2010 INSTRUCTIONS FOR FILING RI-1040NR

(FOR RHODE ISLAND NONRESIDENTS OR PART-YEAR RESIDENTS FILING FORM RI-1040NR)

GENERAL INSTRUCTIONS

Read the instructions carefully. For your convenience we have provided step-by-step instructions which will aid you in completing your return. Complete your federal income tax return first. It is the basis for preparing your Rhode Island tax return. The Rhode Island tax is based on your federal taxable income. Fill out the RI-1040NR completely. Attach your withholding statement(s). This is the statement of taxes withheld, which is furnished to you by your employer. If the statement is not available, please explain. Be sure to sign your return.

These instructions are for the use of non-resident and part-year resident taxpayers only. Full Year resident taxpayers will file their individual income tax returns on Form RI-1040 or RI-1040S. Resident forms and instructions are available upon request at the Rhode Island Division of Taxation and on our website at www.tax.ri.gov.

DEFINITION OF RESIDENT AND NONRESIDENT

RESIDENT: a person **(a)** who is domiciled in the State of Rhode Island or **(b)** who, even though domiciled outside Rhode Island, maintains a permanent place of abode within the state and spends a total of more than 183 days of the taxable year within the state.

NONRESIDENT: any person not coming within the definition of a resident. 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.

INCOME OF A NONRESIDENT SUBJECT TO TAX

A nonresident is subject to tax on all items included in his or her total federal income (including his or her distributive share of partnership income or gain and his or her share of estate or trust income or gain) which are derived from or connected with Rhode Island sources as follows:

- From real or tangible personal property located in the state.
- From a business, trade, profession or occupation carried on in the state.
- From services performed in the state.
- Winnings and prizes from RI lottery and pari-mutual betting events in this state.
- A nonresident is not subject to tax on the following classes of income even though included in total federal income:
- Annuities, interest, dividends or gains from the sale or exchange of intangible personal property unless they are part of the income from any business, trade, profession or occupation carried on in this state by the nonresident taxpayer.
- Compensation received for active service in the military forces of the United States.

INCOME TERMS DEFINED

In these instructions "total federal income" is federal adjusted gross income as defined in the United States Internal Revenue Code (IRC) and applicable regulations. "Total income from Rhode Island sources" is that portion of your total federal income derived from or connected with Rhode Island sources. "Total Rhode Island income" is your total income from Rhode Island sources after making the additions and subtractions described later in these instructions. Total Rhode Island income of a part-year resident includes total income from Rhode Island sources for the entire year plus other income received during period of residence in Rhode Island after making the additions and subtractions described later in these instructions.

WHO MUST FILE A RETURN

Every nonresident individual required by the laws of the United States to file a federal income tax return who has income derived from or connected with Rhode Island sources must file a Rhode Island individual income tax return. Nonresidents should complete page 7, schedule III.

Every part-year individual who was a resident for a period of less than 12 months is required to file a Rhode Island return if he or she is required to file a federal return. Part-year residents should complete page 9, schedule V.

Nonresident and part-year resident individuals who are not required to file a federal income tax return may be required to file a Rhode Island individual income tax return if he or she has Rhode Island modifications increasing their Federal Adjusted Gross income.

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 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 Rhode Island 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.

RHODE ISLAND LOTTERY PRIZES

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

UNEMPLOYMENT COMPENSATION

Individuals receiving unemployment compensation must include as a modification increasing Federal AGI, the amount of unemployment compensation not reported on Federal Form 1040, line 19. This amount should not be more than $2,400 per unemployment compensation recipient.

SALES TAX PAID IN 2010 ON QUALIFIED MOTOR VEHICLE PURCHASE IN 2009

Individuals who itemize deductions and include the sales tax paid in 2010 on the purchase of a qualified motor vehicle during 2009 must include as a modification increasing Federal AGI, the amount of sales tax included on Federal Schedule A, Itemized Deductions.

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.

In addition, under the provisions of the Military Spouses Residency Relief Act, income derived from Rhode Island sources by the service person's spouse for services performed in Rhode Island is no longer subject to Rhode Island income tax. However, other income derived from Rhode Island sources such as business income, ownership or disposition of any interest in real or tangible personal property and gambling winnings are still 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 2010, 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.

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WHEN AND WHERE TO FILE

Emancipation Day, a Washington DC holiday, falls on April 15, 2011. Therefore, Rhode Island income tax returns will be considered timely filed if postmarked by April 18, 2011.

