to the nonpartisan general account or you can check the box and designate a political party. If you designate:

(1) a political party which did not receive at least 5 percent of the entire vote for Governor in the preceding general election,
(2) a non-existent political party,
(3) a particular office,
(4) an individual officeholder or political figure or
(5) a national party which is not a state party,

your electoral system contribution will be credited to the nonpartisan general account.

If you designate more than one political party, your contribution will be credited to the first political party named.

FILING STATUS

Check the appropriate box to indicate your filing status. Generally your filing status for Rhode Island income tax purposes is the same as for Federal income tax purposes.

Line 1 – Federal Adjusted Gross Income: Enter your federal adjusted gross income from Federal Form 1040, line 37; 1040A, line 21 or 1040EZ, line 4.

Line 2 – Modifications: Enter your net modifications from RI Schedule I, line 25. If you are claiming a modification, you must attach RI Schedule I to your return.

Line 3 – Modified Federal Adjusted Gross Income: Determine your modified federal adjusted gross income by combining the amount on line 1 with the amount on line 2.

Line 4 – Deductions: Enter your RI standard deduction or amount from Federal Schedule A, line 29, whichever is greater.

Single	$5,700
Married Joint	$9,500
Qualifying Widow(er)	$9,500
Married Separate	$4,750
Head of Household	$8,350

If you or your spouse were age 65 or older (born **BEFORE** 01/02/1945) or blind at the end of 2009, see the RI Standard Deduction Schedule A on page 4 to determine the amount of your standard deduction. If you use the Schedule to determine the amount of your standard deduction, check the box to the left of line 4 and attach the Standard Deduction Schedule to your RI-1040.

If someone else can claim you on their return, you must complete the RI Standard Deduction Schedule B to determine the amount of your standard deduction. If you use the Schedule to determine the amount of your standard deduction, check the box to the left of line 4 and attach the Standard Deduction Schedule to your RI-1040.

NOTE: If you itemize your deductions and line 3 is more than $166,800 ($83,400 if married filing separate), you need to recalculate your itemized deductions based on your modified federal adjusted gross income. Complete the RI Itemized Deduction Schedule on page 4. If you use the Schedule to determine the amount of your standard deduction, you must attach the schedule to your RI-1040.

NOTE: If you are filing married filing joint or married filing separate, you may itemize your deductions on your RI return even if you do not itemize on your federal return. Calculate your itemized deductions on your Federal Schedule A. Compare the amount to your RI standard deduction and enter the larger amount.

Line 5 - Subtract line 4 from line 3.

Number of Exemptions: Enter the number of exemptions from Federal Form 1040, line 6d or 1040A, line 6d in the box on line 6. If you are filing a Federal 1040EZ, enter the amount from the chart below in the box on line 6.

Amount on Federal 1040EZ, line 5	Enter in box on RI-1040, line 6
Less than 5,700	0
5,700	0
9,350	1
11,400	0
15,050	1
18,700	2

Line 6 – Exemption Amount: Multiply the number of exemptions in the box by $3,650.
However, if line 3 is more than $125,100, see RI Worksheet Schedule to compute your exemption amount.

Line 7 – Rhode Island Taxable Income: Subtract line 6 from line 5.

Line 8A – Rhode Island Income Tax: Enter the RI income tax from the RI Tax Table or Computation Worksheet, RI Schedule CGW, RI Schedule D, RI Schedule J or RI-8615. Check the box to indicate the method used to calculate the RI income tax. Check only one box.

Line 8B – Other RI Taxes: Enter the amount from RI Schedule OT, page 3, line 14. Use this line to report any tax from lump-sum distributions, parents' election to report child's interest and dividends, recapture of federal tax credits and miscellaneous federal taxes.

RI-8615 is only for children under 18 with investment income. Full-time students at least age 18, but under age 24 must complete a Federal Form 1040 without using Federal Form 8615.

Line 9 – Rhode Island Alternative Minimum Tax: If you are reporting an alternative minimum tax on your federal income tax return, you must complete Form RI-6251 and enter the amount from RI-6251, line 6 on Form RI-1040, page 1, line 9. Attach a copy of Form RI-6251 to your RI-1040.

NOTE: If you have claimed modifications to federal adjusted gross income on line 2, you must recalculate your federal alternative minimum tax based on your modified federal adjusted gross income. If you did not report a federal alternative minimum tax, but a federal alternative minimum tax would be required based on your modified federal adjusted gross income, you must calculate a federal alternative minimum tax based on your modified federal adjusted gross income for Rhode Island purposes and complete RI-6251.

Line 10 – Total Rhode Island Income Tax: Add lines 8A, 8B and 9.

Line 11A – Rhode Island Percentage of Allowable Federal Credits: Enter the amount of allowable federal credits from page 2, schedule II, line 34.

Line 11B – Other Rhode Island Credits: Enter amount of other Rhode Island credits from RI Schedule CR, line 25. Attach RI Schedule CR and a copy of the appropriate credit form and/or certificate to your RI-1040.

Line 11C - Credit for Taxes Paid to Other States: Enter amount of credit for taxes paid to other states from page 2, schedule III, line 41. If credit is claimed for taxes paid to more than one state, make a separate calculation of each state on Form RI-1040MU. This form can be obtained on our website, www.tax.ri.gov or by contacting the RI Division of Taxation at (401) 574-8970.
NOTE: You must attach a signed copy of each state return for which you are claiming credit. Failure to attach copies could result in the credit being disallowed.

Line 12 – Total Rhode Island Credits: Add lines 11A, 11B and 11C.

Line 13 – Rhode Island Tax after Credits: Subtract line 12 from line 10 (If zero or less, enter zero).

Line 14 – Alternative Flat Tax: Enter the amount of Rhode Island Alternative Flat Tax from page 3, RI Schedule FT, line 26.

Line 15 – Rhode Island Tax: Enter the **SMALLER** of your RI tax on line 13 or your RI Alternative Flat Tax on line 14. If your tax is calculated using the Alternative Flat Tax method on Schedule FT, you must check the box on line 15.

Line 16 – Rhode Island Checkoff Contributions: Enter the amount of checkoff contributions from page 3, schedule IV, line 8. A list of the checkoff contributions are contained later in these instructions. These checkoff contributions will increase your tax due or reduce your refund.

