



Rhode Island Division of Taxation: -- Annual Tax Forum --

Rhode Island Society of CPAs
Providence Marriott Downtown (Orms Street)
12-18-18



Rhode Island Division of Taxation: -- Annual Tax Forum --

Greetings from
Michael F. Canole, CPA
Assistant Tax Administrator



Rhode Island Division of Taxation: Business Operations Update

Presented by
Rahul Sarathy
Chief of Examinations
Rahul.Sarathy@tax.ri.gov

Rhode Island Division of Taxation



Fiscal Year 2018

- \$3.56B Revenue Deposited
 - 21.9M for Amnesty
- 2.5M Documents Processed
- 6863 LOGS Processed
 - Avg time: 7-8 Business Days
- 3,985 Liquor License Clearances
- 160,000 Phone Calls
- 15,000 Walk-ins
- 14,915 Emails Answered

Rhode Island Division of Taxation



Different IDs used by Taxpayers

- FEIN
- SSN
- Account ID
- License ID
- Notice ID
- Bill Invoice ID

Rhode Island Division of Taxation



Taxpayer Notice



State of Rhode Island and Providence Plantations
DIVISION OF TAXATION
One Capitol Hill
Providence, RI 02908-5800



Phone: (401) 574-8941
TTY Via 711
Fax: (401) 574-8915

10/03/2018

NOTICE OF ASSESSMENT

Account ID:	2-0948-4781
Tax Type:	WITHHOLDING-FILING
Notice ID:	10003325683
Case ID:	13983790
Due Date:	11/02/2018
Tax:	\$180.00
Interest:	\$2.22
Penalty:	\$9.90
Amount Paid:	\$180.00
Balance Due:	\$12.12
Period:	07/01/2018-07/31/2018

Dear Taxpayer,

The Division of Taxation is issuing this assessment for the period above because the liability provided on a previous notice or on the return filed, has not been resolved. If you agree with the assessment, please make full payment of the balance due within thirty (30) days of the date of this notice. Additional interest and penalties will continue to accrue on any unpaid tax balance. A breakdown of the current interest and penalties for this assessment is on the back of this notice.

Rhode Island Division of Taxation



Bill Coupon

-----Detach-----

State of Rhode Island and Providence Plantations
DIVISION OF TAXATION
NOA Bill Coupon


14201599990101

Return this coupon with your payment

Make check(s) payable to: **Rhode Island Division of Taxation**

Include **Notice ID 10003325683** on the check Date: 10/03/2018

Rhode Island Division of Taxation
One Capitol Hill
Providence, RI 02908-5800

Tax Type: **WITHHOLDING-FILING**

Case ID: **13983790**
Invoice Number: **1017463835**
Due Date: **11/02/2018**
Balance Due: **\$12.12**

Amount Enclosed: \$ _____

Rhode Island Division of Taxation



License ID

State of Rhode Island and Providence Plantations
DIVISION OF TAXATION



RETAIL SALES PERMIT

Valid From: 07/01/2017 to 06/30/2018

LICENSE FEE: \$10.00

ID: 2-0323-6524

ISSUED TO:



This permit, which authorizes the holder to collect the sales/use tax, is not assignable and is valid only for the person in whose name it is issued and for the transaction of business at the place designated. When the holder of this permit ceases to conduct the business for which it is issued at the place named, the permit must be returned to the Tax Administrator for cancellation. The ID Number, which appears in the upper left-hand corner, should be shown in all sales and use tax returns and in correspondence relative to the tax.

THIS PERMIT MUST AT ALL TIMES BE PROMINENTLY DISPLAYED AT THE LOCATION FOR WHICH IT IS ISSUED.

DATE ISSUED: 07/01/2017

NEENA SAVAGE
TAX ADMINISTRATOR

Rhode Island Division of Taxation



Upcoming Business Process Improvements

- Updated RI.GOV Website
 - Pay directly using Account ID

- Taxation Services Portal
 - File Returns
 - Make Payments
 - Compliance Check
 - LOGS Application

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RI.GOV website update uses Account ID to better route payment

RI Business Tax Filings

Tax Filing Account

Please select the Tax Account you are filing for.

Meals & Beverage Tax - Example Store 1 (12345) ▾

✓ Meals & Beverage Tax - Example Store 1 (12345)

Sales & Use Tax - Example Store 1 (12345)

Bank Deposit Tax - Example Store 2 (67890)

CONTINUE

CANCEL

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Portal – Security

- Unique User ID
 - 2 Factor Authentication
 - “Not a Robot” Authorization
 - Security Challenge Questions
- Delegated Authority for Functions & Taxes
- “Tokens” to store Payment Information
- Access to multiple taxpayers from a single user

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Portal – File a Return

- Ability to file a return online
 - Allows for Saving and Resuming a Filing
 - Allows for Amended Returns
 - History of Filings
- Pre-population of Demographics
- Return Line Item Calculations
- Logic to Avoid Duplicate Filings

