RHODE ISLAND DIVISION OF TAXATION

PRESENTATION TO

RHODE ISLAND SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS’
COMMITTEE ON FEDERAL AND STATE TAXATION
TUESDAY, OCTOBER 24, 2017

PRESENTATION LOCATION: 40 SHARPE DRIVE, UNIT 5, CRANSTON, RI 02920

Presenter: Michael Canole, Assistant Tax Administrator
Topic:  Tax Amnesty – An Overview
Time:  8:00 a.m. to 8:10 a.m.

Presenter: Jacques Moreau, Chief, Compliance and Collections
Topic:  Tax Amnesty -- In Detail
Time:  8:10 a.m. to 9:00 a.m.
RHODE ISLAND TAX AMNESTY:
INTRODUCTION AND OVERVIEW

Michael F. Canole, CPA
Assistant Tax Administrator
Associate Director of Revenue Services

Telephone: (401) 574-8729
Fax: (401) 574-8917
E-mail: Michael.Canole@tax.ri.gov
Rhode Island Tax Amnesty

Jacques Moreau
Chief, Compliance and Collections

Telephone: (401) 574-8884
Fax: (401) 574-8915
E-mail: Jacques.Moreau@tax.ri.gov
Preparations under way for Rhode Island tax amnesty

Division provides highlights well in advance for tax professionals and tax preparers

PROVIDENCE, R.I. – Preparations at the Rhode Island Division of Taxation are under way for the Rhode Island tax amnesty which begins in December.

“The start of amnesty is still more than two months away, but we want to let tax professionals and taxpayers know that we are well along in our planning and in our preparations,” said Rhode Island Tax Administrator Neena S. Savage, who oversees the Division of Taxation, which is part of the Rhode Island Department of Revenue.

“With today’s Advisory, we are providing a summary of amnesty information – some highlights, at a glance – for those tax professionals and taxpayers who are eager for information well in advance. We are making steady progress in our preparations and we will be ready for the amnesty when it begins,” Savage said.

For example, the Division already has set up the official amnesty website, which will be a clearinghouse of information about the amnesty. The website address is: http://www.taxamnesty.ri.gov/.

Although the website remains under construction, the Division of Taxation wants to let tax professionals and taxpayers know that the website will serve as the central repository for official amnesty-related information: The Division plans to post information to the website in stages over time – including the amnesty application form when it is completed.

Account statements to be mailed

The Division plans to mail account statements to approximately 90,000 taxpayers, beginning in early November, letting them know of their account balance. The account statements also will let the taxpayers know how much it will cost them to pay off their balance. In addition, the mailing will include the official amnesty application form and a payment voucher.

Plans also call for a phone bank to answer calls about amnesty. The Division will announce the phone number and the hours of operation when the phone bank opens, closer to the start of amnesty. In addition, the Division has already begun planning an extensive advertising and marketing campaign for amnesty.

AMNESTY AT A GLANCE

- Division will start accepting applications on December 1, 2017
- Amnesty will run for 75 days
- Amnesty applies to all Rhode Island state taxes
- Amnesty applies to any taxable period ending on or before December 31, 2016.
- If you pay the tax you owe, the Division will waive penalties and reduce the interest by 25 percent
- The Division is in process of developing an application form, website, and phone bank
- Extensive advertising and marketing campaign is planned
- Amnesty will end on February 15, 2018
Other points to keep in mind

Following are a few additional points to keep in mind regarding amnesty:

- By law, amnesty begins on December 2, 2017. But that’s a Saturday. So, to avoid confusion and for convenience, the Division plans to begin accepting amnesty applications on Friday, December 1, 2017.

- Amnesty shall apply to all Rhode Island state taxes and fees administered by the Rhode Island Division of Taxation/Tax Administrator. Thus, no federal or local taxes or fees are eligible.

- The amnesty is for any taxable periods which ended on or before December 31, 2016. Thus, the amnesty will not apply to tax periods ended or ending in 2017 or later.

- If you pay the tax you owe, the Division will waive penalties and reduce the interest by 25 percent. For example, during 2016, a rate of 18 percent applied to underpayments. However, if you qualify for amnesty under this example, your interest rate for that period would be reduced by 4.5 percentage points, to 13.5 percent. In addition, the Division will not seek civil or criminal prosecution for the taxable period for which amnesty has been granted, nor will the Division block the renewal of your driver’s license, professional license, or motor vehicle registration for that period. “In addition, by taking advantage of amnesty, you will get a clean slate, a fresh start, and rest easy,” Savage said.