If you are claiming a refund, mail your return to:
Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908 – **5806**

If you are making a payment, mail your return to:
Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908 – **5807**

EXTENSION OF TIME

Any extension of time for filing an individual income tax return granted 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) The application for extension must show the full amount properly estimated as tax for the taxable year, and the 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, 2011 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 otherwise, within 90 days after filing such amended return or final determination of such change by the Internal Revenue Service. Use form RI-1040X to report any changes.

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 preparer on behalf 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.

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.

Make check or money order payable to the Rhode Island Division of Taxation and forward with your return to:
Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908-**5807**

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

A **REFUND** will be made if overpayment of income tax is shown on your return, unless you indicate on your return that such overpayment is to be credited to estimated tax liability for 2011. No other application for refund is necessary. Please note that no refund can be made unless your return is properly signed.

If you have an overpayment to be refunded, mail your return to:
Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908-**5806**

Refunds of less than $1.00 will not be made unless specifically requested.

ESTIMATED INCOME TAX PAYMENTS

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 Section 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 notice, please call the Personal Income Tax Section at (401) 574-8829.

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 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 Schedule I, line 24I for Rhode Island purposes.

A separate schedule of deprecation 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-1040NR, Schedule I, line 23D - Bonus Depreciation, 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-1040NR, Schedule I, line 24I - Bonus Depreciation.

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-1040NR, schedule I, line 23E - Section 179 Depreciation. 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 on RI-1040NR, schedule I, line 24J - Section 179 Depreciation.

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

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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 RI-1040NR, schedule I, line 24G - Tuition Savings Program (section 529 accounts). 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 RI-1040NR, schedule I, line 24G - Tuition Savings Program (section 529 accounts).

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 carryover 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% (.1800).

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 by the due date. A late filing penalty will be assessed at 5% (0.0500) per month on the unpaid tax for each month or part of a month the return is late. The maximum late filing penalty is 25% (0.2500).

•Failure to pay any tax due by the due date. A late payment penalty will be assessed at 1/2% (0.0050) per month on the unpaid tax for each month or part of a month the tax remains unpaid. The maximum late payment penalty is 25% (0.2500).

•Preparing or filing a fraudulent income tax return.

USE OF FEDERAL INCOME TAX INFORMATION

All amounts reported from the Federal Form 1040, 1040A, 1040EZ, 1040NR and 1040NR-EZ, as well as those reported on Form RI-1040NR 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, Option #3.

SPECIFIC 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; 1040EZ, line 4; 1040NR, line 35 or 1040NR-EZ, line 10.

Line 2 – Modifications: Enter your net modifications from schedule I, line 25. If you are claiming a modification, you must attach Schedule I to your return. Schedule I is found on page 5 of Form RI-1040NR and is discussed further in these instructions.

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	$9,550
Qualifying Widower	$9,550
Married Separate	$4,750
Head of Household	$8,400

If you or your spouse were age 65 or older (born **BEFORE** 01/02/1946) or blind at the end of 2010 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-1040NR.

If someone else can claim you on their return you must complete the RI Standard Deduction Schedule B 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-1040NR.

If you are filing a federal form 1040NR or 1040NR-EZ enter the amount from 1040NR, Schedule A, line 17 or 1040NR-EZ, line 11, whichever applies.

NOTE: If you itemize your deductions and line 3 is more than $167,100 ($83,550 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-1040NR

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.

NOTE: If using your Itemized Deduction amount from your Federal Schedule A **AND** that amount includes a deduction for sales tax paid in 2010 on a new qualified motor vehicle(s) purchased in 2009 (Federal Schedule A, line 5b or line 7), you must add back this amount on Schedule I, line 23J of your Rhode Island return.

Line 5 - Subtract line 4 from line 3.

Line 6 – Number of Exemptions: Enter the amount from Federal Form 1040, line 6d; 1040A, line 6d or 1040NR, line 7d. If you are filing a Federal Form 1040NR-EZ, enter 1. 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-1040NR, line 6
Less than 5,700	0
5,700	0
9,350	1
11,400	0
15,050	1
18,700	2

Multiply the number of exemptions in the box by $3,650.

However, if line 3 is more than $125,325 see the Exemption Worksheet on RI Worksheet page to compute your exemption amount.

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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 Tax Computation Worksheet, 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-1040NR, page 1, line 9. Attach a copy of Form RI-6251 to your RI-1040NR.

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

Line 12 – Rhode Island Tax After Allowable Federal Credits – Before Allocation: Subtract line 11 from line 10. If zero or less, enter zero.