Line 17 – Total Rhode Island Tax and Checkoff Contributions: Add lines 15, 16 and any Use/Sales Tax from line 6 on the worksheet. Also, enter the amount of Use/Sales tax in the space provided on line 17.

WHAT IS A USE TAX? A Use Tax is a tax on the use of tangible personal property in a state where

DRAFT 10/19/2009

the property has not been subject to the sales tax. Rhode Island Use Tax applies when merchandise purchased outside of Rhode Island is brought into Rhode Island. Sales and use taxes are complementary taxes and are assessed at the same rate. In Rhode Island the sales and use tax rate is 7%. The Rhode Island Use Tax is most often due when merchandise subject to the sales tax in Rhode Island is purchased from an out-of-state vendor who did not collect the Rhode Island tax and the property is subsequently used in this state. Common examples of transactions from which use tax liability may arise are mail order catalog sales and toll-free "800" purchases and purchases made over the internet.

WHAT IS TAXABLE? The same items that are subject to the Rhode Island Sales Tax are subject to the use tax. Some typical examples of taxable items are jewelry, computers and electronic equipment. Clothing and footwear are not taxable.

HOW DO I FILE AND PAY? To report use tax, please complete the Rhode Island Individual Consumer's Use/Sales Tax worksheet.

Line 18A – Rhode Island Income Tax Withheld: Enter total amount of Rhode Island 2009 income tax withheld. (Attach state copy of all forms W-2, 1099s, etc. to the front of the return) Credit for Rhode Island income tax withheld will be allowed only for those amounts supported by attached W-2s, 1099s, etc.

NOTE: You can not claim Rhode Island Temporary Disability Insurance payments (RI TDI or SDI) as income tax withheld. These amounts are non refundable on RI-1040.

Line 18B – 2009 Estimated Payments and Amount Applied from 2008 Return: Enter the amount of estimated payments on 2009 Form RI-1040ES and the amount applied from your 2008 return.

Line 18C – Property Tax Relief Credit: Enter the amount of allowable property tax relief credit from Form RI-1040H line 15 or 22, whichever is applicable. If you are filing a Rhode Island Form RI-1040, attach a copy of form RI-1040H to the front of your RI-1040. However, if you are not required to file a form RI-1040, you may file a Form RI-1040H separately to claim your property tax relief credit. Property tax relief claims must be filed no later than April 15, 2010.

Line 18D – RI Earned Income Credit: Enter amount from RI Schedule EIC, page 2, line 50. If you are claiming a RI earned income credit you must attach RI Schedule EIC to your RI-1040.

Line 18E - RI Residential Lead Paint Credit: Enter the amount from RI-6238, line 7. RI Residential Lead Paint Credit must be filed no later than **April 15, 2010.** You must attach a copy of RI-6238 to your RI-1040. However, if you are not required to file a Form RI-1040, you may file a Form RI-6238 separately to claim your RI Residential Lead Paint Credit.

If you calculated your RI tax using the Alternative Flat Tax method, you can not claim the Residential Lead Paint Credit.

Line 18F – Other Payments: Enter any other payments, including pass-through withholding paid on your behalf from form RI 1099-PT, box 8 (attach Form RI 1099-PT to your return) and any advance payments made with your application for an automatic extension of time to file (Form RI-4868). Attach a copy of Form RI-4868 to your return and check the box on RI-1040, page 1 to the right of line 18.

Line 18G – Total Payments and Credits: Add lines 18A, 18B, 18C, 18D, 18E and 18F.

Line 19 – Balance Due: If the amount on line 17 is greater than the amount of line 18G, **SUBTRACT** line 18G from line 17 and enter the balance due on line 19. This is the amount you owe. This amount is payable in full with your return. Complete Form RI-1040V. Send payment and Form RI-1040V with your return. An amount due of less than one dollar ($1) need not be paid.

If you owe underestimating interest, complete Form RI-2210 or Form RI-2210A. Indicate the amount of interest due from RI-2210, line 12 or line 22 or form RI-2210A, line 12 in the space provided on line 19. Add the interest to the amount due, enter the total on line 19 and include the total amount due with your return.

Line 20 – Overpayment: If the amount on line 18G is greater than the amount on line 17 then **SUBTRACT** line 17 from line 18G and enter the overpayment on line 20.

Line 21 – Refund: Enter the amount of the overpayment on line 20 that is to be refunded. Refunds of less than $1.00 will not be paid unless specifically requested.

Line 22 - Overpayment to be applied to 2010: Enter the amount of overpayment on line 20, which is to be applied to your 2010 estimated tax. (See General Instructions)

RI SCHEDULE I MODIFICATIONS TO FEDERAL ADJUSTED GROSS INCOME

A complete list of modifications is available on RI Schedule I. You must attach all supporting schedules to any modification claimed. If supporting documents are not attached, the processing of your return will be delayed.

Modifications INCREASING Federal AGI:

Line 23A – Enter income from obligations of any state or its political subdivision, other than Rhode Island under RIGL §44-30-12(1) and §44-30-12(2).

Line 23B – Rhode Island fiduciary adjustment as beneficiary of an estate or trust under §44-30-17.

Line 23C – Recapture of Family Education Account Modifications under RIGL §44-30-25(g).

Line 23D – Bonus depreciation that has been taken for federal purposes that must be added back to Rhode Island income under RIGL §44-61-1 (See general instructions for more details).

Line 23E – Increased Section 179 depreciation that has been taken for federal purposes that must be added back to Rhode Island income under RIGL §44-61-1.1 (See general instructions for more details).

Line 23F – Recapture of Tuition Savings Program modifications (section 529 accounts) under RIGL §44-30-12(4) (See general instructions for more details).

Line 23G – Recapture of Historic Tax Credit or Motion Picture Production Company Tax Credit modifications decreasing Federal AGI previously claimed under RIGL §44-33.2-3(2) and RIGL §44-31.2-9, respectively.

Line 23H – Recapture of Scituate Medical Savings Account modifications under RIGL §44-30-25.1(d)(3)(i).