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Portal – Make a Payment

- Multiple types of payments
 - Voucher Payment
 - Estimated Payment
 - Extension Payment
 - Bill Payment
- ACH Debit w/ Bank Info Securely Stored
- Ability to View Payment History
- Liability Payoff Amount on Request
 - Included Updated P&I

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Portal – LOGS Application

- Compliance Check for Taxpayer
 - Owed Liabilities
 - Missing Filings
- Step-by-Step LOGS Wizard
 - Prompts users with questions and guides toward relevant sections
 - Pre-fill information when able to do so
 - Prompts for ACH debit payment upon submission
- Ability to Securely Upload Documentation
 - e.g. Purchase and Sales Agreement

Rhode Island Division of Taxation



Portal – Home Page



State of Rhode Island
Division of Taxation
DEPARTMENT OF REVENUE

[HOME](#)

Member Sign In

User ID

Password

SIGN IN

[Forgot User ID? Forgot password?](#)

There is no maintenance scheduled at this time. If at any point maintenance is done, the date and time will be posted here.



Popular Services

- [Tax Forms](#)
- [Administrative Decisions](#)
- [Advisories](#)
- [Where's My Refund](#)
- [Business Registration](#)
- [Reports](#)
- [Regulations](#)
- [Newsletters](#)
- [Contact Us](#)

Frequently Asked Questions

Who should use the online taxpayer portal and what taxes can be filed?

How do I create a Portal user account?

[More >](#)

Rhode Island Division of Taxation



Portal – User Registration

Tax Portal Usage Terms

Privacy Protection
The Division of Taxation and the State of Rhode Island are committed to protecting your privacy as defined in IRS publication 1075.

Modification or Termination of Service (TOU)
The Division of Taxation reserves the right at any time, and from time to time, to modify or terminate access to the Portal on this website or sending notice to any contact point listed in your user profile. You can review the most current version of the TOU on our website.

Portal Access Termination for Specific User.
The Division of Taxation reserves the right to terminate access to the Portal for a specific user.

Acceptance of Terms of Use
You may accept and agree to these TOU of Portal on behalf of a business that you have read these TOU, that you have the authority to agree to the TOU, and that you and yourself will be bound by these TOU. Before you check the "I agree" box, you must select all images with a store front.

* I agree to the above Terms & Conditions

Select all images with a store front

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Enrollment - Security Questions ?

Thank you for registering for the web portal.
As part of the sign up process, please select and answer 3 security questions below. These questions will be used for security verification.

* Security Question #1 * Question #1 Answer * indicates required field

* Security Question #2 * Question #2 Answer

* Security Question #3 * Question #3 Answer

Select one of the options below ?

Progress 0%

Please review the options below and select the one that best fits your registration scenario to continue with the registration process.

I am adding administrator authorization for a Business and do not have a PIN.

I am adding administrator authorization for a Business and have a PIN.

I am adding administrator authorization for my Individual and Sole Proprietor accounts and do not have a PIN.

I am adding administrator authorization for my Individual and Sole Proprietor accounts and have a PIN.

Rhode Island Division of Taxation



Portal – Authorized Users

Manage Authorized Users

This page allows you, for each taxpayer for which you are the Authorized Administrator, to designate one or more individuals as Authorized Users for the purpose of viewing and/or modifying account information, and executing one or more account functions based on specific permissions you assign them. A Authorized user is someone other than an employee or officer of the taxpayer (for example, an accountant or attorney).

By adding a new Authorized User, you are certifying that you designate that individual as an authorized agent of the taxpayer and allow that individual to have access via this portal to confidential State of US tax information for the periods indicated; for the Tax Type[s] selected; and in order perform any Taxpayer Functions selected.

ADD NEW AUTHORIZED USER

Search:

User Name	User ID	Taxpayer Name	Effective Start Date	Effective End Date	Status
jonathan slusarz	jspptest2	RWU	05/31/2017		Active
jonathan slusarz	jspptest2	AUTOCRAT	05/31/2017	05/01/2018	Active
jonathan slusarz	jspptest2	DONNIE DARKO	05/31/2017	06/01/2022	Active
jonathan slusarz	jspptest2	NARRAGANSETT	07/01/2017	06/29/2018	Active

Showing 1 to 4 of 4 entries

Navigation: < 1 >

Tax Type Authorizations

* Indicates required field

Check the check boxes below to enable this user to perform the selected functions on behalf of this Taxpayer.

