



Rhode Island Department of Revenue

Division of Taxation

NOTICE 2020-03

SEPTEMBER 2, 2020

Rhode Island tax obligations for LLCs: What you need to know, in summary

Limited liability companies (LLCs) are required under Rhode Island law to file an annual return with the Rhode Island Division of Taxation and pay an annual tax or fee. Which form to file, and which tax/fee to pay, depends upon the LLC:

- If the LLC is treated as a pass-through entity and not as a corporation for federal tax purposes, it must file Form RI-1065 and pay an annual fee, also known as an annual charge (see table below).
- If the LLC is treated as a corporation for federal tax purposes, it must file Form RI-1120C each year and pay the Rhode Island corporate income tax. (See notes below.)

NOTES:

▶ The Rhode Island filing and payment requirements summarized here apply not only to multi-member LLCs, but also to single-member LLCs. The filing and payment requirements also apply for any full or partial year in which the business is in existence, including the year in which the business is formed and the year in which the business dissolves. For more information, see the applicable form and related instructions on the Division of Taxation website: www.tax.ri.gov.

▶ In general, the annual tax filing deadline is March 15 for an LLC treated as a pass-through entity, while the deadline is April 15 for an LLC treated as a corporation for federal tax purposes. A single-member LLC uses the same filing deadline as its owner. (For example, if the owner is an individual, the SMLLC return and payment are due April 15.)

▶ If a single-member LLC or multi-member LLC has failed to file and pay the annual charge in prior years, keep in mind that there is no time limit regarding how far back the Division of Taxation can go when it comes to collecting from non-filers. Also, failure to file and pay will prevent you from receiving a letter of good standing from the Division of Taxation, which in turn could prevent you from selling real estate or other key assets held by your single-member LLC or multi-member LLC.

▶ If you cannot pay all of what is due, please call the Division of Taxation's Compliance & Collections section and ask about payment plans: (401) 574-8941 from 8:30 a.m. to 3:30 p.m. business days.

Tax year	Annual charge
2020	\$400
2019	\$400
2018	\$400
2017	\$400
2016	\$450
2015	\$500

The annual charge – sometimes called the annual fee, filing fee, or filing charge – is \$400 for tax years beginning on or after January 1, 2017; \$450 for tax years beginning on or after January 1, 2016, but before January 1, 2017; \$500 for tax years beginning on or after January 1, 2004, but before January 1, 2016; \$250 for 2003.

▶ An LLC whose members include one or more nonresidents generally must withhold and remit Rhode Island tax and file RI-1096PT each year reporting the income flowing through and the amount of nonresident Rhode Island tax withheld. (See also the note below.) Nonresident individuals and entities are required to file the appropriate Rhode Island tax returns reporting the pass-through income and any pass-through withheld tax. In some instances, Form RI-1040C may be filed. For more information on pass-through entities and composite filing, use the following links:

- http://www.tax.ri.gov/taxforms/passthrough_composite.php
- http://www.tax.ri.gov/misc/passthrough_entities.php

▶ Note: Under Rhode Island legislation enacted in 2019, pass-through entities can elect to pay an entity-level tax. If an entity elects to pay income tax at the entity level on Form RI-PTE (“Pass-through Entity Election Tax Return”), the entity is not required to comply with the requirements for Form RI-1096PT.

For more information about the entity-level tax, use the following links:

- <https://go.usa.gov/xGr4Q>
- http://www.tax.ri.gov/taxforms/pte_election.php.

▶ If the LLC has employees, contact the Division of Taxation’s Employer Tax section for more information: <http://www.uitax.ri.gov/>.

▶ In general, for an LLC treated as a corporation for federal tax purposes, for tax years beginning on or after January 1, 2015, the tax is 7% of net income, or the minimum tax, whichever amount is greater. For prior years, corporations paid the Rhode Island corporate income tax or the franchise tax, whichever amount was greater. (For rates and other information, please see the applicable tax form.)

▶ An LLC must notify the Division at least five business days before the sale or transfer of a major part in value of the LLC’s assets. The notification must be made by requesting a letter of good standing from the Division. All required tax returns must be filed, and all Rhode Island State taxes paid, when the Tax Administrator is notified of the sale or transfer.

▶ For the Division’s regulation on LLCs: <https://rules.sos.ri.gov/regulations/part/280-20-25-7>.

The Rhode Island Division of Taxation office is located at One Capitol Hill in Providence, R.I., diagonally across from the Smith Street entrance to the State House, and is open to the public from 8:30 a.m. to 3:30 p.m. business days. For more information, contact the Division of Taxation at (401) 574-8829 or use the following link: <http://www.tax.ri.gov/contact>. Please note that visitors to the office must, in advance, use Rhode Island’s self-screening tool, and also follow certain protocols, to help prevent spread of the coronavirus (COVID-19). For more information: http://www.tax.ri.gov/Advisory/ADV_2020_35.pdf.

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