



# Rhode Island Division of Taxation

Issue Date: December 15, 2011

State of Rhode Island and Providence Plantations

Department of Revenue

## Advisory: Tax Division update for tax year 2012

The Rhode Island Division of Taxation has set the standard deduction amounts, exemption amounts, tax bracket ranges, and other key figures for tax year 2012.

The Tax Division is also preparing to issue important documents for 2012 for taxpayers and practitioners. These include employer withholding booklets (available only online) and estimated tax forms (to be mailed in early 2012).

### Standard deduction, exemption amounts

For the Rhode Island personal income tax for tax year 2012, the standard deduction amounts, the personal and dependency exemption amounts, and the income ranges within each personal income tax bracket have all been increased. The increases, averaging about 4 percent, represent inflation adjustments as required by statute.

#### Standard deduction amounts

Filing status:	Tax year 2011:	Tax year 2012:
single	\$ 7,500	\$ 7,800
married filing jointly	\$ 15,000	\$ 15,600
head of household	\$ 11,250	\$ 11,700
married filing separately	\$ 7,500	\$ 7,800

#### Personal and dependency exemption amount

	Tax year 2011:	Tax year 2012:
	\$ 3,500	\$ 3,650

#### Phase-out range for personal, dependency exemptions

	Tax year 2011:	Tax year 2012:
	\$175,000 to \$195,000	\$181,900 to \$202,700

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## Tax brackets for 2012

The Tax Division has recalculated tax bracket ranges for tax year 2012, as required by statute. The recalculations, to reflect inflation, boost the dollar figures in each bracket by about 4 percent compared with tax year 2011.

The changes were made to the Rhode Island personal income tax's uniform tax rate schedule – which is used by all filers.

<b>Rhode Island personal income tax: rate schedule for 2011</b>				
Taxable income:				
Over	But not over	Pay	+ percent on excess	of the amount over
\$ 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

**Old schedule,  
applied to 2011  
tax year.**

<b>Rhode Island personal income tax: rate schedule for 2012</b>				
Taxable income:				
Over	But not over	Pay	+ percent on excess	of the amount over
\$ 0	\$ 57,150	\$ ----	3.75%	\$ 0
57,150	129,900	2,143.13	4.75%	57,150
129,900	----	5,598.75	5.99%	129,900

**New schedule,  
applies to 2012  
tax year.**

**(Dollar figures are  
higher, having been  
adjusted for inflation.)**

If tax brackets remained constant, a taxpayer might be bumped into a higher bracket solely because of an annual wage increase that is intended to help the worker keep pace with inflation -- an outcome often referred to as bracket creep.

To help offset the effects of bracket creep, the General Assembly included in Rhode Island tax law a provision that requires the tax brackets to be adjusted annually with inflation.

Standard deduction and exemption amounts are adjusted in similar fashion.

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## Withholding tables

The Tax Division has published its booklet of income tax withholding tables for 2012. Employers will use the tables to calculate how much Rhode Island personal income tax to withhold from a worker's pay. The tables are adjusted for inflation.

The new tables were constructed based on many of the same principles that were used for the 2011 tables. However, new for 2012, the booklets include a single, uniform table that employers may use to calculate withholding. Employers should use the uniform table no matter the employee's "filing status" (whether "single" or "married filing jointly," for example.) The uniform table reflects a change in state law enacted in June 2010. Each booklet also includes a copy of the [Form W-4 that employees can use to adjust their withholding](#).

This year, for the first time, the Tax Division will make the [withholding booklet available only online, at the agency's website](#).

The Tax Division will not offer bulk mailings of the withholding booklets, a move that will save on printing and postage costs for taxpayers.

The Tax Division earlier this week began mailing postcards to more than 38,700 employers to inform them of the change. The postcards advise employers that the withholding booklets may be obtained in any of the following ways:

- by downloading a copy from the Tax Division website: <http://www.tax.ri.gov>
- by calling the agency's forms request line, at (401) 574-8970; or
- by requesting, via e-mail, an individual printed copy of the booklet, using the following e-mail address: [TaxForms@tax.ri.gov](mailto:TaxForms@tax.ri.gov)

The postcards also carry a reminder that [certain employers must make withholding tax payments to the Tax Division by electronic funds transfer](#).

## Estimated tax booklets

The Tax Division has finalized the form that many taxpayers use to make quarterly estimated tax payments.

The agency plans to mail out, in early 2012, about 40,000 copies of the [Form RI-1040ES, "Rhode Island Resident and Nonresident Estimated Payment Coupons."](#)

Each will include payment coupons.

**-- David M. Sullivan**  
**Rhode Island Tax Administrator**

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