

2016 RI-1120C - Rhode Island Business Corporation Tax Return

SPECIFIC INSTRUCTIONS

INFORMATION SECTION:

Enter the requested entity information on the top of the form, including name, address, federal identification number, type of return being filed, and if the entity is not a calendar year filer, enter the beginning and end dates of the entity's fiscal year.

Enter the following information in the corresponding boxes:

- A. The gross receipts from U.S. Form 1120.
- B. The depreciable assets from U.S. Form 1120, page 5, Schedule L, line 10a, Column (c).
- C. Enter the total assets from U.S. Form 1120, page 5, Schedule L, line 15, Column (d).
- D. If the entity is registered with the Rhode Island Secretary of State, enter the entity's nine digit identification number. If not registered, leave this box blank. **Note: this is not your Federal Identification number.**

RETURN DUE DATES:

For calendar year and non-June 30 fiscal year end filers, Form RI-1120C is due on or before the fifteenth day of the fourth month following the close of the taxable year.

For June 30 fiscal year end filers, Form RI-1120C is due on or before the fifteenth day of the third month following the close of the taxable year.

NOTE:

If filing a final return, a separate request for a letter of good standing for the purpose of dissolution or withdrawal should also be filed. Attach the final return to the request form and follow the instructions for section V or VI. The final return and request form must be completed through the date of withdrawal. When filing for dissolution or withdrawal, an extension is not valid. Within thirty (30) days of date of letter of good standing, it must be recorded with the Secretary of State.

COMBINED REPORTING:

For tax years beginning on or after January 1, 2016, a business which is treated as a C corporation for federal income tax purposes, and which is part of a combined group engaged in a single or common business enterprise – a "unitary" business – must file a combined return with Rhode Island. Under mandatory unitary combined reporting, RIGL 44-11-4.1, an entity treated as a C corporation for federal income tax purposes must report on its Rhode Island return not only its own income, but also the combined income of the other corporations, or affiliates, that are part of a combined group under common ownership and part of a unitary business.

An affiliated group of C corporations, as defined in IRC § 1504, may also elect to be treated as a combined group with respect to the combined reporting requirement imposed by Rhode Island General Laws. When such an election is made, the entities that appear on the federal consolidated return shall be considered a combined group for Rhode Island corporate income tax purposes.

The combined group shall file by checking the box for Combined Return on the 2016 RI-1120C form, and including a Schedule CRS for each member of the group. If a federal consolidated group has made the election to be treated as a combined group with respect to the Rhode Island combined reporting requirement, they may do so by checking of the box for Consolidated Election on the Schedule CRS for each member.

See the most recent version of the Rhode Island Combined Reporting Regulation for more information.

All amounts should be listed in whole dollar amounts.

SCHEDULE A - COMPUTATION OF TAX

TAXABLE INCOME

Line 1 -

Enter the taxable income as it appears on line 28, Federal Form 1120.

CAPTIVE REAL ESTATE INVESTMENT TRUST (CAPTIVE REIT):

A Captive REIT shall file form RI-1120C and calculate tax at the corporation tax rate, adding back the "total deduction for dividends paid" to their federal taxable income under R.I.G.L. 44-11-11. Non-Captive REIT's shall check the box for 1120F and use Schedule RI-1120F to calculate the tax.

Line 2 - Total Deductions

Enter Total Deductions from page 3, Schedule B, line 1h.

Line 3 - Total Additions

Enter Total Additions from page 3, Schedule C, line 1e.

APPORTIONED TAXABLE INCOME

Line 4 - Adjusted Taxable Income

Subtract the total deductions amount on line 1 from the Federal Taxable Income amount on line 2. Add to that the total additions amount on line 3.

Line 5 - Rhode Island Apportionment Ratio

Complete Schedule G on page 4. Enter the amount from Schedule G, line 2.

Line 6 - Apportioned Rhode Island Taxable Income

Multiply your adjusted taxable income amount from line 4 times the Rhode Island Apportionment Ratio from line 5.