User ID: jspptest2
 User Name: jonathan slusarz
 Taxpayer Name: NARRAGANSETT
 User Authorization Start Date: 07/01/2017
 User Authorization End Date: 06/29/2018

Assign	Tax Type	Effective Dates	Assigned Function
<input type="checkbox"/>	INSURANCE	Start: <input type="text"/> End: <input type="text"/> ADD DATE RANGE	TAX TYPE FUNCTIONS
<input type="checkbox"/>	INTERNATIONAL FUEL TAX AGREEMENT	Start: <input type="text"/> End: <input type="text"/> ADD DATE RANGE	TAX TYPE FUNCTIONS

Showing 1 to 2 of 2 entries

Navigation: < 1 >

OK

User Details

* indicates required field

View Profile History

User Information

First Name: jonathan
 Last Name: slusarz
 User ID: jspptest2
 Last Logged On: 05/31/2017 10:23 AM

Contact Information

Daytime Phone: 617-656-8955
 Extension:
 Email: jonathan.slusarz@tax.ri.gov

Taxpayer Authorizations

Please select the checkboxes in the View column to assign the user read-only access to the selected taxpayers. In order to provide access based on a security template, please select a template name under the Apply a Template dropdown list. The details of the template will display after selecting it and access can be reviewed by clicking on the Taxpayer Functions and Tax Type Authorizations buttons. In order to manually choose authorizations, please select Taxpayer Functions and/or Tax Type Authorizations to assign the user additional access to the selected taxpayers. The dropdown value will display Custom to confirm that access was chosen.

View	Taxpayer Name	ID	Start Date	End Date	Assignments
<input checked="" type="checkbox"/>	AUTOCRAT	XX-XXX8146	05/31/2017	05/01/2018	Authorize Manually: <input type="checkbox"/> TAXPAYER FUNCTIONS <input type="checkbox"/> TAX TYPE AUTHORIZATIONS Or: <input type="text"/> APPLY A TEMPLATE
<input checked="" type="checkbox"/>	DONNIE DARKO	XX-XX66666	05/31/2017	06/01/2022	Authorize Manually: <input type="checkbox"/> TAXPAYER FUNCTIONS <input type="checkbox"/> TAX TYPE AUTHORIZATIONS Or: <input type="text"/> APPLY A TEMPLATE
<input checked="" type="checkbox"/>	NARRAGANSETT	XX-XX9877	07/01/2017	06/29/2018	Authorize Manually: <input type="checkbox"/> TAXPAYER FUNCTIONS <input type="checkbox"/> TAX TYPE AUTHORIZATIONS Or: <input type="text"/> APPLY A TEMPLATE
<input checked="" type="checkbox"/>	RWU	XX-XX6987	05/31/2017		Authorize Manually: <input type="checkbox"/> TAXPAYER FUNCTIONS <input type="checkbox"/> TAX TYPE AUTHORIZATIONS Or: <input type="text"/> APPLY A TEMPLATE

Showing 1 to 4 of 4 entries

BACK

SAVE

Rhode Island Division of Taxation



Portal – Taxpayer Landing Page

Welcome, Jonathan
You have **2** incomplete documents
You last logged in on
06/01/2017 09:50 AM

User Profile Summary

Jonathan Slusarz
jonathan.slusarz@tax.ri.gov

Taxpayer Information

NARRAGANSETT
1 CAPITOL HL,
PROVIDENCE, RI 02908-5816
UNITED STATES

SELECT A TAXPAYER

Tax Accounts ?

Account Type	ID	Address	Last Activity Date	Current Balance	Last Period Filed
IFTA/FUEL USE TAX	Account ID:2-0963-7456	1 CAPITOL HL, PROVIDENCE, RI, 02908-5816	05/30/2017	\$0.00	06/30/2017
IFTA/LICENSE AND DECAL	Account ID:2-0963-7455	1 CAPITOL HL, PROVIDENCE, RI, 02908-5816	05/30/2017	\$500.00	12/31/2017
INSURANCE/GROSS PREMIUMS	Account ID:2-0963-7457	1 CAPITOL HL, PROVIDENCE, RI, 02908-5816	05/30/2017	\$0.00	
INSURANCE/HMO	Account ID:2-0963-7459		05/30/2017	\$102.00	12/31/2017
INSURANCE/SELF PROCUREMENT	Account ID:2-0963-7458	1 CAPITOL HL, PROVIDENCE, RI, 02908-5816	05/31/2017	\$20,000.00	06/01/2017

Showing 1 to 5 of 6 entries

Information about Outstanding Debt

The outstanding debts below may not represent the true balance of your account as they are periodically updated with penalty & interest information.
In order to review the most up to date balances, please continue to Make a Payment and choose Bill Payment as payment type.

Outstanding Debts ?

Account Type	ID	Period End Date	Balance
IFTA/LICENSE AND DECAL	Account ID:2-0963-7455	12/31/2017	\$500.00
INSURANCE/HMO	Account ID:2-0963-7459	12/31/2017	\$102.00
INSURANCE/SURPLUS LINES	Account ID:2-0963-7460	12/31/2017	\$35,031.88
INSURANCE/SELF PROCUREMENT	Account ID:2-0963-7458	06/01/2017	\$20,000.00

Showing 1 to 4 of 4 entries

Rhode Island Division of Taxation



Portal – Filing

File a Form ?

The tax return information below has been prepopulated based on default account information. Please make alternate selections below as needed. Click the "Next" button when you are ready to continue.

* indicates required field

* Name

* Account

* ID

* Form Type

* Return Type

* Filing Method

* Filing Period

CANCEL

Saved Items

This page holds a list of all of the taxpayer's saved items. You can view incomplete documents and transaction history below, or use the search filter to find a specific item.

* indicates required field

Search Filter ?