- Although the Division plans to mail notices to about 90,000 taxpayers who have a balance due, the Division will also extend amnesty to those whose Rhode Island tax delinquencies are not known to the agency. For example, someone who has never filed a Rhode Island return, but who should have filed, may be eligible for the amnesty. That person should contact the agency either shortly before amnesty begins or during the amnesty period. That person should also keep in mind that amnesty applies only for any taxable periods which ended on or before December 31, 2016.

- The 75-day amnesty period runs through Thursday, February 15, 2018. All amnesty applications and payments must be made or postmarked on or before 11:59 p.m. on February 15, 2018.

- Remember: Additional information about amnesty will be posted to the amnesty website.

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. This Advisory is an informal, plain-language summary of recently enacted legislation and is for general information purposes only. It is not a substitute for Rhode Island General Laws, or for Rhode Island Division of Taxation regulations, rulings, or notices.
STATEMENT OF ACCOUNTS ELIGIBLE FOR AMNESTY 2017

Dear Taxpayer:

Division of Taxation records show you owe the above amount. A "Summary of Taxes Due" listing each known tax liability is on the back of this notice. These tax liabilities may be eligible for the Amnesty 2017 Program whereby taxpayers receive a penalty waiver and partial interest reduction upon submitting an amnesty return, and full payment of the amnesty amount due between December 1, 2017 and February 15, 2018. The Amnesty 2017 Program does not apply to anyone who is in bankruptcy or receivership, currently under audit, in hearing or in court on a tax matter or is under criminal investigation for taxes.

To claim amnesty, you must send a bank check or money order payable to the RI Division of Taxation for the full amount of the amnesty payment(s) along with the amnesty bill coupon below and the enclosed amnesty return. The amnesty payment has already been computed and is shown for each tax liability in the Summary of Taxes Due. Amnesty returns are also available online at the Tax Division’s website at www.TaxAmnesty.ri.gov. Information is also available by calling (401) 574-8650 or e-mailing Tax.Amnesty@tax.ri.gov. Payments and amnesty returns should be mailed after December 1, 2017. Payments or returns received after February 15, 2018 do not qualify for amnesty but the monies will be applied to your outstanding tax liabilities.

The Summary of Taxes Due does not include any payroll taxes that you may owe to the Division of Taxation, Employer Tax Section. To receive amnesty on these tax liabilities, you must contact the Employer Tax Section at (401) 574-8700 and file a separate check and return. The Summary of Taxes Due does not include any unknown or established tax liabilities for which a return was not filed or you were not previously billed.

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Amnesty Bill Coupon

14201799990101

Make check(s) payable to: Rhode Island [DIVISION]  Date: [MAIL DATE]

Include Notice ID [NOTICE ID] on the check

Rhode Island [DIVISION]  Case ID: [CASE ID]
[AGENCYLINE1]
[AGENCYLINE2]  Invoice Number: [INVOICE NUMBER]

Amount Due if Paid by 12/15/17 $ [AMOUNT1]
Amount Due if Paid by 01/15/18 $ [AMOUNT2]
Amount Due if Paid by 02/15/18 $ [AMOUNT3]

Amount Enclosed $ ____________________
STATEMENT OF ACCOUNTS ELIGIBLE FOR AMNESTY 2017

Notice ID: [NOTICE ID]
Taxpayer ID: [TAXPAYER ID]

<table>
<thead>
<tr>
<th>Account Period</th>
<th>Tax</th>
<th>Interest</th>
<th>Penalty</th>
<th>Amnesty Savings</th>
<th>Amnesty Payment</th>
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<td>Total</td>
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The above interest is calculated to December 15, 2017 and will continue to accrue on any tax amount due. A bill less than thirty (30) days old may not be included in the above total. The above figures do not include any taxes that are being contested in court or hearing. The above figures do not include any taxes that were billed for a tax period after December 31, 2016.
Rhode Island has established a Tax Amnesty Program beginning on December 1, 2017 and ending February 15, 2018. Civil and criminal penalties will be waived for a taxpayer who applies for amnesty during the amnesty period and pays the full amount of tax and seventy-five (75%) percent of interest computed from the original due date to the actual date of payment.