Line 13 – Rhode Island Allocated Income Tax:

If **ALL** your income is from Rhode Island, check the first box and enter the amount from line 12 on this line.

If you are a **NON-RESIDENT** with income from outside Rhode Island, complete page 7, schedule III and enter the result on this line. Also, check the second box.

If you are a **PART-YEAR RESIDENT** with income from outside Rhode Island, complete page 9, schedule V and enter the result on this line. Also check the third box.

Line 14 – Other Rhode Island Credits: Enter amount from RI Schedule CR, line 23 on page 6. List each credit and the amount of the credit being used. Attach a copy of the appropriate credit form, certificate and all necessary documentation to your RI-1040NR.

NOTE: Some credits require the original certificate be attached to the return. Failure to do so will result in the disallowance of the credit.

Line 15A – Total Rhode Island Income Tax – After Rhode Island Credits: Subtract line 14 from line 13. If zero or less, enter zero.

Line 15B – Alternative Flat Tax: Enter the amount of Rhode Island Alternative Flat Tax from page 3, RI Schedule FT, line 29.

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

Line 16 – Rhode Island Checkoff Contributions: Enter amount of checkoff contributions from page 3, Schedule IV, line 7. An explanation of each checkoff contribution is contained on page I-7 of 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 15C, 16 and any Use/Sales Tax from line 6 on the Use/Sales Tax 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 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 on the top of page I-5.

Line 18A – Rhode Island Income Tax Withheld: Enter total amount of Rhode Island 2010 income tax withheld from Schedule W, line 21. (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.

Withholding from a Pass-through entity reported on a RI-1099PT should be entered on Schedule W and included in the amount for Line 18A.

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-1040NR.

Line 18B – 2010 Estimated Payments and Amount Applied from 2009 return: Enter the amount of estimated payments on 2010 Form RI-1040ES and the amount applied from your 2009 return.

Line 18C – Nonresident Withholding on Real Estate Sales in 2010: Enter the amount of Rhode Island income tax withheld on sales of real estate located in Rhode Island.

Line 18D - RI Earned Income Credit: Enter amount from RI Schedule EIC, page 2, line 43. If you are claiming a RI earned income credit you must attach RI Schedule EIC to your RI-1040NR.

Line 18E – Other Payments: Enter any other payments, including advance payments made with your application for an automatic extension of time to file (Form RI-4868). Attach a copy of Form RI-4868 and check the box on the face of the RI-1040NR to the right of line 18.

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

Line 19 – Balance Due: If the amount on line 17 is greater than the amount of line 18F, **SUBTRACT** line 18F 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 18F is greater than the amount on line 17, **SUBTRACT** line 17 from line 18F and enter the overpayment on line 20.

Line 21 – Overpayment to be Refunded: 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 2011: Enter the amount of overpayment on line 20 which is to be applied to your 2011 estimated tax. (See General Instructions)

RI SCHEDULE W
W2 AND 1099 INFORMATION
NEW FOR 2010

Any Form W2s and/or Form 1099s which show Rhode Island withholding tax must be entered onto Schedule W.

Column A: For each W2 and 1099, if the W2 or 1099 being listed is for you (primary), leave blank. If the W2 or 1099 is for your spouse, enter an "S".

Column B: For each W2 and 1099, if the information being listed is from a W2, leave blank. If the information is from a 1099, enter an "X".

Column C: For each W2 and 1099, enter the name of the employer of payer from each W2 or 1099.

Column D: For each W2 and 1099, enter the federal identification number of each employer or payer.

Column E: Enter the amount of **Rhode Island** withholding tax entered on:

- Form W2 - box 17
- Form W-2G - box 14
- Form 1099-G - box 11
- Form 1099-MISC - box 16
- Form 1099-R - box 10
- Form RI 1099-PT - box 9

All W2s and 1099s must still be attached to your return. Failure to attach a completed Schedule W, as well as your W2s and 1099s with Rhode Island withholding may delay the processing of your return.

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RI SCHEDULE I
MODIFICATIONS TO FEDERAL ADJUSTED GROSS INCOME

You must attach all supporting schedules to any modifications 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). Amount included in Federal Schedule A, line 5b or amount from Federal Schedule A, line 7. If you are not itemizing deductions for Rhode Island purposes, you should not include any sales tax paid on this line.

Line 23K - Income from the discharge of business indebtedness deferred under the American Recovery and Reinvestment Act of 2009 under RIGL §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 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, as well as the income of their nonresident spouses for services performed in Rhode Island.