Incomplete Documents ?

To finish a previously started document, click the Reference Number for the document in the list below.

Form Type	Taxpayer Name	Identifier	Period End Date	Reference Number	Last Activity Date
IFTA-100 - ORIGINAL DOCUMENT	RWU	Account ID:2-0963-8477	06/30/2017	FR0000000124	05/31/2017

Showing 1 to 1 of 1 entries



Transaction History ?

[VIEW SCHEDULED PAYMENTS](#)

Taxpayer Name	Identifier	Period End Date	Confirmation Number	Payment Amount	Date Submitted	Form Type	Status	Submitter Name
RWU	Account ID:2-0963-8478	12/31/2017	164	\$12,321,321.00	05/31/2017	PAYMENT VOUCHER	In Process	Jonathan Slusarz

Showing 1 to 1 of 1 entries



Rhode Island Division of Taxation



Portal – Payment Confirmation

Saved Items

This page holds a list of all of the taxpayer's saved items. You can view incomplete documents and transaction history below, or use the search filter to find a specific item.

Search Filter - ? * indicates required field

Incomplete Documents ?

To finish a previously started document, click the Reference Number for the document in the list below.

Form Type	Taxpayer Name	Identifier	Period End Date
IFTA-100 - ORIGINAL DOCUMENT	RWU	Account ID:2-0963-8477	06/30/2017

Showing 1 to 1 of 1 entries

Transaction History ?

Transaction History

Taxpayer Name	Identifier	Period End Date	Confirmation Number	Payment Amount	Date Submitted
RWU	Account ID:2-0963-8478	12/31/2017	164	\$12,321,321.00	05/31/2017

Showing 1 to 1 of 1 entries

Payment Confirmation ?

Please see information about your payment below.

The payment has been accepted. The confirmation number and payment details can be found below.

Transaction Information

Confirmation #	184	Transaction Date	06/01/2017
Status	In Process	Transaction Time	04:00 PM

Payment Information

Taxpayer Name	NARRAGANSETT	Effective Date	06/02/2017
Document Type	PAYMENT VOUCHER	Period Covered	12/31/2017
Amount Paid	\$500,000.00		
Payment Amount	\$500,000.00		
Fee Amount	\$0.00		

ACH DEBIT Information

Bank Nickname	BankTEST	Routing Number	XXXXX0022
Bank Account Type	Business/Corporate Checking	Account Number	XXXXXX3215

Rhode Island Division of Taxation



Portal – LOGS Compliance Check

Requesting a Letter of Good Standing ?

Please select a Business below in order to check compliance for the Business and initiate a Letter of Good Standing Request. If the compliance check returns any issues, Users may still proceed with submitting the Letter of Good Standing request but the Division of Taxation will not approve the request until the Business is in compliance.

Business Name:

CHECK COMPLIANCE

Compliance Check Results

Account ID	Tax Type	Issue	Period End Date	Tax	Penalty	Interest	Balance
202915305	IFTA/FUEL USE TAX	Missing Period	09/30/2016				
202915305	IFTA/FUEL USE TAX	Missing Period	06/30/2016				
202915305	IFTA/FUEL USE TAX	Missing Period	03/31/2016				
202915306	INSURANCE/GROSS PREMIUMS	Missing Period	12/31/2017				
202915305	IFTA/FUEL USE TAX	ORIGINAL - \$111545.83	12/31/2015	\$95,000.00	\$9,500.00	\$7,045.83	\$111,545.83
202915306	INSURANCE/GROSS PREMIUMS	ORIGINAL - \$129236.51	12/31/2015	\$32,800.00	\$90,000.00	\$6,436.51	\$129,236.51
202915306	INSURANCE/GROSS PREMIUMS	ORIGINAL - \$1816.42	12/31/2016	\$1,600.00		\$216.42	\$1,816.42

« ‹ 1 2 **3** › »

NEXT

Rhode Island Division of Taxation



Portal – LOGS Wizard

Progress 40%

* indicates required field

SECTION I - General Requests for Good Standing

Requirements:

1. All tax returns administered by the tax division that are past due must accompany this request.
2. All of the tax, interest, and penalty balances must be paid.

CORPORATIONS ONLY

Human Resource Investment Council Certification:

Enterprise Zone Certification:

Merger of corporation with another corporation:

OTHER

Financing:

Capital Stock Sale or Transfer (Must also complete Schedule B):

Reinstatement of charter revoked by Secretary of State:

Reinstatement of charter forfeited by Rhode Island Division of Taxation:

Sale of less than 50% of Rhode Island assets:

Motion Picture Production Company Certification:

Tax Status:

Re-Domestication:

Mobile Home Park Certification:

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Portal – LOGS Attachment Upload

File a Tax Return

State of Rhode Island
Division of Taxation
DEPARTMENT OF REVENUE

Log Out

HOME PROFILE INFORMATION ONLINE TRANSACTIONS MESSAGE CENTER

Online Transactions / File a Tax Return

Request a Letter of Good Standing

Progress 80%

* indicates required field

Attachments

Please refer to attachment instructions within each section previously filled out. Make sure to read any and all requirements under each section before continuing as this can delay the Letter of Good Standing's issuance

Maximum File Size: 2MB
Maximum number of attachments allowed: 10
Allowable File Types: .pdf, .csv, .gif, .xlsx, .xls, .doc, .docx, .xml, .jpeg

+ ADD FILES... START UPLOAD CANCEL UPLOAD DELETE

Help Text Document_Rhodelsland_v1 (1).docx	44.35 KB	* Attachment Type	DELETE
--	----------	-------------------	--------

- Miscellaneous
- Return Filing Documentation
- Logs Documentation

Previously Uploaded Attachments

No Attachments uploaded for this document.