Line 23I - Unemployment compensation received but not included in federal adjusted gross income under RIGL §44-30-12(b)(6). Amount not included on Federal 1040 Line 19, 1040A Line 13 and 1040NR Line 20.

Line 23J - Deduction allowed for sales tax paid on a qualified motor vehicle purchase as defined by IRC section 164(a)(6) under RIGL §44-30-12(b)(7).

Line 23K - Income from the discharge of indebtedness deferred under the American Recovery and Reinvestment Act of 2009 under §44-67-1.

Line 23L – Total Modifications Increasing Federal Adjusted Gross Income: Add lines 23A through 23K.

Modifications Decreasing Federal AGI:

Line 24A – Enter income from obligations of the United States Government to the extent included in adjusted gross income for federal tax purposes but exempt for state purposes. Example – US Government Series E bond interest. Taxpayers claiming these modifications must submit a schedule showing the source and amount of income claimed to be exempt.

Line 24B – Rhode Island fiduciary adjustment as beneficiary of an estate or trust under RIGL §44-30-17.

Line 24C – Elective deduction for new research and development facilities under RIGL §44-32-1 (Attach form RI-1040RD).

Line 24D – Railroad Retirement benefits included in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States.

Line 24E – Qualifying investment in a certified venture capital partnership under RIGL §44-43-2.

Line 24F – Family Education Accounts under RIGL §44-30-25 – Enter amount of modification decreasing federal AGI from RI-1040FEA.

Line 24G – Tuition Saving Program (section 529 accounts) RIGL §44-30-12 - A modification decreasing federal adjusted gross income may be claimed for any contributions made to a Rhode Island account under the tuition savings program. The maximum modification shall not exceed $500, $1,000 if a joint return. (See general instructions for more details).

Line 24H – Exemptions from tax on profit or gain for writers, composers and artists residing within a section of the defined Economic Development Zone as defined in RIGL §44-30-1.1 within the cities of Newport, Providence, Pawtucket, Woonsocket or Warwick, or the Towns of Little Compton, Tiverton, Warren or Westerly and creating artistic works while a resident of the Zone. Taxpayers claiming these modifications must submit a schedule showing the source and amount of income claimed to be exempt.

Line 24I – Depreciation that has not been taken for

DRAFT 10/10/2009

federal purposes because of the bonus depreciation that must be subtracted from Rhode Island income - RIGL §44-61-1. (See general instructions for more details)

Line 24J – Depreciation that has not been taken for federal purposes because of the increased section 179 depreciation was not taken originally - RIGL §44-61-1.1. (See general instructions for more details).

Line 24K – Allowable modification for performance based compensation realized by an eligible employee under the Rhode Island Jobs Growth Act under RIGL §42-64.11-4.

Line 24L – Modification for exclusion for qualifying option under RIGL §44-39.3 AND modification for exclusion for qualifying securities or investments under RIGL §44-43-8.

Line 24M – Modification for Tax Incentives for Employers under RIGL §44-55-4.1.

Line 24N – Interest on indebtedness incurred or continued to purchase or carry obligations or securities the income of which is exempt from Rhode Island personal income tax, to the extent that such interest has been deducted in determining federal adjusted gross income under RIGL §44-30-12(c)(1)

Line 24O – Historic Tax Credit income or Motion Picture Production Company Tax Credit income reported on Federal return that is tax exempt under RIGL §44-33.2-3(2) and RIGL §44-31.2-9(c), respectively.

Line 24P – Active duty military pay of Nonresidents stationed in Rhode Island.

Line 24Q – Contributions to a Scituate Medical Savings Account deemed taxable under the Internal Revenue Code, but tax exempt under RIGL §44-30-25.1(d)(3)(i).

Line 24R - Amounts of insurance benefits for dependents and domestic partners included in Federal adjusted gross income pursuant to chapter 12 under title 36 under §44-30-12(c)(6).

Line 24S - Income from the discharge of business indebtedness deferred under the American Recovery and Reinvestment Act of 2009 under §44-67-1. When claimed as income on a federal tax return, this income may be reported as a decreasing modification to federal adjusted gross income to the extent it was previously included as Rhode Island income.
Not to be used for tax year 2009.

Line 24T – Total Modifications Decreasing Federal Adjusted Gross Income: Add lines 24A through 24S. Enter as a negative number.

Line 25 – Modifications to Federal Adjusted Gross income: Enter the amount from line 25 on RI-1040, page 1, line 2.

RI SCHEDULE CR
OTHER RI CREDITS

This credit schedule details "Other Rhode Island Credit(s)" being used on your RI-1040. Each Rhode Island credit has its own line. On the appropriate line, enter the dollar amount of the credit being taken. The total of all credits will be entered on page 1, line 11B.

Proper documentation must be submitted for each credit you are using or carrying forward.

If you are using amounts carried forward from prior years, attach a schedule showing the year of credit origination and any amounts used to date.

If you are using amounts passed through to you, attach documentation supporting the credit given to the entity, as well as, documentation of your share of the credit(s). Any missing or incomplete documentation may cause a delay in processing your return.

Line 1 - Investment Tax Credit - RI-3468 – for manufacturing and other property. Proper documentation must be attached to your return. **If using a 10% ITC, the 10% Certification letter from the Department of Labor and Training must be included with your documentation.** RIGL §44-31

Line 2 - Residential Renewable Energy System Tax Credit - RI-2880 - for specific types of residential systems approved by the RI energy office. **Credit letter, application form and approval form from the RI Office of Energy Resources must be attached.** Unused amounts **CANNOT** be carried forward to future years. RIGL §44-57

Line 3 - Adult Education Credit - RI-6324 - for employers offering specific types of adult education. RIGL §44-46

Line 4 - Surviving Spouse - RI-SP01 - Full year Rhode Island residents only. Attach Form SP-01. RIGL §44-30-26

Line 5 - Jobs Training Tax Credit - RI-2949 - for training specifically approved by the RI Human Resource Investment Council. RIGL §42-64.6

Line 6 - Historic Residence Credit - RI-0715 – for approved residence rehabilitation. RIGL §44-33.1 - Credit is 20% of certified maintenance or rehabilitation costs with a maximum credit of $2,000.00. You must attach certification from The Historical Preservation & Heritage Commission. Any unused credit may be carried forward until used.