Line 24Q – Recapture of Scituate Medical Savings Account modifications 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 - Up to $10,000 in unreimbursed expenses for travel, lodging and lost wages incurred by an individual as a result of the individual donating one or more of his/her organs to another human being for organ transplantation under RIGL §44-30-12(c)(7). Modification can only be taken once during the lifetime of the individual and is taken in the year that the human organ transplantation occurs. **Rhode Island full-year residents only.**

Line 24T - Under RIGL §42-64.3-7 a domiciliary of an enterprise zone who owns and operates a qualified business facility in that zone may, for the first three years after certification, reduce federal AGI by $50,000 per year and may, for the fourth and fifth years, reduce federal AGI by $25,000 per year.

Line 24U - 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.

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

Line 25 – Net Modifications: Combine lines 23L and 24T. Enter here and on RI-1040NR, page 1, line 2.

RI SCHEDULE CR
OTHER RI CREDITS

This credit schedule details "Other Rhode Island Credit(s)" being used on your RI-1040NR. 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 14.

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

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Line 2 - Residential Renewable Energy System Tax Credit - RI-2880 - for specific types of residential systems approved by the RI energy office. **Credit letter from the RI Energy Office 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. 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 - 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 17 - 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 18 - 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 19 - 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 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 20 - 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 21 - 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 22 - 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. §44-43

Line 23 - TOTAL CREDITS - Add lines 1 through 22. Enter the total here and on Form RI-1040NR, page 1, line 14.

RI SCHEDULE II
ALLOWABLE FEDERAL CREDITS

RIGL §44-30-2.6(d)(e)(f)

Not all federal credits are available to take on your Rhode Island 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-1040NR, page 1, line 10.

Line 27 – Credit for Child and Dependent Care Expenses: Enter the amount from Federal Form 1040, line 48; 1040A, line 29 or 1040NR, line 45.

Line 28 – Credit for Elderly or the Disabled: Enter the amount from Federal Schedule R, line 22.

Line 29 – Federal Mortgage Interest Credit: Enter the amount from Federal Form 8396, line 9.

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 14. **Attach a copy of your DCYF adoption documentation to your return.**

Line 31a – Credit for Federal Tax Paid on Fuels: Enter the amount from Federal Form 1040, line 70.

Line 31b – Other federal credits: Enter the amount of allowable federal credits from Federal Form 1040, lines 53 and 70 or 1040NR, lines 49 and 64.

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

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

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-1040NR, page 1, line 11.

RI SCHEDULE EIC
EARNED INCOME CREDIT

Line 35 – Rhode Island Income Tax: Enter the amount from RI-1040NR, line 15a.

Line 36 – 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.

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Line 37 – The RI percentage rate for 2010 is 25%.

Line 38 – Multiply line 36 by line 37.

Line 39 – Enter the smaller of line 35 or line 38.

Line 40 – Subtract line 39 from line 38. If line 39 is greater than or equal to line 38, skip line 41A through line 42 and enter the amount from line 39 on line 43. Otherwise, continue to line 41A.

Line 41A – The refundable RI percentage is 15%.

Line 41B – Multiply line 40 by line 41A.

Line 41C – Rhode Island Allocation: enter the amount of your RI allocation from Schedule III, page 7, line 13 or Schedule V, page 9, line 14.

Line 42 – Rhode Island Refundable Earned Income Credit: Multiply line 41B by line 41C.

Line 43 – Total Rhode Island Earned Income Credit: Add line 42 and line 39. Enter here and on RI-1040NR, line 18E.

RI SCHEDULE IV
CHECK-OFF CONTRIBUTIONS

NOTE: 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) RI Council on the Arts
(5) Rhode Island Non-game Wildlife Appropriation
(6) Childhood Disease Victims' Fund
(7) Rhode Island Military Family Relief Fund

Line 8 – Total Contributions: Add lines 1 through 7. Enter the total here and on page 1, line 16.

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 RI percentage rate for 2010 is 25%.

Line 14 – Other RI Taxes: Multiply line 12 by line 13. Enter here and on RI-1040NR, 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 RI percentage rate for 2010 is 25%.

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

RI SCHEDULE FT
ALTERNATIVE FLAT TAX

NOTE: If you elect to use the Alternative Flat Tax, check the box on RI-1040NR, page 1, line 15C.

Line 18 - **Modified RI Source Income:** Enter the amount of modified federal adjusted gross income from RI-1040NR, page 7, schedule III, line 12, column A or page 9, schedule V, line 13.

