



Rhode Island Department of Revenue

Division of Taxation

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WITHHOLDING TAX

INFORMATION FOR TAXPAYERS AND TAX PROFESSIONALS
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FAQs on withholding tax changes

Beginning in January 2020, there are some changes to how Rhode Island employers, payroll companies, and accounting firms will file and pay withholding taxes to the Rhode Island Division of Taxation. Legislation passed as part of the 2019 budget process created electronic payment and filing requirements for certain employers. In conjunction with the electronic mandates, the Rhode Island Division of Taxation also took an opportunity to simplify the filing and payment frequencies and more align itself with the Internal Revenue Service and other states. The Division has moved to a quarterly return filing (RI-941) and consolidated the daily and quarter-monthly filing frequencies into a weekly frequency. Since the quarterly RI-941 filing will now be the actual filing of the tax return, the weekly, monthly and quarterly frequencies will now be referred to as payment frequencies. The rest of this document will provide some frequently asked questions we have received and the answers to those questions.

1. What are the due dates for each filing frequency?

The RI-941 will be due the last day of the month following each quarter. For example, for quarter ending 03/31, the due date would be 04/30. For the quarterly payment frequency, the payment would be expected to be sent with the RI-941 filing with the same due date.

The monthly payment frequency would be due by the 20th of the following month for the first two payments. The payment for the final month of the quarter would be due with the RI-941 filing for the quarter.

For the weekly payment frequency, the due date would be each Monday following the end of the week.

2. What if the due date is a holiday, Saturday or Sunday?

For the RI-941 and any payment frequency, the due date would move to the next business day. Thus, a Monday holiday would move to the Tuesday and a Saturday or Sunday would move to the Monday.

3. What is the definition of a “week” for the weekly payment frequency?

The week would be Sunday through Saturday. Any payroll falling within the week would be reported by the Monday due date.

4. Rhode Island appears to be using a payroll period for the weekly payment frequency while the IRS and other states use the check date. Is this correct?

This is not a change from our previous process. The only change is going from quarter-monthly and daily reporting frequencies to weekly. In the change, we are streamlining the due date to a Monday instead of 3 days or 1 day after the end date.

Previously, the payrolls from the 1st-7th were due the 8th or the 10th of every month. We realize those expectations were not being followed and this is another one of the reasons for the change to streamline things.

5. How do we handle weekly periods that overlap two quarters and the RI-941 filing? For example, the first quarter of 2020 weekly period would be March 29 – April 4th.

Originally, our expectation was that any payroll paid during weekly period would be paid on the Monday. However, in working with a couple of payroll companies, we have found this is not how the federal process works. Thus, at the end of each quarter, we will allow a taxpayer or payroll provider to make a split week payment to stay consistent with federal 941 and TX17 reporting. In the example, March 29th-31st payrolls would be submitted for the 1st quarter and still be due on Monday April 6th. The associated withholding would be reported on the quarter ending 03/31/2020 RI-941 as well as the payment. Any payroll from April 1st – April 4th would also be due on Monday, April 6th. However, the associated withholding and the payment would be reported on the second quarter RI-941. This will allow for aligning payments with the federal RI-941 and employer tax TX-17 filing.

6. How will we make the payment for the split weeks mentioned in previous question?

We will accommodate a split week for the end of each quarter. In order to do this, we will allow for a 2nd week 13, week 26, week 39 and week 52 payment that will be applied to the appropriate quarter. The payment for the 2nd portion of the split week would be paid as week 14, week 27, week 40 and week 52.

7. Now that the filing frequency has changed from daily and quarter-monthly to weekly, what payment coupon would be used since the WTQM and WTQ were used previously?

Forms WTQM and WTQ have been discontinued for calendar year 2020 as the weekly filing frequency are mandated to be paid electronically.

8. What are the thresholds to meet the requirement to file electronically?

Any employer with an average monthly withholding amount of \$200 or more for the previous calendar year.

9. What payment methods are available and qualify to meet the electronic filing requirements?

The preferred method of making payments is our new portal which can be found at <https://taxportal.ri.gov>. You can still use approved ACH Debit and ACH Credit methods. For more information on setting up these accounts you may contact our EFT section. Credit Card payments with a fee is also an option through our website. You may also reach out to our EFT section by phone at (401) 574-8484.