BACK CANCEL CLEAR I WANT TO ADD ATTACHMENTS SAVE AND EXIT SAVE AND CONTINUE

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Rhode Island Division of Taxation



Portal – LOGS Payment



State of Rhode Island
Division of Taxation
DEPARTMENT OF REVENUE

Log Out

HOME PROFILE INFORMATION - ONLINE TRANSACTIONS - MESSAGE CENTER -

Online Transactions / Make a Payment

Form Payment ?

* indicates required field

Form Details

Taxpayer Name		Period End Date	10/02/2018
Account	ADMIN/LETTER OF GOOD STANDING	Amount Due	\$50.00
ID	Account ID:209842392		

Total Amount Due \$50.00

* **Payment Amount** \$ Check here to pay Total Outstanding Balance

* **Payment Method**

CANCEL **NEXT**

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Rhode Island Division of Taxation: Personal Income Tax

Presented by
Leo Lebeuf, Chief Revenue Agent:
Personal Income Tax

Rhode Island Division of Taxation



- 2018 Filing Season
 - 483K Refunds issued as of 11/26/18
 - 477K at this point last year
 - \$313.8M which is up \$7M from last year
 - 58,176 calls, 12,903 walk-ins, 13,005 emails as of 11/23
 - Calls are up due to billings increase. All other categories are down from last year
 - Email contact tax.assist@tax.ri.gov

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- Quick Hit updates
 - ❑ Property Tax relief increase from \$350 to \$365
 - ❑ RI Earned Income Credit remained at 15%
 - ❑ RI 1040-H Property Tax Relief Claim and RI-6238 Lead Paint Abatement Credit – No extensions. Must be filed by due date
 - ❑ Reminder: Due date changed for RI-1096PT and RI-1040C to 03/15
 - ❑ Reminder: RI-1040X discontinued, Checkbox on 1040s

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- Additional Updates
 - New Exemption schedule
 - Schedule E
 - Review of Dependents and New Questions
 - CT entity level tax vs. composite filing – Credit for taxes paid to another state
 - Listed like w/h credit on CT return

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- Additional Updates Continued
 - New check off contribution
 - Substance Abuse and Mental Health Leadership Council
 - 2018 1040 Draft
 - Other TCJA items
 - Included prior to Federal AGI. Follow federal treatment.
 - Section 199A Business Deduction
 - Social Security Modification amounts
 - Single \$83,550, Joint \$104,450
 - Pension and Annuity
 - Single \$81,900, Joint \$102,400

Rhode Island Division of Taxation



- Identity Theft – Security Summit and FTC
 - ❖ Security Summit and IRS campaign continues
 - ❖ Identitytheft.gov is set up by FTC as a resource for victims
 - Develops a personal recovery plan
 - Place fraud alerts and get credit reports
 - Allows filing of IRS Form 14039, Identity Theft Affidavit
 - ❖ For state returns, file on paper and attach IRS Form 14039
 - ❖ Still recommend filing a police report
- Start with Security-A guide for Business

Rhode Island Division of Taxation



- **Common Errors:**
- RI, Schedule W, summary page of payer's name, identification number, dollar amount of withholding and number of W2s/1099s
- Schedule W has been required since 2010, not including it will delay processing
- Incorrect Federal identification numbers. ID numbers are used to verify payer exists on Schedule W
- Use the correct code for the document on Sch W ("P" or "G")
- "Other payments" RI-1040, line 14f; RI-1040NR, line 17e; generally will be used for extension payments; do not include RI-TDI.
- Including Non-resident Real Estate Withholding on Schedule W
- Name Consistency year to year
- Non-resident Allocation indicators and schedules
- Include all schedules with Amended RI-1040, even if nothing has changed

Rhode Island Division of Taxation



- **RI Social Security Modification and Pension and Annuity Modification Reminders**
 1. Social Security modification applies to 2016 tax year and later
 2. Pension/annuity modification applies to 2017 tax year and later
 3. Decreasing modification for Social Security benefits per RIGL 44-30-12(c)(8), and pension and annuity per RIGL 44-30-12(c)(9)

Rhode Island Division of Taxation



■ RI Social Security Modification and Pension and Annuity Modification Reminders (continued)

For tax years beginning on or after January 1, 2017

3. Key factors:

- A. Modification is based on full retirement age (born before 01/01/1953)
- B. Filing status, (single, separate, head of household, married joint or widow(er))
- C. Fed adjusted gross income thresholds (less than \$80,000 and \$100,000) indexed for inflation
- D. Decreasing modification = taxable amount from federal 1040 line 16b up to maximum of \$15,000 per person
- E. Once AGI limitations are passed, no modification**
- F. Does not include IRAs
- G. \$15,000 limitation applies per individual
 - For example, Wife has taxable pension of \$17,000 and husband had \$8,000. Modification amount would be \$15,000 + \$8,000 = \$23,000. Not \$25,000.