Line 19 - The Flat Tax Rate for 2010 is 6.0% (.0600)

Line 20 - Multiply line line 18 by line 19.

PART YEAR RESIDENTS ONLY. YOU ONLY NEED TO COMPLETE LINES 21 THROUGH 28 IF YOU ARE CLAIMING A CREDIT FOR INCOME TAXES PAID TO ANOTHER STATE. IF YOU ARE NOT CLAIMING A CREDIT, THEN ENTER THE AMOUNT FROM LINE 20 ON LINE 29. OTHERWISE CONTINUE TO LINE 21.

FULL YEAR NONRESIDENTS ENTER THE AMOUNT FROM LINE 20 ON LINE 29.

Line 21 - **Income Taxed by Other States, While a Rhode Island Resident: (Part year residents only) -** Enter the amount of income taxed by another state while a Rhode Island resident included in the amount on line 17 from RI-1040NR, page 10.
NOTE: If, while a resident, you had income taxed by two or more other states, a separate computation should be made on a multiple state credit schedule (RI-1040NRMU). This schedule can be obtained by calling the Rhode Island Division of Taxation at (401) 574-8970 or at our web site www.tax.ri.gov.

Line 22 - Divide line 21 by line 17.

Line 23 - **Tentative Credit:** Multiply line 20 by line 22.

Line 24 - **Tax Due and Paid to Other State:** 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.
NOTE: You must attach a signed copy of the other state return. Failure to attach a copy of the other state return may result in the credit being disallowed.

Line 25 - **Other State's Adjusted Gross Income:** Enter the amount of total adjusted gross income reported on the income tax return filed with the other state. Attach a completed signed copy of the return filed with the other state.

Line 26 - Divide line 21 by line 25.

Line 27 - Multiply line 24 by line 26.

Line 28 – Maximum Tax Credit: Enter the amount on line 20, 23 or 27, whichever is the **SMALLEST**.

Line 29 - RI Flat Tax: Subtract line 28 from line 20. Enter here and on RI-1040NR, page 1, line 15B.

RI SCHEDULE III
NONRESIDENT TAX CALCULATION

This worksheet is located on page 7, Form RI-1040NR and is to be completed by full year nonresidents. – Part-year residents complete schedule V on page 9.

Part 1 – Allocation & Tax Worksheet

Column A, Lines 1 through 10 –

Line 1 – Wages, Salaries, Tips, etc.
Enter the amount of your total wages, salaries, commissions, tips, etc. reported on your federal return which were received for services performed in Rhode Island.

Compensation earned partly within and partly without Rhode Island – If total wage and salary income was earned partly within and partly without Rhode Island and your employer does not separately report the amount of earnings in Rhode Island, determine the amount allocable to Rhode Island by completing schedule III, part 2 on page 8 or attaching a separate schedule setting out how such allocation was made.

The amount allocable to Rhode Island is that portion of your wage and salary income which the number of days worked in Rhode Island bears to the total number of days (exclusive of nonworking days, such as Saturday, Sundays, holidays, sick leave, vacation, etc,) employed both within and without the state during the year.

If your compensation subject to allocation depends entirely on volume of business transacted, as in the case of a salesman working on commission, do not use schedule III, part 2. In this event, the amount of compensation allocable to Rhode Island is that portion of the compensation included in Column B, line 1 which the volume of business transacted inside the state bears to the total volume of business transacted both inside and outside the state. The determining factor in ascertaining where business is transacted is the location where the services or sales activities were actually performed. Attach a schedule to your return showing the computation of the allocation to Rhode Island of compensation based on volume of business transacted. If your personal service compensation is allocated on a basis other than those covered in the preceding two paragraphs, please attach a separate schedule showing complete details.

Line 2, Column A – Interest and Dividends: Enter the amount of interest and dividends included in federal income, which are derived from Rhode Island sources.

Line 3, Column A – Business Income
Enter the amount of net profit (or loss) from a business or profession carried on in Rhode Island.

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If the business or profession is carried on both within and without Rhode Island and accounts clearly reflecting income from Rhode Island operations are maintained, enter the net profit (or loss) from business carried on in Rhode Island. If your Rhode Island business income is not separate and distinct from that of other states you should use the uniform division of income formula to determine your Rhode Island business income. This involves the construction of a three-factor formula, which is applied against your total business income to determine the income allocable to Rhode Island. The three factors are:

(1) Property in Rhode Island to property everywhere,

(2) Payroll in Rhode Island to payroll everywhere, and

(3) Sales or services in Rhode Island to sales or services everywhere.

