

2011 INSTRUCTIONS FOR FILING RI-1040

GENERAL INSTRUCTIONS

This booklet contains returns and instructions for filing the 2011 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 and RI Schedule W. Those taxpayers claiming modifications to federal adjusted gross income must complete RI Schedule M on page 5. Taxpayers claiming a credit for income taxes paid to another state must complete RI Schedule II on page 2.

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

Complete your 2011 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).

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 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 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.

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 for services performed by the servicemember's spouse can only be subject to income tax by the state of his/her legal residency if the servicemember's spouse meets certain conditions.

Income for services performed by the servicemember's spouse in Rhode Island would be exempt from Rhode Island income tax if the servicemember's spouse moved to Rhode Island solely to be with the servicemember complying with military orders sending the servicemember to Rhode Island. The servicemember and the servicemember's spouse must also share the same non-Rhode Island domicile.

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 2011, 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 filing 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 Form 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

Since April 15, 2012 falls on a Sunday and Emancipation Day, a Washington DC holiday, falls on Monday, April 16, 2012, Rhode Island income tax returns will be considered timely filed if post-marked by **Tuesday, April 17, 2012**.

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 and payment to:
Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908 – **5807**

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, **you do not need to submit the Rhode Island form.** Attach a copy of 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

Forms may be obtained:
Internet: <http://www.tax.ri.gov>
Phone: (401) 574-8970

MISSING OR INCORRECT FORM W-2

This form is given to you by your employer showing the amount of income tax withheld on your behalf by your employer. 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, 2012 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. 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-R 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 to be included in the income of both residents and nonresidents alike.

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.

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:

Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908-**5807**

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 2012. 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 paid unless specifically requested.

REFUND CLAIMS

RIGL 44-30-87 provides different time periods within which a refund claim is allowed. A refund may be claimed within three (3) years of filing a return or two (2) years from the time the tax was paid, whichever expires later.

If a claim is made within the three (3) year period, the amount of the refund cannot exceed the amount of tax paid within that three (3) year period.

If a claim is made within the two (2) year period, the amount of refund may not exceed the portion of tax paid during the two (2) years preceding the filing of the claim.

For purposes of this section, any income tax withheld from the taxpayer during any calendar year and any amount paid as estimated income tax for a taxable year is deemed to have been paid on the fifteenth day of the fourth month following the close of the taxable year for which the payments were being made.

For more information call the Personal Income Tax Section at (401) 574-8829, option #3.

SIGNATURE

You must sign your Rhode Island income tax return. If filing a joint return, both husband and wife must sign the 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.

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-R.

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 M, line 1D 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 M, line 2I 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 M, line 1D 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 M, line 2I.

If a taxpayer has already filed a return, Form RI-1040X-R 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 M, line 1E. 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 M, line 2J.

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 M, line 2F.

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 M, line 2F.

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 allowable Rhode Island 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) per annum.

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) per annum.

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 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 the Personal Income Tax Section at (401) 574-8829 and selecting option #3.

SPECIFIC LINE INSTRUCTIONS

NAME AND ADDRESS

Complete the identification portion of the return, including your name and social security number, your spouse's name and social security number (if applicable), address, daytime telephone number and your 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 be 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 page 5, RI Schedule M, line 3. If you are claiming a modification, you must attach RI Schedule M to your return. RI Schedule M is discussed further on page I-5 of 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 Rhode Island standard deduction.

Single	\$7,500
Married Joint	\$15,000
Qualifying Widow(er)	\$15,000
Married Separate	\$7,500
Head of Household	\$11,250

However, if line 3 is more than \$175,000 see the Exemption Worksheet on page i (back of the front cover) to compute your exemption 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 5,800	0
5,800	0
9,500	1
11,600	0
15,300	1
19,000	2

Line 6 – Exemption Amount: Multiply the number of exemptions in the box by \$3,500.

However, if line 3 is more than \$175,000 see the Exemption Worksheet on page i (back of the front cover) to compute your exemption amount.

NOTE: If someone else can claim you on their return, your exemption amount is zero.

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

Line 8 – Rhode Island Income Tax: Enter the RI income tax from the RI Tax Table or Computation Worksheet.

Line 9A – Rhode Island Percentage of Allowable Federal Credits: Enter the amount of allowable federal credits from page 2, RI Schedule I, line 22.