Line 7 - Research and development adjustments

Refer to section 44-32-1 of the Rhode Island General Laws for more details.

Line 8a - Pollution control and hazardous waste adjustment.

Every taxpayer, at his election, shall be entitled to a deduction with respect to the amortization of the adjusted basis of any treatment facility, as defined in section 44-11-11.1(A) or any hazardous waste recycling, refuse, or treatment facilities as defined in section 44-11-11.2 based on a period of sixty (60) months. A recapture of a previously taken deduction may be necessary under the law. This should be done by listing the recaptured amount as a negative number.

Line 8b - Capital Investment Deduction

Rhode Island General Laws provide for a deduction for purposes of computing net income in accordance with Chapter 44-11, for investments in certified venture capital partnerships. Taxpayers claiming this deduction for investments in certified venture capital partnerships must provide copies of certification from the Department of Economic Development of the Venture Capital Partnership. A recapture of a previously taken deduction may be necessary under the law. This should be done by listing the recaptured amount as a negative number. To calculate the amount of the deduction, the Rhode Island apportionment percentage should be applied to the taxpayer's qualifying investment. The result should be listed on this line.

Line 9 - Total Adjustments

Add lines 7, 8a and 8b.

Line 10 - Rhode Island Adjusted Taxable Income

Subtract line 9 from line 6.

Line 11 - Rhode Island Income Tax

Multiply the amount on line 10 by 7% (0.0700).

Line 12 - Rhode Island Credits

Enter the amount from Schedule B-CR 2016 - Business Credit Schedule, line 21.

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Line 13 - Tax After Credits

Subtract the amount of credits on line 12 from the Rhode Island Income Tax Amount on line 11, but not less than the minimum tax of \$450.00.

If filing a combined return, the minimum tax is calculated by multiplying the number of members that have nexus in Rhode Island (see Schedule CRS) times the minimum tax \$450.00. Subtract the amount of credits on line 14 from the Rhode Island Income Tax Amount on line 13, but not less than the minimum tax amount for the combined group.

See the most recent version of the Rhode Island Combined Reporting Regulation for more information.

Line 14 - Other Additions

(a) Recapture of Credits

The formula to be used to compute the recapture on investment tax credit is: The tax credit taken on property ceasing to qualify times a fraction consisting of a numerator which is the useful life of property in months minus the qualified use in months and a denominator which is the useful life of property in months.

(b) Jobs Growth Tax

Enter 5% of the aggregate performance-based compensation paid to eligible employees as per the Jobs Growth Act (44-64.11-5).

Line 15 - Tax Due

Add the amounts from lines 13, 14a and 14b.

Line 16 - Total Tax Due

Enter the total tax due from page 1, line 15.

Line 17 - Estimated Tax Payments

Enter the total estimated tax payments made with respect to the taxable year, if any, including any overpayment applied from the preceding taxable year.

Line 18a - Other Payments

Enter the amount of all other tax payments (i.e. extension payment) made with respect to the taxable year.

Line 18b - Rhode Island Pass-through Withholding Payments

Enter the amount of any nonresident withholding payments made on the corporation's behalf by any pass-through entities. A copy of the Form RI-1099PT issued to the corporation must be attached to Form RI-1120C in order for credit to be given. Failure to attach a copy will result in the disallowance of the pass-through withholding amount until documentation is provided.

Line 19a - Total Payments

Add the amounts from lines 17, 18a and 18b.

Line 19b - Previously Issued Refunds

If filing an amended return, enter the amount, if any, of a refund issued with a prior filing for this tax year.

Line 19c - Net Payments

Subtract line 19b from line 19a.

Line 20 - Net Tax Due

Subtract the amount on line 19c from the amount on line 16.

Line 21 - Interest and Penalty Calculation

(a) Interest on the balance due

For failure to pay the tax on time, interest at the rate of 18% (0.1800) per year; or 1.5% (0.0150) per month, shall be assessed.

Interest shall accrue on the amount from line 21 at the rate of 18% per annum from the due date for filing the return to the actual date of payment.