Add the result of these three factors and divide by three or the number of factors. The resulting figure is the percent to be applied against the amount of total business income to determine the amount derived from Rhode Island sources. Complete schedule III, part 3, which is found on page 6. If an approved alternative method of allocation is used, attach schedule.

Line 4, Column A – Sale or Exchange of Property

Capital gain (or loss) – Enter the net capital gain (or loss) determined in accordance with applicable federal provisions for determining capital gains and losses. Include on this line only transactions resulting from property located in Rhode Island.

Capital transactions from Rhode Island sources include capital gains or losses from real or personal property having an actual situs within Rhode Island whether or not connected with a trade or business. Capital gains or losses from stocks, bonds, and other intangible personal property used in or connected with a business, trade or occupation that is carried on within Rhode Island are subject to Rhode Island income tax. Also to be included is your share of any capital gain or loss derived from Rhode Island sources of a partnership of which you are a member, or an estate or trust of which you are a beneficiary.

If any capital gains or losses are from business property (other than real property) of a business carried on both within and without Rhode Island, apply the applicable business percentage. The federal basis of property is to be used in computing Rhode Island capital gains or losses.

Non-capital Assets: Enter the gain or loss from the sale or exchange of non-capital assets, which pertain to your Rhode Island transactions by applying to them the appropriate federal provision for determining gains or losses from the sale or exchange of other than capital assets.

Non-capital transactions from Rhode Island are those non-capital transactions reported on your federal return which pertain to property used in or connected with a trade, business, profession or occupation carried on in Rhode Island. Also to be included in your share of any non-capital gain or loss is any such gain or loss from (1) a partnership of which your are a member or (2) an estate or trust of which your are a beneficiary. If any transactions involve property (other than real property) of a business carried on both within and without Rhode Island, apply the business allocation percentage applicable. In all cases the federal basis of property is to be used for computing the Rhode Island gain or loss.

Line 5, Column A – Pension and Annuities, Rents, Royalties, Etc.

Enter that portion of rent and royalty income derived from or connected with Rhode Island sources. Include rents and royalties from real property situated in Rhode Island whether or not used in or connected with a business, tangible personal property not used in a business if such property has an actual situs in Rhode Island and tangible and intangible personal property used in or connected with a business, trade, profession or occupation carried on in Rhode Island.

If a business is carried on both within and without Rhode Island, the business allocation percentage should be applied to items included above. However, no allocation applies to income from real property. Income from real property is 100% includable if it is located in Rhode Island or it is entirely excluded if located outside Rhode Island.

Partnership Income: Each partner must report his share of the partnership income. Include your share of the ordinary income of the partnership, joint venture, or the like, whose taxable year ends within or with the year covered by your return, which is derived from Rhode Island sources. If your distributive share of partnership income includes any items of income taxable to a nonresident (such as capital gains), such items must be included separately. Attach schedule.

Income from Estates or Trusts: Enter the portion of your share of estate or trust income which is derived from Rhode Island sources. If your share includes any specific items of trust or estate income taxable to a nonresident, you must separately describe the nature of the income.

Line 6, Column A – Farm Income

The above instructions for reporting business income (line 3) including the instructions for reporting when business is carried on both within and without Rhode Island also apply to reporting farm income.

Line 7, Column A – Miscellaneous income

Enter the portion of this income that is derived from or connected with Rhode Island sources. This includes but is not limited to taxable Rhode Island state income tax refunds, Rhode Island unemployment compensation payments and gambling winnings from Rhode Island.

Line 8 – Total, Column A:

Add lines 1 through 7 in column A.

Line 9, Column A – Adjustments

Enter amount from Federal Form 1040, line 36; 1040A, line 20 or 1040NR, line 34 applicable to Rhode Island income. If an adjustment item relates to wage or salary income earned partly within and partly without Rhode Island or to income from a business which is carried on both within and without Rhode Island, the adjustment item must be allocated to Rhode Island on the same basis as the income to which it relates. Attach Schedule.

Line 10, Column A – Adjusted Gross Income: Subtract line 9 from line 8.

Line 11, Column A – Modifications to Federal Adjusted Gross Income: Enter the amount of modifications to federal adjusted gross income attributable to RI source income.

Line 12, Column A – Modified Rhode Island Source Income: Combine amounts on lines 10, column A and 11, column A.

Column B, Lines 1 through 7 – Enter in Column B the total amounts reported on your federal return for each of the applicable items listed in Column B.