Rhode Island Division of Taxation



RI Social Security Modification and Pension and Annuity Modification Reminders (continued)

4. For a person who has attained the age used for calculating full retirement benefits or unreduced social security retirement benefits who files as an unmarried individual, head of household or married filing separate whose adjusted federal gross income for such taxable year is less than \$80,000 an amount not to exceed \$15,000 of taxable pension and/or annuity income includable in federal adjusted gross income; or
5. A married individual filing jointly or individual filing qualifying widow(er) who has attained the age used for calculating full or unreduced social security retirement benefits whose federal adjusted gross income for such taxable year is less than \$100,000 an amount not to exceed \$15,000 of taxable pension and/or annuity income includable in federal adjusted gross income.
6. [Pension and Annuity Guidance document](#)

Rhode Island Division of Taxation



Rhode Island EITC reminders

1. The Rhode Island EITC is in addition to the Federal EITC. Rhode Island EITC rate is a percentage of the Federal EITC. 2015 = 10.0%; 2016 = 12.5%; 2017 = 15.0%; 2018 = 15.0%
2. Increased rates allow for an increased dollar amount of credit; increases the refund or lowers the amount of tax due; illustration to follow
3. RI EITC is a refundable credit, which means the credit will be refunded to the taxpayer to the extent it exceeds the taxpayer's tax liability.
4. RI conforms to federal eligibility and income thresholds.
5. RI tax preparer's regulation includes guidance on due diligence requirements and records retention for EITC and RI-1040H property tax credit.
[Tax Preparer's Regulation 280-RICR-20-55-4](#)
6. If credit ineligibility is suspected, we may need to take extra steps to validate the EITC claim. (Example: requesting documentation of income and expenses)

Rhode Island Division of Taxation



Driver's License Information for 2018 returns

1. Broad-based initiative amongst states to authenticate returns and reduce identity theft
2. Added to both electronic and paper returns beginning with tax year 2016
3. Include driver license number and state of issuance
4. If driver's license number(s) is not included returns will still be accepted. Possibly delay due to identity verification only
5. All state licenses (for example NR use Mass or Conn driver's license number)
6. Both spouses should be provided whenever possible
7. Only one of many indicators used to verify authenticity of the return

Rhode Island Division of Taxation



■ Form RI-1040H, Property Tax Relief Update

1. Maximum Credit for 2018 = \$365.00
2. Household income (taxable and nontaxable) = \$30,000 or less
3. One credit per household
4. Home or dwelling unit must be subject to property tax
5. Municipal owned public housing is not subject to property tax, therefore credit is disallowed
6. Nonresidents do not qualify, full-year Rhode Island residents
7. Must be age 65 or older or disabled (receiving social security disability, SSI or SSDI qualifies)
8. Responses to previous questions [RI-1040H FAQ](#)



Rhode Island Division of Taxation: Corporate Income Tax

Presented by
Marlen Bautista
Chief, Tax Assessment & Review



New Items of Interest

- Form Changes coming
 - ❖ Schedule CRS
 - ❖ New Subsidiary Schedule
- TCJA
 - ❖ Section 965
 - New regulation [280-RICR-20-25-15](#)
 - Details next slide
 - ❖ 26 U.S. Code Section 951
 - GILTI



Internal Revenue Code Section 965

- Under federal legislation signed into law on December 22, 2017, taxpayers with untaxed foreign earnings must include, in income for federal tax purposes, their accumulated post-1986 deferred foreign income.
- Such income must be included in income for federal tax purposes, for the 2017 tax year, and is subject to tax at special effective federal tax rates. This is referred to as the one time “repatriation transition tax.”
- **Federal law:**
 - ❖ does not defer recognition of the Section 965 income therefore the entire Section 965 income is recognized and included in the taxpayer’s 2017 federal tax return
 - ❖ allows certain taxpayers to elect to defer payment of a portion of their repatriation transition tax



RI's Treatment of Repatriated Section 965 Income

■ Under RI regulation, C corporations:

- ❖ must include, as income for tax year 2017, the amount of their net Section 965 income – that is, Section 965 income less federal deductions provided under Section 965
 - must file a RI Schedule 965 (“965 Transition Tax Statement”) with their 2017 RI return
- ❖ are allowed a dividends-received deduction against net Section 965 income as well as apportionment relief in some cases
- ❖ are not allowed a deferral of payment on recognized income

■ Individuals and Pass-Through Entities:

- ❖ are not required to file a RI Schedule 965 with their 2017 return as the Section 965 income is included in federal adjusted gross income
 - ❖ must file amended 2017 return if original return filed did not include Section 965 income

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TAX YEAR 2017 EXAMPLE: PRE-TAX CUTS AND JOBS ACT

XYZ is a combined group that is engaged in a unitary business. The combined group includes MNO Corp., which is a C corporation with headquarters in Rhode Island. MNO Corp. serves as the group's designated agent, responsible for filing returns and is a calendar year end filer.