(b) Penalty on the balance due

For failure to pay the tax on time, a penalty at the rate of 0.5% (0.0050)

per month not to exceed 25% (0.2500) shall be assessed.

(c) Interest for underpayment of estimated taxes

In case of any underpayment of the estimated taxes by a corporation there shall be added to the tax as the case may be for the taxable year, an amount determined at the rate of 18% per annum upon the amount of the underpayment for the period of the underpayment. "The amount of the underpayment" shall be the excess of the installment or installments which would be required to be paid if the advance payments were equal to eighty percent (80%) of the tax shown on the return for the taxable year or, if no return was filed eighty percent (80%) of the tax for such year, over the amount, if any, of the installment paid on or before the last date prescribed for payment. See chart on page 2 of Form RI-2220.

The law provides for the assessment of a penalty of 5% of the tax imposed on such corporations for such taxable year for failure to file required estimated tax payments.

(d) Penalty on the balance due

For failure to file the return on time, a penalty at the rate of 5% (0.0500) per month not to exceed 25% (0.2500) shall be assessed.

(e) Total interest and penalty amount.

Add the amounts from lines 21a, 21b, 21c and 21d.

Line 22 - Total Due with the Return

Add lines 20 and 21e. This amount is due and payable when the return is filed. Use Form RI-1120V to submit your payment.

Line 23 - Overpayment

If line 19c is more than line 16, this is the amount of your overpayment. If there is an amount due on line 21e, subtract that amount from your overpayment.

If the amount on line 21e is more than your overpayment, enter the amount on line 22. This amount is due and payable when the return is filed.

Line 24 - Amount to be Applied to 2017 Estimated Tax

Enter the amount of the overpayment from line 23 that is to be credited against next year's estimated tax. The amount on this line may be adjusted by the Tax Administrator.

Line 25 - Amount to be refunded.

Subtract line 24 from line 23.

SCHEDULE B - DEDUCTIONS

Line 1a - Net Operating Loss Deduction

For years ending 4/15/92 and thereafter a net operating loss deduction shall be allowed which shall be the same as the net operating loss deduction allowed under §172 of the Internal Revenue Code of 1954, except that (1) any net operating loss included in determining such deduction shall be adjusted to reflect the inclusions and exclusions from entire net income required by paragraph (a) of §44-11-11 and §44-11-11.1, (2) such deduction shall not include any net operating loss sustained during any taxable year in which the taxpayer was not subject to the tax imposed by §44-11, (3) such deduction shall not exceed the deduction for the taxable year allowable under § 172 of the Internal Revenue Code of 1954, provided however, such deductions for a taxable year may not be carried back to any other taxable year for Rhode Island purposes but shall only be allowable on a carry forward basis for the five (5) succeeding taxable years. Refer to Regulation CT 94-06. If a NOL is not allowed under IRC 172, no amount should be listed here. NOL carry forwards should be tracked separately on an attached schedule.

Line 1b - Special Deductions

Enter the amount from Federal Form 1120, Schedule C, line 20.

Line 1c - Exempt Dividends and Interest

Enter the amount of exempt dividends and interest from page 4, Schedule E, line 10 of the RI-1120C.

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Line 1d - Foreign Dividend Gross-up

Enter the amount from Federal Form 1120, Schedule C, line 15.

Line 1e - Bonus Depreciation Adjustment

Enter the amount of adjustment which represents the difference between normal first year depreciation and residual depreciation as long as depreciation lasts.

Line 1f - Discharge from Business Indebtedness

Enter the amount of income deferred under the American Recovery and Reinvestment Act of 2009 that was added back in previous years for Rhode Island purposes.

Line 1g - Modification for Tax Incentives for Employers

Enter the amount of modification allowed under RIGL 44-55. Attach Form RI-107 and required documentation to the return.

Line 1h - Total Deductions

Add lines 1a through 1g. Enter here and on page 1, Schedule A, line 3.