Line 7 - Research and Development Property Credit - RI-7695P– for property in laboratory or experimental research. RIGL §44-32-2 - Credit is 10% of cost or basis of property. Any unused credit may be carried forward for 7 years. A modification under 44-32-1 may not be claimed for property used in this credit.

Line 8 - Research and Development Expense Credit - RI-7695E – for federally defined excess RI expenses in laboratory or experimental research. RIGL §44-32-3 - Credit is 22.5% of qualified credit on first $25,000 and 16.9% of the credit above $25,000. This credit cannot reduce your tax by more than 50%. Any unused credit may be carried forward for 7 years.

Line 9 - Daycare Assistance and Development Credit - RI-2441 – for employers and others providing daycare to employees. RIGL §44-47 - Credit is 30% of qualified expenses. This credit cannot reduce your tax below $100.

Line 10 - Distressed Areas Economic Revitalization Act - Wage Credit - RI-ZN02 - Approved benchmark page with new hire information and approval letter from the Enterprise Zone Commission must be attached. RIGL §42-64.3-6

Line 11 - Historic Structures - Tax Credit (Historic Preservation Investment Tax Credit) - RI-286B – for approved rehabilitation of certified historic structures. **The original certificate must be attached to the return.** Any unused credit amount may be carried forward for ten (10) years. RIGL §44-33.2

Line 12 - Motion Picture Production Tax Credit - RI-8201 - for certified production costs as determined by the Rhode Island Film and Television Office. **The original certificate must be attached to the return.** Any unused credit amount may be carried forward for three (3) years. RIGL §44-31.2.

Line 13 - Contribution to Scholarship Organizations Tax Credit - RI-2276 - for business entities that make contributions to qualified scholarship organizations. The entity must apply for approval of the tax credit and will receive a tax credit certificate issued by the Division of Taxation. **The original certificate must be attached to the return.** The credit must be used in the tax year that the entity made the contribution. Unused amounts **CANNOT** be carried forward. RIGL §44-62

Line 14 - Farm to School Income Tax Credit - RI-6336 - RIGL §44-30-27 - Credit is 5% of cost of farm products. This credit cannot reduce your tax below zero, cannot be carried forward and may not be used until all other credits available to the taxpayer for that taxable year have been used.

Line 15 - Incentives for Innovation and Growth - RI-4482 - RIGL §44-63 - An eligible qualified innovative company may apply for a tax credit certificate in an amount equal to fifty percent (50%) of any investment made in the company, not to exceed $100,000. Unused amounts may be carried forward for 3 years. **The original certificate must be attached to the return.**

Line 16 - Mill Building and Economic Growth Revitalization Act Tax Credit - RI-MB01 - RIGL §42-64.9-8 - This credit cannot reduce your tax below zero and cannot be carried forward.

Line 17 - Mill Building and Economic Growth Revitalization Act Interest Income Credit - RI-MB02 - RIGL §42-64.9-9 - This credit cannot reduce your tax below zero and cannot be carried forward.

Line 18 - Juvenile Victim Restitution Program Credit - RI-5883 - RIGL §14-1-32.1 - The employer of a juvenile hired pursuant to the provisions of this section shall receive a credit of ten percent (10%) of the amount of wages paid to the juvenile annually against the state income tax owed by the employer, provided the credit shall not exceed the sum of three thousand dollars ($3,000) annually.

Line 19 - Hydroelectric Development Tax Credit - RI-H20 - RIGL §44-30-22 - Credit is 10% of the installation costs of a hydropower facility limited to $50,000.

Line 20 - Tax Credit for Art- RI-7473 - RIGL §44-30-24 -Credit is 10% for each $1,000 of purchase (maximum purchase price $10,000). This credit cannot reduce your tax below zero, cannot be carried forward and may not be used until all other available credits are used.

Line 21 - Tax Credit to Trust Beneficiary Receiving Accumulation Distribution - RI-7424 - RIGL §44-30-19 -A resident beneficiary of a trust whose Rhode Island income includes all or part of an accumulation distribution by the trust, as defined in 26 U.S.C. § 665, shall be allowed a credit against

DRAFT 10/19/2009

the tax otherwise due under this chapter for all or a proportionate part of any tax paid by the trust under this chapter for any preceding taxable year which would not have been payable if the trust had in fact made distributions to its beneficiaries at the times and in the amounts specified in 26 U.S.C. § 666.

Line 22- Alternative Fueled Vehicle and Filling Station Tax Credit - RI-AFV1 - RIGL §44-39.2 - (Carry forward only) This credit expired 1/1/2008. No new credits are allowed. Unused credit may be carried forward for 5 years. You must attach a copy of the original credit information to your return.

Line 23 - Tax Credit for Residential Lead Abatement - RI-PB01 - (Carry forward Only) This credit was repealed on 7/30/2004. No new credits are allowed under this section. Maximum credit was $1,000.00. Unused amounts may be carried forward for five (5) years. **You must attach a copy of the original credit information to your return**.

Line 24 - Employment Tax Credit - RI-3675 - for an employer participating in the bonus program under RIGL §40-40-6.3. A written certificate from the Director of Human Services must be attached to your return. The credit cannot reduce your tax below $100.00. Any unused amounts **CANNOT** be carried forward to future years. RIGL §44-39-1.

Line 25 - Capital Investment Wage Credit - RI-8227 - for entrepreneurs of a qualifying business entity under RIGL §44-43-1(6). Credit is 3% of eligible wages over $50,000.00. This credit cannot reduce your tax below $100.00 and is not refundable. Any unused amounts **CANNOT** be carried forward to future years. This credit may not be applied until all other credits available to the entrepreneur have been applied. RIGL §44-43

Line 26 - TOTAL CREDITS - Add lines 1 through 25. Enter the total here and on RI-1040, page 1, line 11B.

RI SCHEDULE II
ALLOWABLE FEDERAL CREDITS

RIGL §44-30-2.6(d)(e)(f)

Not all federal credits are available to take on your RI return. In general only the federal credits that were enacted prior to January 1, 1996 are eligible. These credits listed in this section are eligible. Credits such as the Child Tax Credit, Retirement Savings Contribution Credit and Education credits are not allowed.