Line 9B – Credit for Taxes Paid to Other States: Enter amount of credit for taxes paid to other states

from page 2, RI Schedule II, line 29. 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 found 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 9C - Other Rhode Island Credits: Enter amount of Other Rhode Island Credits from page 6, RI Schedule CR, line 4. Attach RI Schedule CR and your original certificate or carry-forward schedule to your RI-1040.

NOTE: All credits require the original certificate be attached to the return unless the credit amount is a carry forward from a prior year. Failure to attach the original certificate will result in the disallowance of the credit until the original is provided.

Line 9D - Total Rhode Island Credits: Add lines 9A, 9B and 9C.

Line 10 – Rhode Island Income Tax after Credits: Subtract line 9D from line 8 (If zero or less, enter zero).

Line 11 – Rhode Island Checkoff Contributions: Enter the amount of checkoff contributions from page 2, RI Checkoff Contributions Schedule, line 8. A list of the checkoff contributions can be found on page I-5 of these instructions. These checkoff contributions will increase your tax due or reduce your refund.

Line 12 – Use/Sales Tax Due: Enter the amount of Use/Sales Tax from line 6 of the Individual Consumer's Use/Sales Tax Worksheet on page I-4 of these instructions.

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

INDIVIDUAL CONSUMER'S USE/SALES TAX WORKSHEET

for RI-1040, page 1, line 12

KEEP FOR YOUR RECORDS - YOU DO NOT NEED TO ATTACH THIS WORKSHEET TO YOUR RETURN.

1. Schedule of purchases subject to the use/sales tax (if you need more space to list your purchases, attach a separate sheet).	
A. _____	1A. _____
B. _____	1B. _____
C. _____	1C. _____
2. Total price of purchases subject to tax - add lines 1A, 1B and 1C	2. _____
3. Rhode Island percentage	3. _____
4. Amount of tax - multiply line 2 by line 3	4. _____
5. Credit for taxes paid in other states on the items listed on line 1.....	5. _____
6. TOTAL AMOUNT DUE - subtract line 5 from line 4 - enter here and on Form RI-1040, page 1, line 12.....	6. _____

tax liability may arise are mail order catalog sales, 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.

Line 13 – Total Rhode Island Tax and Checkoff Contributions: Add lines 10, 11 and 12.

Line 14A – Rhode Island Income Tax Withheld: Enter total amount of Rhode Island 2011 income tax withheld from RI 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.

RI Schedule W, along with your W-2s and 1099s, must be attached to your return in order to receive credit for Rhode Island income tax withheld.

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 14B – 2011 Estimated Payments and Amount Applied from 2010 Return: Enter the amount of estimated payments paid on 2011 Form RI-1040ES and the amount applied from your 2010 return.

Line 14C – Property Tax Relief Credit: Enter the amount of allowable property tax relief credit from Form RI-1040H line 16 or 23, 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, 2012.**

Line 14D – RI Earned Income Credit: Enter amount from page 2, RI Schedule EIC, line 46. If you are claiming a Rhode Island earned income credit, you must attach RI Schedule EIC to your RI-1040.

Line 14E - RI Residential Lead Paint Credit: Enter the amount from Form RI-6238, line 7. **Rhode Island Residential Lead Paint Credit must be filed no later than April 15, 2012.** You must attach a copy of Form RI-6238 to your RI-

1040. However, if you are not required to file a Form RI-1040 or if you are filing an extension for your RI-1040, you may file Form RI-6238 separately to claim your RI Residential Lead Paint Credit.

Line 14F – Other Payments: Enter any other payments 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 Form RI-1040, page 1 to the right of line 14.

Any pass-through withholding from form RI 1099-PT must be entered on Schedule W and Form RI 1099-PT must be attached to your return.

Line 14G – Total Payments and Credits: Add lines 14A, 14B, 14C, 14D, 14E and 14F.

Line 15A – Balance Due: If the amount on line 13 is greater than the amount of line 14G, **SUBTRACT** line 14G from line 13 and enter the balance due on this line. This is the amount you owe.

Line 15B – Underestimating Interest Due: Complete Form RI-2210 or Form RI-2210A. Enter the amount of interest due from RI-2210, line 12 or line 22 or form RI-2210A, line 12 on this line.

Line 15C – Total Amount Due: Add lines 15A and 15B. 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.

Line 16 – Overpayment: If the amount on line 14G is greater than the amount on line 13 then **SUBTRACT** line 13 from line 14G and enter the overpayment on line 16.

Line 17 – Refund: Enter the amount of the overpayment on line 16 that is to be refunded. Refunds of less than \$1.00 will not be paid unless specifically requested.