Line 8 - Total, Column B:

Add lines 1 through 7 in column B.

Line 9, Column B – Adjustments: Enter adjustments from Federal Form 1040, line 36; Federal Form 1040A, line 20 or 1040NR, line 34.

Line 10, Column B – Adjusted Gross Income: Subtract line 9, column B from line 8, column B

Line 11, Column B – Net Modifications to Federal Adjusted Gross Income: Enter amount from RI-1040NR, page 5, Schedule I, line 25.

Line 12, Column B – Modified Federal Adjusted Gross Income: Combine amounts on lines 10, column B and 11 column B. Amount should equal amount on Form RI-1040NR, page 1, line 3.

Line 13 – Allocation Percentage: Divide amount on line 12, column A by amount on line 12, column B. If the amount on line 12, column A is greater than the amount on line 12, column B, enter 1.0000.

Line 14 – Rhode Island Tax After Credits – Before Allocation: Enter amount from RI-1040NR, page 1, line 12.

Line 15 – Rhode Island Tax: Multiply the amount on line 14 by the percentage on line 13. Enter here and on RI-1040NR, page 1, line 13.

PART 2 - ALLOCATION OF WAGE AND SALARY INCOME TO RHODE ISLAND

Line 1 – Wages, Salaries, Tips, Etc.: Enter total amount of wages, salaries, tips, commissions, etc. reported on your federal return.

Line 2 – Total Number of Days: Enter the total number of days in the year. (For a calendar year, enter 365 days. For a leap year, enter 366 days.)

Line 3 – Sick Leave: Enter the total number of days you were absent from work due to illness.

Line 4 – Vacation: Enter the total number of days you were absent from work on vacation.

Line 5 – Other Non-working Days: Enter the total number of other non-working days, such as Saturdays, Sundays and holidays.

Line 6 – Total Number of Non-working Days: Add lines 3, 4 and 5.

Line 7 – Total Days Worked in Year: Subtract line 6 from line 2.

Line 8 – Total Days Worked Outside Rhode Island: Enter number of total days worked outside Rhode Island.

Line 9- Days Worked in Rhode Island: Subtract line 8 from line 7.

Line 10 – Allocation Percentage: Divide line 9 by line 7.

Line 11 – Rhode Island amount: Multiply amount on line 1 by percentage on line 10. Enter here and on Form RI-1040NR, page 7, Schedule III, line 1, column A.

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PART 3 – BUSINESS ALLOCATION PERCENTAGE

Line 1 – Real Property Owned: Enter in column A, the amount of real property owned and located in Rhode Island. Enter in Column B, the amount of property owned everywhere.

Line 2 – Real Property Rented from Others: Enter in Column A, annual rental expense times 8 for real and personal property located in Rhode Island. Enter in Column B, rental expense times 8 for real and personal property located everywhere.

Line 3 – Tangible Property Owned: Enter in Column A, the amount of tangible personal property located in Rhode Island. Enter in Column B the amount of tangible personal property located everywhere.

Line 4 – Total Property: Enter in Column A, the total of Column A, lines 1, 2 and 3. Enter in Column B, the total of Column B, lines 1, 2 and 3. Then divide the amount in Column A by the amount in Column B and enter the resulting percentage in Column C.

Line 5 – Wages, Salaries: Enter in Column A, the amount paid for wages, salaries, and other personal service compensation in Rhode Island during the year. Enter in Column B, the amount paid for wages, salaries, and other personal service compensation everywhere during the year. Then divide the amount in Column A by the amount in Column B and enter the resulting percentage in Column C.

Line 6 – Gross Sales of Merchandise and Charges for Services: Enter in Column A, the amount of gross sales of merchandise and charges for services in Rhode Island during the year. Enter in Column B, the amount of gross sales of merchandise and charges for services everywhere during the year. Then divide the amount in Column A by the amount in Column B and enter the resulting percentage in Column C.

Line 7 – Total Percentages: Add percentages in Column C, lines 4, 5 and 6.

Line 8 – Business Allocation Percentage: Divide line 7 by three or the number of percentages on lines 4, 5 and 6. Enter here and on lines 9, 10, 11, 12 and 13, Column B.

Lines 9 through 13: Enter the line number and the amount of each item of business income (or loss) reported on RI-1040NR, page 7, schedule III, part 1, column B required to be allocated and multiply by the allocation percentage to determine Rhode Island amount. Then enter the amounts from column C on the corresponding lines on Form RI-1040NR, page 7, schedule III, part 1, column A.