Line 26 – Rhode Island Income Tax: Enter the amount from Form RI-1040, page 1, line 10.

Line 27 – Credit for Child and Dependent Care Expenses: Enter the amount from Federal Form 1040, line 48 or 1040A, line 29.

Line 28 – Credit for Elderly or the Disabled: Enter the amount from Federal Schedule R, line 24.

Line 29 – Federal Mortgage Interest Credit: Enter the amount from Federal Form 8396, line 11.

Line 30 - Federal Adoption Credit: You can only claim the Adoption credit if the adopted child was under the care, custody or supervision of the Rhode Island Department of Children, Youth and Families prior to the adoption. Enter the amount that applies from Federal Form 8839, line 18. Attach your DCYF documentation to your return.

Line 31 – Other Federal Credits: Enter the amount of allowable federal credits from Federal Form 1040, lines 53 and 70.

Allowable Federal Credits included on Federal Form 1040, lines 53 and 70:

(1) 3468 Investment Credit
(2) 6478 Credit for Alcohol Used as Fuel
(3) 6765 Credit for Increasing Research Activities
(4) 8586 Low-Income Housing Credit
(5) 8826 Disabled Access Credit
(6) 8830 Enhanced Oil Recovery Credit
(7) 8835 Renewable Electricity Production Credit
(8) 8845 Indian Employment Credit
(9) 8846 Credit for Employer Social Security and Medicare Taxes Paid on Certain Employees
(10) 8847 Credit for Contributions to Selected Community Development Corporations
(11) 8801 Credit for Prior Year Minimum Tax
(12) 8834 Qualified Electric Vehicle Credit
(13) 8844 Empowerment Zone Employment Credit
(14) 4136 Credit for Federal Tax Paid on Fuels

Line 32 – Total Allowable Federal Credits: Add lines 27, 28, 29, 30 and 31.

Line 33 – Multiply the amount on line 32 by 25%

Line 34 - Maximum Credit: Enter the amount from line 26 or 33, whichever is less. Enter here and on form RI-1040, page 1, line 11A.

RI SCHEDULE III
CREDIT FOR INCOME TAXES PAID TO ANOTHER STATE

RIGL §44-30-18

If you are claiming credit for income taxes paid to more than one state, do not use this schedule. Use RI-1040MU, Credit For Income Taxes Paid To Multiple States. The form is available on our website, www.tax.ri.gov or by contacting the Rhode Island Division of Taxation at (401) 574-8970.

Line 35 – Rhode Island Income Tax: Enter the amount from page 1, line 10 less allowable federal credits from page 2, schedule II, line 34.

Line 36 – Income from Other State(s): Enter the amount of income derived from other state. If state income tax has been paid to more than one other state, prepare a separate calculation for each state, on Form RI-1040MU.

EXAMPLE: On your Massachusetts Form 1-NR/PY tax return you would enter the amount of income from line 14d. On your Connecticut CT-1040 NR/PY tax return you would enter the amount of income from line 6.

Line 37 – Modified Federal AGI: Enter amount from page 1, line 3.

Line 38 – Divide line 36 by line 37.

Line 39 – Tentative Credit: Multiply the amount on line 35 by the percentage on line 38.

Line 40 – Tax Due and Paid to Other State: Enter the amount of income tax due and paid to the other state.

EXAMPLE: If filing Massachusetts Form 1-NR/PY tax return, you would enter the amount of tax from line 36. If filing Connecticut Form CT-1040 NR/PY tax return, you would enter the amount of tax from line 16.

If state income tax has been paid to more than one other state, prepare a separate calculation for each state using Form RI-1040MU. This form can be obtained on our website: www.tax.ri.gov or by contacting the Rhode Island Division of Taxation at (401) 574-8970.

NOTE: You must attach a signed copy of the return filed with the other state. If you owe no tax to the other state and are to be refunded all the taxes withheld or paid to the other state, enter $0.00 on line 40. If included on a composite filing in another state, you must attach a copy of the composite filing showing your income and the taxes paid on your behalf.

Line 41 – Maximum Credit for Tax Paid to Other States: Enter the amount on line 35, line 39 or line 40, whichever is the smallest. Enter here and on page 1, line 11C.

RI SCHEDULE EIC
EARNED INCOME CREDIT

Line 42 – Rhode Island Income Tax: Enter the amount from RI-1040, line 13.

Line 43 – Federal Earned Income Credit: Enter the amount of Federal Earned Income Credit from Federal Form 1040, line 64a; 1040A, line 41a or 1040EZ, line 9a.

Line 44 – The Rhode Island percentage is 25%.

Line 45 – Multiply line 43 by line 44.

Line 46 – Enter the **SMALLER** of line 42 or line 45.

Line 47 – Subtract line 46 from line 45. If line 46 is greater than or equal to line 45, skip lines 48 and 49 and enter the amount from line 46 on line 50. Otherwise continue to line 48.

Line 48 – The refundable Rhode Island percentage is 15%.

Line 49 – Rhode Island Refundable Earned Income Credit: Multiply line 47 by line 48.

Line 50 – Total Rhode Island Earned Income Credit: Add line 49 and line 46. Enter here and on RI-1040, line 18D.

RI SCHEDULE IV
CHECK-OFF CONTRIBUTIONS

These checkoff contributions will increase your tax due or reduce your refund. All checkoff contributions are voluntary.

Lines 1 through 7 – Contributions: A contribution to the following programs may be made by checking the appropriate box(es) or by entering the amount you want to contribute. All such contributions are deposited as general revenues.

(1) Drug Program Account
(2) Olympic Contribution
(3) Rhode Island Organ Transplant Fund
(4) Rhode Island Council on the Arts
(5) Rhode Island Non-game Wildlife Appropriation
(6) Childhood Disease Victims' Fund
(7) RI Military Family Relief Fund

Line 8 – Total Contributions: Add lines 1, 2, 3, 4, 5, 6 and 7. Enter the total here and on page 1, line 16.

DRAFT 10/19/2009

RI SCHEDULE OT
OTHER RHODE ISLAND TAXES

Complete this schedule if you are reporting a federal tax on lump-sum distributions, parents' election to report child's interest and dividends, a recapture of federal tax credits or other miscellaneous federal income taxes.