Line 18 - Overpayment to be applied to 2012: Enter the amount of overpayment on line 16 which is to be applied to your 2012 estimated tax. (See General Instructions)

RI SCHEDULE I ALLOWABLE FEDERAL CREDIT

Line 19 – Rhode Island Income Tax: Enter the amount from Form RI-1040, page 1, line 8.

Line 20 – Credit for Child and Dependent Care Expenses: Enter the amount from Federal Form 1040, line 48 or 1040A, line 29.

Line 21 – Multiply the amount on line 20 by 25%

Line 22 - Maximum Credit: Enter the amount from line 19 or 21, whichever is less. Enter here and on form RI-1040, page 1, line 9A.

RI SCHEDULE II CREDIT FOR INCOME TAXES PAID TO ANOTHER STATE

\$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 23 – Rhode Island Income Tax: Enter the amount from page 1, line 8 less allowable federal credit from page 2, RI Schedule I, line 22.

Line 24 – 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.

Out-of-state gross income is determined in the same manner as that which would be used for Federal purposes and generally includes the net amounts of income that appear on the face of the other state's return or what would be comparable to the face of the Federal Income Tax Return.

Line 25 – Modified Federal AGI: Enter amount from page 1, line 3.

Line 26 – Divide line 24 by line 25.

Line 27 – Tentative Credit: Multiply the amount on line 23 by the percentage on line 26.

Line 28 – Tax Due and Paid to Other State: Enter the amount of income tax due and paid to the other state and write the name of the state in the space provided.

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 28. If included on a compos-

ite filing in another state, you must attach a copy of the composite filing showing your income and the taxes paid on your behalf.

Line 29 – Maximum Credit for Tax Paid to Another State: Enter the amount from line 23, line 27 or line 28, whichever is the smallest. Enter here and on page 1, line 9B.

RI CHECK-OFF CONTRIBUTIONS SCHEDULE

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

Lines 30 through 36 – 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.

- (30) Drug Program Account
- (31) Olympic Contribution
- (32) Rhode Island Organ Transplant Fund
- (33) Rhode Island Council on the Arts
- (34) Rhode Island Non-game Wildlife Appropriation
- (35) Childhood Disease Victims' Fund
- (36) RI Military Family Relief Fund

Line 37 – Total Contributions: Add lines 30, 31, 32, 33, 34, 35 and 36. Enter the total here and on page 1, line 11.

RI SCHEDULE EIC EARNED INCOME CREDIT

Line 38 – Rhode Island Income Tax: Enter the amount from RI-1040, page 1, line 10.

Line 39 – Federal Earned Income Credit: Enter the amount of Federal Earned Income Credit from Federal Form 1040, line 64a; 1040A, line 38a or 1040EZ, line 8a.

Line 40 – The Rhode Island percentage is 25%.

Line 41 – Multiply line 39 by line 40.

Line 42 – Enter the **SMALLER** of line 38 or line 41.

Line 43 – Subtract line 42 from line 41. If line 42 is greater than or equal to line 41, skip lines 44 and 45 and enter the amount from line 42 on line 46. Otherwise continue to line 44.

Line 44 – The refundable Rhode Island percentage is 15%.

Line 45 – Rhode Island Refundable Earned Income Credit: Multiply line 43 by line 44.

Line 46 – Total Rhode Island Earned Income Credit: Add line 42 and line 45. Enter here and on RI-1040, line 14D.

SCHEDULE W RHODE ISLAND W2 AND 1099 INFORMATION

If claiming Rhode Island income tax withheld on Form RI-1040, page 1, line 14A, RI Schedule W must be completed and attached. See RI Schedule W for additional instructions.

RI SCHEDULE M RI MODIFICATIONS TO FEDERAL ADJUSTED GROSS INCOME

A complete list of modifications is available on RI Schedule M.

Modification amounts must be entered on the appropriate modification line.

You must attach all supporting schedules to any modification claimed.

If modification amounts are not listed properly on this schedule and/or supporting documents are not attached, the processing of your return will be delayed.

Modifications INCREASING Federal AGI:

Line 1A – 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 1B – Rhode Island fiduciary adjustment as beneficiary of an estate or trust under RIGL §44-30-17.

Line 1C – Recapture of Family Education Account Modifications under RIGL §44-30-25(g).

Line 1D – 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 1E – 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 1F – Recapture of Tuition Savings Program modifications (section 529 accounts) under RIGL §44-30-12(4) (See general instructions for more details).