SCHEDULE C - ADDITIONS

Line 1a - Interest

Enter the gross amount of interest income received or accrued with respect to all obligations of any state, territory or possession of the United States or any political subdivision of the foregoing, or the District of Columbia other than Rhode Island or its political subdivisions not included on lines 5 and 10 of U.S. Form 1120.

Line 1b - Rhode Island Corporate Taxes

Enter the Rhode Island income tax paid or accrued which are deducted on the federal return on lines 2 or 17 for the taxable year. (Attach Schedule)

Line 1c - Bonus Depreciation Adjustment

Enter the entity's bonus depreciation amount less its normal depreciation amount.

Line 1d - Domestic Production

From U.S. Form 1120, line 25.

Line 1e - Total Additions

Add lines 1a through 1d. Enter here and on page 1, Schedule A, line 3.

SCHEDULE G - ALLOCATION FACTOR

Prior to considering your apportionment factors, Regulation CT 15-04 and RIGL 44-11-13 should be consulted to determine whether a company has the ability to apportion its Rhode Island adjusted taxable income. All apportionment factors should be filled out even if apportionment is 100% Rhode Island.

If utilizing an alternative allocation apportionment as allowed under RIGL §44-11-14.2, §44-11-14.3, §44-11-14.4, §44-11-14.5 or §44-11-14.6, check the box above the apportionment schedule.

If filing a combined return, for columns A and B, skip over lines 1a through line 1i and enter the total of total Rhode Island receipts from each member's Schedule CRS on column A, line 1j and the totals of the total Everywhere receipts from each member's Schedule CRS on column B, line 1j. Then refer to line 2 to compute the Rhode Island Apportionment Ratio.

For more information, see the instructions for Schedule CRS and Regulation CT 15-04.

Line 1 - Receipts Factor

1a) 100% allocation to Rhode Island of the gross receipts from sales of tangible personal property sold in the regular course of business where Rhode

Island (or any other state or place) is the place of origin and Rhode Island is the destination. Sales of tangible personal property are in Rhode Island if the property is delivered or shipped to a purchaser within this state regardless of the free on board (F.O.B.) point or other conditions of the sale.

Gross income from services is attributed to Rhode Island if the benefits from the services are received in Rhode Island.

Pursuant to R.I.G.L. 44-11-14(b)(1)(i)(B), gross sales of tangible personal property where shipments are made from an office, store, warehouse, factory or other place of storage in this state and the taxpayer is not taxed in the state of purchase must now be included in the Receipts section of the Rhode Island apportionment column. This gross receipts amount must be listed separately as shown on the apportionment schedule.

1b) Dividend income. This amount should not be included in 1h.

1c) Interest income. This amount should not be included in 1h.

1d) Gross rental income from the leasing or renting of real and tangible personal property.

1e) Royalty income associated with Rhode Island activities.

1f) Net income from the sale of real property, tangible personal property, or other capital assets not held by the taxpayer for sale to customers in the regular course of business.

1g) Net income from the sale or disposition of securities or financial obligations. Do not include related dividends or interest. Dividends and interest are reported on lines 1b and 1c.

1h) Gross income from all other receipts includes income from all other sources (not listed above) and includes (but is not limited to) receipts from patents, royalties, copyrights, commissions, dividends and interest. Gross income from royalties is attributable to Rhode Island to the extent that the patent or copyright is used in this state by the person paying royalties to the taxpayer. A patent is used in Rhode Island to the extent that it is employed in fabrication, manufacturing, production or other processing in Rhode Island or to the extent that a patented product is produced in Rhode Island. A copyright is used in Rhode Island to the extent that printing or other publication originates in Rhode Island. Accordingly, all such gross income should be included in Schedule G, line 1h, Column A. For corporations organized under Rhode Island laws, all gross income from interest and dividends must be shown on Schedule G, lines 1b & 1c, Column A.

1i) Income exempt from federal taxation.

1j) Total. For each column, add lines 1a through 1i.

Line 2 - Ratio in Rhode Island Allocation Factor

Divide line 1j, Column A by line 1j, Column B. Calculate to six (6) decimal places. Also, enter this ratio on schedule A, line 5.