Line 9 – Tax on Lump-sum Distributions: Enter the amount from Federal Form 4972, line 7 or line 30, whichever applies.

Line 10 – Tax on Parents' Election To Report Child's Interest and Dividends: Enter all the amounts from each Federal Form 8814, line 15.

Line 11 – Tax on Amount of Recapture of Federal Tax Credits and Other Miscellaneous Federal Income Taxes: Enter the amount of recapture of federal tax credits and any other miscellaneous federal income taxes that you are claiming. Miscellaneous Federal Taxes may include, but are not limited to:
(1) Recapture of Mortgage Credit Certificate
(2) Tax on Accumulation Distribution of Trusts

Line 12 – Add lines 9, 10 and 11.

Line 13 - The Rhode Island percentage is 25%.

Line 14 – Other RI Taxes: Multiply line 12 by line 13. Enter here and on RI-1040, line 8B.

RI-8615
TAX FOR CHILDREN UNDER 18 WITH INVESTMENT INCOME

NOTE: FOR TAXPAYERS UNDER AGE 18 FILING FEDERAL FORM 8615. TAXPAYERS AT LEAST AGE 18 BUT UNDER AGE 24 MUST COMPLETE A FEDERAL FORM 1040 WITHOUT USING FEDERAL FORM 8615.

Line 15 – Enter the amount from Federal Form 8615, Line 18

Line 16 – The Rhode Island percentage is 25%.

Line 17 – Tax: Multiply line 15 by line 16. Enter here and on RI-1040, page 1, line 8A and check the RI-8615 box.

RI SCHEDULE FT
ALTERNATIVE FLAT TAX

Line 18 - Enter the amount of modified federal adjusted gross income from RI-1040, page 1, line 3.

Line 19 - The Flat Tax Rate is 6.5% (.065).

Line 20 - Multiply line 18 by line 19.

NOTE: You only need to complete lines 21 through 25 if you are claiming a credit for income taxes paid to another state. If you are not claiming a credit, enter the amount from line 20 on line 26. Otherwise continue to line 21.

Line 21 - Enter the amount of income derived from other state.

Line 22 - Divide line 21 by line 18

Line 23 - Tentative credit: multiply line 20 by line 22.

Line 24 - Enter the amount of tax due and paid to the other state. Make sure to indicate the name of the state in the space provided. If state income tax has been paid to more than one other state, prepare a separate calculation for each state using Form RI-1040MU. This form can be obtained on our website: www.tax.ri.gov or by contacting the Rhode Island Division of Taxation at (401) 574-8970.
NOTE: You must attach a signed copy of the other state return. Failure to attach a copy of the other state return could result in the credit being disallowed. If included on a composite filing in another state, you must attach a copy of the composite filing showing your income and taxes paid on your behalf.

Line 25 - **Maximum Credit:** Enter the **SMALLER** of lines 20, 23 or 24.

Line 26 - RI Flat Tax: Subtract line 25 from line 20. Enter here and on RI-1040, page 1, line 14.
NOTE: If you elect to use the Alternative Flat Tax, you must check the box on RI-1040, page 1, line 15.

RI SCHEDULE CGW
CAPITAL GAIN WORKSHEET

Use this schedule only if you did not calculate your tax on Federal Schedule D **AND**
1) You checked off the box on Federal Form 1040, line 13 **OR**
2) You entered an amount on Federal Form 1040A, line 10.
If you are reporting a gain on an asset that was held for more than 5 years. **DO NOT** complete this form. You **MUST** complete RI Schedule D.

Line 1 – Enter the amount of RI taxable income from page 1, line 7.

Line 2 – Enter the amount of capital gain distributions from Federal Form 1040, line 13 or Federal Form 1040A, line 10.

Line 3 – Subtract line 2 from line 1.

Line 4 – Figure the tax on the amount on line 3. Use the RI Tax Tables or the RI Tax Computation Worksheet, whichever applies.

Line 5 – Enter the **SMALLER** of the amount on line 1 **OR**:

Single	$33,950
Married Joint	$56,700
Qualifying Widower	$56,700
Head of House	$45,500
Married Separate	$28,350

Line 6 – If the amount on line 3 is equal to or more than the amount on line 5 then skip lines 6 through 8 and go to line 9. Otherwise enter the amount from line 3.

Line 7 – Subtract line 6 from line 5.

Line 8 – Multiply line 7 by 2.5 % (.025).

Line 9 – If the amounts on line 2 and 7 are the same, leave lines 9 through 12 blank and go to line 13. Otherwise enter the smaller of line 1 or line 2.

Line 10 – Enter the amount if any from line 7.

Line 11 – Subtract line 10 from line 9. If zero or less, enter zero.

Line 12 – Multiply line 11 by 5% (.05)

Line 13 – Add lines 4, 8 and 12.

Line 14 – Figure the tax on the amount on line 1. Use the RI Tax Table or RI Tax Computation Worksheet, whichever applies.

Line 15 – Tax: Enter the **SMALLER** of line 13 or line 14. Enter here and on RI-1040, page 1, line 8A and check the RI Schedule CGW box.

RI SCHEDULE D
CAPITAL GAINS AND LOSSES

This form is to be used by taxpayers reporting capital gains or figuring their tax on Federal Form Schedule D.

RI Schedule D is for both residents and nonresidents alike. All capital gains and losses should be reported on this schedule regardless where the asset was sold or located.

In general Rhode Island uses Federal terminology for what constitutes a capital asset and the holding period of the asset unless otherwise stated.

Lines 1 through 9
Enter all sales and exchanges of capital assets. You must enter the details of each transaction on a separate line. If you have more than 5 transactions on line 1 or line 8, use RI Schedule D-1 to report the additional transactions. Report any additional amounts from RI Schedule D-1 on line 9.

Column (a) - Description of Property

Column (b) - Date Acquired

Column (c) - Date Sold

Column (d) - Sales Price

Column (e) - Cost or Other Basis

Column (f) - Gain or Loss

Column (g) - Qualified 5 Year Gain or Loss

RIGL §44-30-2.7
Enter in column (g) any gain or loss from column (f) for any capital asset that is held for more than 5 years. Generally, you must have acquired the asset before January 1, 2004 and sold the asset on or after January 1, 2009.
Only include in column (g) the amounts of qualified 5 year gain for ordinary long term gain. A qualified 5 year gain for Federal Section §1250 gain or a Federal 28% rate gain is reported elsewhere on RI Schedule D.