Line 1G – 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 1H – Recapture of Scituate Medical Savings Account modifications under RIGL §44-30-25.1(d)(3)(i).

Line 1I – Income from the discharge of business indebtedness deferred under the American Recovery and Reinvestment Act of 2009 under RIGL §44-66-1.

Line 1J – Total Modifications Increasing Federal Adjusted Gross Income: Add lines 1A through 1I.

Modifications Decreasing Federal AGI:

Line 2A – 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 2B – Rhode Island fiduciary adjustment as beneficiary of an estate or trust under RIGL §44-30-17.

Line 2C – Elective deduction for new research and development facilities under RIGL §44-32-1.

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

Line 2F – Family Education Accounts under RIGL §44-30-25.

Line 2G – 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 2H – 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 2I – 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 2J – 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 2K – 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 2L – 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 2M – Modification for Tax Incentives for Employers under RIGL §44-55-4.1.

Line 2N – 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 2O – 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 2P – 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. Income for services performed by the servicemember's spouse in Rhode Island would be exempt from Rhode Island income tax only if the servicemember's spouse moves to Rhode Island solely to be with the servicemember complying with military orders sending him/her to Rhode Island. The servicemember and the servicemember's spouse must also share the same non-Rhode Island domicile. Not all income earned by the servicemember or

his/her spouse is exempt from Rhode Island income tax. Non-military pay of the servicemember, as well as business income, gambling winnings or income from the ownership or disposition of real or tangible property earned from Rhode Island by either the servicemember or his/her spouse is still subject to Rhode Island income tax.

Note: The military servicemember and/or his/her spouse may be asked to submit proof of residency to support taking this modification.

Line 2Q – 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 2R - 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 2S - 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 2T - 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 2U - Income from the discharge of business indebtedness deferred under the American Recovery and Reinvestment Act of 2009 under §44-66-1. 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 2V – Total Modifications Decreasing Federal Adjusted Gross Income: Add lines 2A through 2U. Enter as a negative number.

Line 3 – Net Modifications to Federal Adjusted Gross income: Combine lines 1J and 2V. Enter the amount here and on RI-1040, page 1, line 2.

RI SCHEDULE CR OTHER RI CREDITS

This credit schedule details “Other Rhode Island Credits” 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 Form RI-1040, page 1, line 9C.

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.

Any missing or incomplete documentation may cause a delay in processing your return.

 Pursuant to RIGL 44-30-2.6(c)(3)(E), only the following credits are allowed as credits against Rhode Island Personal Income Tax. No other credits can be allowed. This also pertains to any carry forward of a credit that is not listed in this section.

Line 1 - Tax Credits for Contributions to Scholarship Organizations - 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 2 - 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

Note: This credit is for holders of a Historic Preservation Investment Tax Credit certificate received under the state’s Historic Structures program only. This credit is NOT for owners of historic residences who qualified under the Historic Homeownership Assistance Act - RIGL §44-33.1.

Line 3 - Motion Picture Production Tax Credits - 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 4 - TOTAL CREDITS - Add lines 1, 2 and 3. Enter the total here and on RI-1040, page 1, line 9C.

RHODE ISLAND TAX RATE SCHEDULE

CAUTION! The Rhode Island Tax Rate Schedule is shown so you can see the tax rate that applies to all levels of taxable income. **DO NOT** use to figure your Rhode Island tax. Instead, if your income is less than \$47,000 use the Rhode Island Tax Table located on pages T-1 through T-3. If your income is larger than \$47,000 use the Rhode Island Tax Computation Worksheet below.

TAX RATES APPLICABLE TO ALL FILING STATUS TYPES

Taxable Income (line 5)				% of the amount over	
Over	But not over	Pay	+	on excess	
\$ 0	\$ 55,000	\$ --		3.75%	\$ 0
55,000	125,000	2,063.00	+	4.75%	55,000
125,000	5,388.00	+	5.99%	125,000

RHODE ISLAND TAX COMPUTATION WORKSHEET

Use for all filing status types

If Taxable Income- RI-1040, line 7 or RI-1040NR, line 7 is:		(a) Enter the amount from RI-1040, line 7 or RI-1040NR, line 7	(b) Multiplication amount	(c) Multiply (a) by (b)	(d) Subtraction amount	TAX Subtract (d) from (c) Enter here and on RI-1040, line 8A or RI-1040NR, line 8A
Over	But not over					
\$0	\$55,000		3.75%		\$0.00	
\$55,000	\$125,000		4.75%		\$549.50	
Over	\$125,000		5.99%		\$2,099.50	