10. What happens if I do not pay or file electronically if I meet the requirements to do so?

The legislation has instituted penalties if an employer meets the electronic mandate thresholds but does not pay or file electronically. For not submitting a payment electronically, the statute assesses a penalty of 5% of the tax withheld or \$500 whichever is less. Not filing a tax return as required electronically assesses a penalty of \$50 added to the tax.

11. Are there any interest or penalties associated with not making my weekly or monthly payments by the payment due date?

The legislation as enacted prescribes interest be assessed at the annual interest rate prescribed in Section 44-1-7 of RI General Laws for any payment filed late. Interest will be assessed between the due date of the payment and the actual date the payment was received or the due date of the RI-941, whichever is earlier. By statute, this penalty is called a failure to make timely deposits. This interest is separate from late payment interest associated with the RI-941 filing.

12. What if any payments are made after the RI-941 due date?

Late payment interest, late payment penalties and late filing penalties will be due as they have been previously. Late payment interest at the rate of 18% per annum will still be due. Late filing penalty is equal to 5% per month of the amount of the delinquency up to maximum of 25% and late payment penalty at .5% per month up to a maximum of 25% of the delinquency amount.

13. What are the filing thresholds for each of the three current payments frequencies?

Weekly payment frequencies are required if the employer withholds \$600 or more for a calendar month from employees' wages.

Monthly payment frequencies are required if the employer withholds \$50 or more but less than \$600 for any calendar month from employees' wages

Quarterly payment frequencies are required if the employer withholds less than \$50 for any calendar month.

14. What if an employer's withholding amounts cross a threshold mid-year?

The Tax Division understands that a taxpayer's withholding amounts may change month to month. Per Regulation 280-RICR-20-55-12, the taxpayer's payment frequency will be reviewed once per year and may be changed based on the prior 12 month's monthly withholding amounts.

15. How do I know an employer's payment frequency?

At the end of November or early December of 2019, each employer was sent an account summary notice. This notice provided them their payment frequency and the due dates for each of their payments for all of 2020. The expectation is that this notice will be repeated annually to at least those employers whose frequency changes per Regulation 280-RICR-20-55-12.

16. What are the specs for ACH Credit payments?

Below is a screen shot of the format:

TXP ADDENDUM RECORD CCD FORMAT

<u>FIELD #:</u>	<u>FIELD NAME:</u>	<u>DATA ELEMENT TYPE:</u>	<u>FIELD LENGTH:</u>	<u>COMMENTS:</u>
-	Segment Identifier			TXP
	Field Separator			*
TXP01	Taxpayer Identification Number	AN	11	012345678900
	Field Separator			*
TXP02	Tax Type Code	ID	5	01102
	Field Separator			*
TXP03	Tax Period End Date	DT	6	YYMMDD
	Field Separator			*
TXP04	Amount Type	ID	1	T (Tax)
	Field Separator			*
TXP05	Amount Paid	N2	1/10	\$\$\$\$\$\$\$\$cc
-	Record Terminator			\

Thus, the period end date for the 01/04/20 period end date would look like 200104.

17. Will we be able to send an overnight file on Monday for you to receive it Tuesday without incurring penalties and sending notices to our clients?

Payments received on Tuesday will be considered timely if they are submitted on Monday but processed overnight.

18. For the new weekly or monthly deposit frequencies, are zeroes “filings” required for EFT payments?

No. There is no longer a requirement to send in anything for a period with \$0 payment due. However, a form RI-941 for each quarter would be required whether there was withholding for the quarter or not.

19. What is the due date for the RI-941?

The RI-941 will be due on the last day of the month following the end of the quarter. Thus, the due dates would be 04/30, 07/31, 10/31, and 01/31. If the due date falls on a Saturday, Sunday or holiday, then the return would be due the next business day.

20. Will we need to start filing the RI-941 for all our clients?

Yes. We are working on an electronic bulk filing process that will accept an uploaded file. Initial drafts of the file layouts are available on the software developers page of our website.

21. Is the annual W-3 still required and what is the due date?

Yes, the annual W-3 filing is still required every year by January 31st. In the past, this was only available on paper. However, this is available with on our new online portal for taxpayers and we are looking at the possibility of a bulk upload process for next filing season.

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 see <http://www.tax.ri.gov/contact/>.