Line 10 - Total Long-term sales price - Add amounts from lines 8 and 9, column (d).

Line 11 - Column (f) - Enter the amount of gain from Federal form 4797, part 1; long-term gain from Federal forms 2439 and 6252; and long-term gain or loss from Federal forms 4684, 6781 and 8824.
Column (g) - Enter any gains or losses from column (f) that has been held for more than 5 years

Line 12 - Gain or Losses from Schedule K-1
Column (f) - Enter the amount of your capital gains

DRAFT 10/19/2009

or loses from partnerships, S corporations, estates and trusts from Federal Schedule K-1.
Column (g) - Enter any gains or losses from column (f) that has been held for more than 5 years.

Line 13 – Capital Gain Distributions
Column (f) - Enter the amount of your capital gains distributions. If all you are reporting on schedule D is non qualified 5 year capital gain distributions, you do not need to complete RI schedule D. Use RI Schedule CGW to compute your tax on capital gain distributions.
Column (g) - Enter any capital gains distributions amount that has been carried for more than 5 years

Line 14 – Long-term Loss carry over
Column (f) - Enter any long term loss carry over. Generally, this will be the amount from Federal Schedule D, line 14.
Column (g) - Enter any long term loss carry over amount that has been carried for more than 5 years

Line 15 – Combine all long term gains and losses reported on lines 8 and 14, column (f).

Line 16 – Combine all long term gains and losses reported on lines 8 and 14, column (g).

Line 17 – Combine any gain or loss reported on lines 7 and 15, column (f).

Line 18 - Federal 28% Gain
Enter any amount from lines 8 through 14, column (f) that is Federal 28% gain.

Line 19 - Federal 28% Gain
Enter the amount of Federal 28% Gain from line 18 that you held for more than 5 years.

Line 20 - Federal Section §1250 Gain
Enter any amount from lines 8 through 14, column (f) that is Federal section §1250 gain.

Line 21 - Federal Section §1250 Gain
Enter the amount of Federal section §1250 gain from line 20 that you held for more than 5 years.

Line 22 - Investment Interest Expense Deduction
Enter the amount from Federal Form 4952, line 4g.

RI SCHEDULE D TAX WORKSHEET

PRIMARY TAX CALCULATION

Line 23 - Rhode Island Taxable Income: Enter the amount from Form RI-1040, page 1, line 7.
(IF THIS LINE IS ZERO OR LESS, DO NOT COMPLETE THIS FORM).

Line 24 – Enter the **SMALLER** of RI Schedule D, line 15 or line 17.

Line 25 – Enter the amount of investment interest expense deduction from RI Schedule D, line 22.

Line 26 – Subtract line 25 from line 24. If zero or less, enter zero.

Line 27 – Combine net short term capital gains from RI Schedule D, line 7 and any Federal 28% rate gain from RI Schedule D, line 18, column (f). If zero or less, enter zero.

Line 28 – Enter the **SMALLER** of line 27 or Federal 28% rate gain from RI Schedule D, line 18, column (f).

Line 29 – Enter the amount of unrecaptured Federal section 1250 gain from RI Schedule D, line 20, column (f).

Line 30 – Add lines 28 and 29.

Line 31 – Subtract line 30 from line 26. If zero or less, enter zero.

Line 32 – Subtract line 31 from line 23. If zero or less, enter zero.

Line 33 – Enter the **SMALLER** of the amount on line 23 **OR**:

Married Joint	$56,700
Qualifying Widower	$56,700
Single	$33,950
Head of House	$45,550
Married Separate	$28,350

Line 34 – Enter the **SMALLER** of line 32 or line 33.

Line 35 – Subtract line 26 from line 23. If zero or less, enter zero.

Line 36 – Enter the **LARGER** of line 34 or line 35.

Line 37 – Figure the tax on the amount on line 36. Use the 2009 RI Tax Tables or RI Tax Computation Worksheet, whichever applies.

2.5% BRACKET

Line 38 – Subtract line 34 from line 33.

Line 39 – Enter your qualified 5 year long term gain from RI Schedule D, line 16, column (g). If zero or less, enter zero.

Line 40 – Enter the **SMALLER** of line 38 or line 39.

Line 41 – Multiply line 40 by .83% (.0083).

Line 42 – Subtract line 40 from line 38.

Line 43 – Multiply line 42 by 2.50% (.0250).

5% BRACKET

Line 44 – Enter the **SMALLER** of line 23 or line 31.

Line 45 – Enter the amount from line 38 above.

Line 46 – Subtract line 45 from line 44.

Line 47 – Enter the **SMALLER** of your net qualified long term gain from line 39 or line 44. If zero or less, enter zero.

Line 48 – Enter the amount from line 40 above.

Line 49 – Subtract line 48 from line 47.

Line 50 – Multiply line 49 by 1.67% (.0167).

Line 51 – Subtract line 49 from line 46.

Line 52 – Multiply line 51 by 5% (.0500).

6.25% BRACKET

Line 53 – Enter the **SMALLER** of line 26 or line 29.

Line 54 – Add line 26 and line 36.

Line 55 – Enter the amount from line 23 above.

Line 56 – Subtract line 55 from line 54.

Line 57 – Subtract line 56 from line 53. (If zero or less, enter zero).

Line 58 – Enter the **SMALLER** of line 57 **OR** the amount of qualified 5 year section §1250 gain from RI schedule D, line 21, column (g).

Line 59 – Multiply line 58 by 2.08% (.0208).

Line 60 – Subtract line 58 from line 57.

Line 61 – Multiply line 60 by 6.25% (.0625).

7% BRACKET

Line 62 – Add lines 36, 40, 42, 49, 51, 58 and 60.

Line 63 – Subtract line 62 from line 23.

Line 64 – Enter the **SMALLER** of line 63 **OR** qualified five year 7% gain from RI schedule D, line 19, column (g).

Line 65 – Multiply line 64 by 2.33% (.0233).