RI SCHEDULE V PART-YEAR RESIDENT TAX CALCULATION

This schedule is only to be completed by part year residents – full year nonresidents complete schedule III on page 7 of RI-1040NR.

Part 1 – Allocation and Tax Worksheet

Column A – Income From Federal Return: Enter in column A, lines 1 through 10, the total amounts of income and adjustments as reported on your federal income tax return.

Enter in column A, line 11, the total net modifications to federal adjusted gross income from RI-1040NR, page 1, line 2.

Column B – Rhode Island Resident Period: Enter in column B, lines 1 through 10, all income earned and adjustments reported in column A during the period you lived in Rhode Island. This includes income earned both within and without Rhode Island.

Enter in column B, line 11, the modifications to federal adjusted gross income attributable to the income reported in column B.

Column C – Rhode Island Nonresident Period: Enter in column C, lines 1 through 10, all income earned and adjustments reported in column A during the period you were **not** living in Rhode Island. This includes income earned both within and without Rhode Island.

Enter in column C, line 11, the modifications to federal adjusted gross income attributable to the income reported in column C.

Column D – Rhode Island Nonresident Period: Enter in column D, lines 1 through 10, all amounts of income and adjustments reported in column C (nonresident period) derived from or connected with Rhode Island sources.

Enter in column D, line 11, the modifications to federal adjusted gross income attributable to the income reported in column D.

Line 12 – Modified Federal AGI: Combine the amounts on lines 10 and 11.

Line 13 – Total Rhode Island Income: Add the amounts on line 12, column B and line 12, column D.

Line 14 – Allocation Percentage: Divide the amount on line 13 by the amount on Line 12. If line 13 is greater than line 12, enter 1.0000.

Line 15 – Rhode Island Tax After Credits –Before Allocation: Enter the amount from RI-1040NR, page 1, line 12.

Line 16 – Rhode Island Income Tax: Multiply the amount on line 15 by the percentage on line 14. If you have income earned in another state while you were a resident of Rhode Island, complete part 2 on page 10. Otherwise, enter here and on RI-1040NR, page 1, line 13. Check the part-year resident box.

PART 2 - CREDIT FOR INCOME TAXES PAID TO ANOTHER STATE AND TAX WORKSHEET

Line 17 – Rhode Island Income Tax: Enter the amount of Rhode Island income tax from RI-1040NR, page 9, schedule V, part 1, line 16.

Line 18 – Income Taxed by Other States, While a Rhode Island Resident: Enter the amount of income taxed by another state while a Rhode Island resident included in the amount on page 9, schedule V, part 1, line 10, column B.

Line 19 – Total Rhode Island Income: Enter the Rhode Island income reported on page 9, schedule V, part 1, line 13.

Line 20 – Divide the amount on line 18 by the amount on line 19.

Line 21 – Multiply the amount on line 17 by the percentage on line 20.

Line 22 – Tax Due and Paid to Other State: Enter the amount of income tax liability paid to the other state. Also, enter the name of the other state in the space provided.

Line 23 – Enter the amount from line 18 above.

Line 24 – Other State's Adjusted Gross Income: Enter the amount of total adjusted gross income reported on the income tax return filed with the other state. **Attach a completed signed copy of the return filed with the other state.**

Line 25 – Divide the amount on line 23 by the amount on line 24.

Line 26 – Multiply the amount on line 22 by the percentage on line 25.

Line 27 – Maximum Tax Credit: Enter the amount on line 17, 21 or 26 whichever is the **SMALLEST**.

Line 28 – Rhode Island Income Tax: Subtract the amount on line 27 from the amount on line 17. Enter here and on Form RI-1040NR, page 1, line 13 and check the part-year resident box.
NOTE: If, while a resident, you had income taxed by two or more other states, a separate computation should be made on a multiple state credit schedule (RI-1040NRMU). This schedule can be obtained by calling the RI Division of Taxation at (401) 574-8970 or at our web site www.tax.ri.gov.

RI-6251 ALTERNATIVE MINIMUM TAX

Line 1 – Federal Alternative Minimum Taxable Income: Enter your federal alternative minimum taxable income from Federal Form 6251, line 28.

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.

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 on the Rhode Island Worksheets page. Enter the amount from line 10 on RI-6251, line 2.

Line 3 – Subtract line 2 from line 1.

Line 4 – If 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.

Line 5 – Enter your RI tax from RI-1040NR, 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-1040NR, page 1, line 9.

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