Federal taxable income for RI purposes:	\$75,000,000.00
<u>Less net of RI additions/deductions:</u>	<u>(\$25,000,000.00)</u>
MNO Corp's adjusted taxable income:	\$50,000,000.00

XYZ has \$20 million in Rhode Island sales, and \$300 million in sales everywhere (“everywhere sales”), its RI corporate income tax is:

Apportionment factor (\$20 mil / \$300 mil)	0.066667
<u>Apportioned RI taxable income (0.066667 * \$50 mil)</u>	<u>\$3,333,350.00</u>
RI corporate income tax (\$3,333,350 * 0.07)	\$233,334.00

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EXAMPLE CONTINUED: POST-TAX CUTS AND JOBS ACT

XYZ includes a 100% owned foreign subsidiary. The group has \$500 million in untaxed foreign earnings from that subsidiary in 2017, which under the TCJA is deemed to represent repatriated dividends for federal tax purposes for the 2017 tax year. That \$500 million in repatriated dividend income consists of \$400 million in cash and \$100 million in intangibles.

Cash:	\$400,000,000.00
<u>Federal deduction (\$400 mil * 0.557142857)</u>	<u>(\$222,857,143.00)</u>
Income after deduction:	\$177,142,857.00
Income from intangibles:	\$100,000,000.00
<u>Federal deduction (\$100 mil * 0.771428571)</u>	<u>(\$77,142,857.00)</u>
Income after deduction:	\$22,857,143.00
Federal Section 965 income overall:	\$500,000,000.00
<u>less combined federal deductions:</u>	<u>(\$300,000,000.00)</u>
Section 965 income after combined federal deductions:	\$200,000,000.00

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EXAMPLE CONTINUED: TOTAL RI TAX (INCLUDING TAX ON REPATRIATED INCOME)

Original federal taxable income:	\$75,000,000.00
<u>+ net section 965 income:</u>	<u>\$200,000,000.00</u>
Subtotal:	\$275,000,000.00
<u>Less net RI additions/deductions:</u>	<u>(\$25,000,000.00)</u>
RI income before apportionment:	\$250,000,000.00

Apportionment relief: RI will require that the Section 965 income be included only in the denominator of the apportionment formula, not the numerator.

Original everywhere sales:	\$300,000,000.00
<u>+ net Section 965 income:</u>	<u>\$200,000,000.00</u>
Subtotal:	\$500,000,000.00
Apportionment factor (20 mil / \$500 mil)	0.040000
<u>Apportioned RI taxable income (0.040000 * \$250 mil)</u>	<u>\$10,000,000.00</u>
RI corporate income tax (\$10,000,000 * 0.07)	\$700,000.00

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EXAMPLE CONTINUED: DIFFERENCE IN RI TAX

Tax under new system:	\$700,000.00
<u>Tax under old system:</u>	<u>(\$233,334.00)</u>
Difference:	\$466,666.00

On \$500 million in repatriated dividends, the business pays \$466,666 in Rhode Island tax. The Rhode Island tax is less than one-tenth of 1 percent of the repatriated dividend income.

Rhode Island Division of Taxation



New Filing Deadlines:

Due March 15 or the 15th day of the 3rd month:

- General partnerships
- Limited partnerships
- Limited liability partnerships
- Single-member LLCs (owned by a passthrough)
- Subchapter S corporations

Due April 15 of the 15th day of the 4th month:

- C corporations
- Public service gross earnings tax
- Bank excise tax
- Insurance gross premiums tax
- Single-member LLCs (owned by an individual or C corp)

Estimated Payment Due Dates:

- 15TH DAY OF 4TH MONTH
- 15TH DAY OF 6TH MONTH
- 15TH DAY OF 9TH MONTH
- 15TH DAY OF 12TH MONTH



Rhode Island Division of Taxation: Excise & Estate Tax Update

Presented by

William Kaniecki, Principal Revenue Agent
Excise & Estate Tax

Rhode Island Division of Taxation



- **Annual Reconciliations**
- **Current law changes**
 - Investigation, Guard, Armored Car services
 - Kegs and barrel containers
 - Software as a service
- **Individualized account numbers**
- **Use tax**
- **Real Estate Conveyance Tax**
- **Estate Tax & Excise Tax sections merger**
- **Section contacts:**

Email: Tax.Excise@tax.ri.gov or Tel: 401-574-8955

Rhode Island Division of Taxation



Annual Reconciliations

- Annual Reconciliation billings were issued and were used for:
 - ❖ Assisting various taxpayers in identifying errors, understanding and completing the return to minimize future mistakes.
 - ❖ Clearing past discrepancies and questions
- New forms for 2018 will be published the last week of Dec 2018
- Links for last years (2017) various annual reconciliations:

Class A alcohol filers T204-A [2017 Annual Rec Alcohol](#)

Writers, Composers and Artists T204-W [2017 Annual Rec Artist](#)

ALL other filers T204-R [2017 Annual Rec all others Filers](#)

Rhode Island Division of Taxation



Current law changes

- Investigation, Guard, Armored Car services [Advisory ADV 2018-05](#)
- Kegs and barrel containers [Advisory ADV 2018-25](#)
- Software as a service [Advisory ADV 2018-38](#)
- BAR form Business Application & Registration [BAR FORM](#)



Individualized account numbers

- **Improved consistency and security**
- **Allowed the Division to process and post taxpayers' information timely and efficiently**
- **Electronic filers: limited impact**
- **Paper filers with pre-printed documents: limited impact**
- **Individualized account numbers for holders of sales permits**

[Advisory ADV 2017-18](#)



Use Tax

- Use tax is due on ALL taxable purchases made out of state where the vendor did not charge RI sales tax [What is Use Tax Link](#)
- ❖ Delivered in this state, 7% Use Tax is due (regardless of how the item was purchased, online, catalogue, phone order...etc.).
- ❖ Picked up in other states, Use Tax is due on the variance between RI 7% Use Tax due & the sales tax collected.

- The use tax filing requirement can be fulfilled one of 2 ways:
 - ❖ Use tax return T-205 [Use Tax Return Link](#)
 - ❖ By including RI Schedule U to the 1040 Resident or 1040 Non- Resident personal income tax returns [2017 RI Schedule U](#)



Acquired Real Estate Company Conveyance Tax

- Law was effective 07/01/2015 [RIGL 44-25-1](#)
- Division issued a notice notifying taxpayers of the law change [Notice 2015-13](#)
- Form is available on the division's website [CVYT-2 Form](#)
- For questions in regards to this return or the implementation of the tax, please call Theriza lafrate 401-574-8934 or Loriann Baccari directly 401-574-8762.



Estate Tax Update

- Credit has increased for decedents dying on or after January 1, 2019.

Old credit = \$66,810

New credit = \$68,350

- Thus, threshold has increased for 2019. In general, a net taxable estate whose value is below the threshold amount will escape Rhode Island estate tax.
- Estate threshold amount for 2019 will be **\$1,561,719.**

Rhode Island Division of Taxation



Estate Tax & Excise Tax sections merger

Section contacts:

Tax.Excise@tax.ri.gov

401-574-8955 Excise Tax questions

401-574-8829 Option 5 for Excise Tax questions

Tax.Estate@tax.ri.gov

401-574-8829 Option 8 for Estate Tax questions



Rhode Island Division of Taxation: Software as a Service (SaaS)

Presented by:
Patrick Gengarella
Chief, Audit & Investigation



Vendor-hosted prewritten computer software

- Vendor-hosted prewritten computer software – also known as software as a service (SaaS) – became subject to Rhode Island’s 7 percent sales and use tax as of October 1, 2018.



Software as a Service (SaaS)

- The sale, storage, use, or other consumption of vendor-hosted prewritten computer software (SaaS) is subject to the 7% tax.



Software as a Service (SaaS)

- If you pay to access or use such software available via the Internet, it is taxable.
- Tax applies regardless of whether the access to, or use of, the software is permanent or temporary, and regardless of whether any downloading occurs.



Software as a Service (SaaS)

- Under SaaS, in general, software may be licensed on a subscription basis and may be hosted at a central location – “in the cloud” (cloud computing). Tax applies nevertheless.



SaaS platforms subject to tax include software for:

- accounting and invoicing, human resource functions
- payroll
- tracking sales
- planning
- performance monitoring.



Software as a Service (SaaS)

- Vendor must register with Division
- Vendor must collect sales/use tax on taxable transactions
- Vendor must remit sales/use tax



Vendor-hosted prewritten computer software

- If vendor does not collect tax, consumer must pay – whether consumer is business or individual



Software as a Service (SaaS)

- **SOURCING:** To determine the point at which tax is imposed, the Division will look to the end user. Thus, if the end user is in Rhode Island, the Rhode Island sales and use tax will apply.



Software as a Service (SaaS)

- **NOT TAXABLE:** Under the new law, the purchase of e-books, digital videos, and/or digital music products – whether by download or by stream – will continue to be tax-free.



Sales/use tax on SaaS

- See [Advisory 2018-38](#)



Rhode Island Department of Revenue
Division of Taxation

ADV 2018-38
SALES TAX AND USE TAX

ADVISORY FOR TAX PROFESSIONALS
SEPTEMBER 4, 2018
(REV. SEPTEMBER 13, 2018)

Tax change takes effect on Monday, October 1

Sales/use tax to apply to vendor-hosted prewritten computer software (“software as a service”)

PROVIDENCE, R.I. – The Rhode Island Division of Taxation reminds tax professionals, tax software providers, businesses, and others about a tax change that will take effect on Monday, October 1, 2018.



Questions?