Line 66 – Subtract line 64 from line 63.

Line 67 – Multiply line 66 by 7.00% (.0700).

TOTAL TAX

Line 68 – Add lines 37, 41, 43, 50, 52, 59, 61, 65 and 67.

Line 69 – Figure the tax on the amount on line 23. Use the 2009 RI Tax Tables or RI Tax Computation Worksheet, whichever applies.

Line 70 – Tax on All Taxable Income (Including Capital Gains): Enter the **SMALLER** of line 68 **OR** line 69. Also enter on RI-1040, page 1, line 8A and check the RI Schedule D box.

RI-6251 ALTERNATIVE MINIMUM TAX

PART 1 - ALTERNATIVE MINIMUM TAX

Line 1 – Federal Alternative Minimum Taxable Income: Enter your federal alternative minimum taxable income from Federal Form 6251, line 29.

Line 2 – Exemption

Filing status	Not over	Exemption
Single	131,450	41,750
Head of Household	131,450	41,750
Married Joint	175,300	57,250
Qualifying widow(er)	175,300	57,250
Married Separate	87,650	28,625

If line 1 is not over the amount listed for your filing status, enter the exemption amount for your filing status on line 2. If the amount on line 1 is over the amount listed above for your filing status, you must complete RI-6251 Exemption Worksheet and enter the amount from line 10 on RI-6251, line 2.

Line 3 – Subtract line 2 from line 1.

Line 4 – If you figured your tax on RI Schedule D or CGW, complete part 2 and enter the amount from line 47 on this line. If you figured your tax using the tax table or tax rate schedule and line 3 is less than $175,000 ($87,500 if Married filing separately), multiply line 3 by 6.5% (.0650). Otherwise, multiply line 3 by 7% (.0700) and subtract $875 ($438 if Married filing separately) from the result.

DRAFT 10/19/2009

Line 5 – Enter your RI tax from RI-1040, page 1, line 8A.

Line 6 – RI Alternative Minimum Tax: Subtract line 5 from line 4. (If zero or less, enter zero). Enter here and on RI-1040, page 1, line 9.

If you are required to refigure your Federal Schedule D for the AMT tax, your RI schedule D must also be refigured for AMT purposes, based on the refigured Federal Schedule D.

PART 2 - ALTERNATIVE MINIMUM TAX USING CAPITAL GAINS RATES

PRIMARY TAX CALCULATION

Line 7 – Enter the amount from RI-6251, line 3.

Line 8 – Enter the amount from RI Schedule D tax **WORKSHEET**, line 31 or RI Schedule CGW, line 2. (As refigured for AMT, if necessary).

Line 9 - Enter the amount from RI Schedule D tax **WORKSHEET**, line 29 or RI Schedule CGW, enter zero. (As refigured for AMT, if necessary).

Line 10 - Enter the amount from RI Schedule D, line 19, column (g) or RI Schedule CGW, enter zero. (As refigured for AMT, if necessary).

Line 11 – Add lines 8, 9 and 10.

Line 12 – Enter the amount from RI Schedule D tax **WORKSHEET**, line 26 or RI Schedule CGW, line 2 (As refigured for AMT, if necessary).

Line 13 – Enter the **SMALLER** of line 11 or line 12.

Line 14 – Enter the **SMALLER** of line 7 or line 13.

Line 15 – Subtract line 14 from line 7.

Line 16 – If line 15 is less than $175,000 ($87,500 if Married filing separately), multiply line 15 by 6.5% (.0650). Otherwise, multiply line 15 by 7% (.0700) and subtract $875 ($438 if Married filing separately) from the result.

2.5% BRACKET

Line 17 – Enter the amount from RI Schedule D tax **WORKSHEET**, line 38 or RI Schedule CGW, line 7. (As refigured for AMT, if necessary).

Line 18 – Enter the amount from RI Schedule D tax **WORKSHEET**, line 39. (As refigured for AMT, if necessary).

Line 19 – Enter the **SMALLER** of line 17 or line 18.

Line 20 - Multiply line 19 by .83% (.0083).

Line 21 - Subtract line 18 from line 17. (If zero or less, enter zero.)

Line 22 - Multiply line 21 by 2.5% (.0250).

5% BRACKET

Line 23 - Enter the **SMALLER** of line 7 or line 8.

Line 24 - Enter the amount from line 17.

Line 25 - Subtract line 24 from line 23. (If zero or less, enter zero.)

Line 26 - Enter the **SMALLER** of line 18 or line 23.

Line 27 - Enter the amount from line 19.

Line 28 - Subtract line 27 from line 26. (If zero or less, enter zero.)

Line 29 - Multiply line 28 by 1.67% (.0167).

Line 30 - Subtract line 28 from line 25.

Line 31 - Multiply line 30 by 5% (.0500).

6.25% BRACKET

Line 32 - Enter the **SMALLER** of lines 9 or 12.

Line 33 - Add lines 12 and 15.

Line 34 - Enter the amount from line 7.

Line 35 - Subtract line 34 from line 33.

Line 36 - Subtract line 35 from line 32. (If zero or less, enter zero.)

Line 37 - Enter the **SMALLER** of line 36 or Qualified Gain from RI Schedule D, line 21, column (g).

Line 38 - Multiply line 37 by 2.08% (.0208).

Line 39 - Subtract line 37 from line 36.

Line 40 - Multiply line 39 by 6.25% (.0625).

7% BRACKET

Line 41 - Add lines 15, 19, 21, 28, 30, 37 and 39.

Line 42 - Subtract line 41 from line 7. (If zero or less, enter zero.)

Line 43 - Enter the **SMALLER** of line 42 or line 10.

Line 44 - Multiply line 43 by 2.33% (.0233).

TOTAL TAX

Line 45 - Add lines 16, 20, 22, 29, 31, 38, 40 and 44.

Line 46 - If line 7 is less than $175,000 ($87,500 if Married filing separately) then multiply line 7 by 6.5% (.0650). Otherwise, multiply line 7 by 7% (.0700) and subtract $875 ($438 if Married filing separately) from the result.

Line 47 - Enter the **SMALLER** of lines 45 or 46 here and on line 4 above.

DRAFT 10/12/2009