**Section I: Type or Print Name, Mailing Address and Tax Identification Number.**

<table>
<thead>
<tr>
<th>Taxpayer name</th>
<th>Social security # or federal identification #</th>
<th>Sales tax permit #</th>
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<tbody>
<tr>
<td>Spouse's name (if joint income tax application)</td>
<td>Spouse's social security #</td>
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<tr>
<th>Business name (if different from above)</th>
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<tr>
<th>Mailing address (include apt., office or unit #, if any)</th>
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<thead>
<tr>
<th>City, town, or post office</th>
<th>State</th>
<th>ZIP Code</th>
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</table>

In case additional information is needed, provide a name (if different from the taxpayer listed above) and telephone number where we may reach you weekdays between the hours of 8:30 a.m. and 3:30 p.m.

**Section II: Indicate Tax Period, and Amounts Due for Each Period**

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Period of return</td>
<td>Enter tax amount</td>
<td>Enter interest amount</td>
<td>Enter Total Add Columns C + D</td>
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<tr>
<td>Tax type</td>
<td>Beginning</td>
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<td>7. Totals. For each column, add amounts from lines 1 through 6</td>
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<td>8. Totals from continuation sheet. Check if additional sheets attached</td>
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<tr>
<td>9. Original Amount Due. For each column, add lines 7 and 8</td>
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<tr>
<td>10. Interest at 75%. Multiply interest from Column D, line 9 by 75% (0.75)</td>
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<tr>
<td>11. Total Due from periods not reported on Amnesty Statement of Account (SOA). For Column C, enter amount from line 9. For Column D, enter amount from line 10</td>
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<tr>
<td>12. Amount Due from Amnesty Statement of Account (SOA)</td>
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<tr>
<td>13. Total Amnesty Amount Due. For each column, add lines 11 and 12</td>
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</tbody>
</table>

**Section III: Sign this application**

Under penalties of perjury, I declare that I have examined this form, including any accompanying returns and schedules, and to the best of my knowledge they are correct and complete. I also declare that to the best of my knowledge I am not under criminal investigation, or a party to any civil or criminal litigation pending in any court of the United States or the State of Rhode Island for fraud relative to any state tax collected by the Tax Administrator.

Signature of taxpayer or authorized agent Date

Signature of spouse (if joint income tax application) Date

Signature of authorized agent

I apply for the amnesty on the items listed above, and enclose a payment of: $ Title

Signature of authorized officer Date

Signature of spouse (if joint income tax application) Date

Signature of authorized agent

I apply for the amnesty on the items listed above, and enclose a payment of: $ Title
TAX AMNESTY - GENERAL INFORMATION

<table>
<thead>
<tr>
<th>What is Tax Amnesty?</th>
<th>Tax Amnesty is an opportunity for taxpayers to pay back taxes without penalty or criminal prosecution. It includes tax liabilities for taxable periods ending on or before December 31, 2016.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who is eligible for Tax Amnesty?</td>
<td>Individual taxpayers, corporations, or other entities which owe any tax imposed by law and collected by the Tax Administrator.</td>
</tr>
<tr>
<td>Who is not eligible for Tax Amnesty?</td>
<td>Amnesty will not be granted to taxpayers who are a party to any criminal investigations or to any civil or criminal litigation which is pending in any court of the United States or the State of Rhode Island for fraud in relation to any state tax imposed by any law of the State of Rhode Island and collected by the Tax Administrator.</td>
</tr>
<tr>
<td>What taxes are eligible for Tax Amnesty?</td>
<td>All state taxes imposed by the State of Rhode Island and collected by the Tax Administrator.</td>
</tr>
<tr>
<td>What is the applicable interest rate?</td>
<td>Interest is to be computed at the rate of twelve percent (12%) annually from the due date to 9/30/2006 and at a rate of eighteen percent (18%) from 10/1/2006 to the payment date.</td>
</tr>
<tr>
<td>Where to obtain forms and assistance?</td>
<td>To obtain additional amnesty applications, tax forms or general information, contact the Tax Amnesty Section by calling (401) 574-8650 or by visiting the Tax Amnesty website: <a href="http://www.TaxAmnesty.ri.gov">www.TaxAmnesty.ri.gov</a> or sending an email to <a href="mailto:Tax.Amnesty@tax.ri.gov">Tax.Amnesty@tax.ri.gov</a>. All tax forms are also available on the Tax Division website: <a href="http://www.tax.ri.gov">www.tax.ri.gov</a>.</td>
</tr>
<tr>
<td>How to apply and pay?</td>
<td>You must send in a completed application along with all returns and payment for the entire amount of tax and seventy-five (75%) percent of the interest owed on the eligible returns listed. If payment in full creates a severe hardship, you may apply for installment payments. Any installment agreement based on financial hardship must be approved by the Tax Administrator during the seventy-five (75) day amnesty program and must be paid in full by February 15, 2018. Contact the Tax Amnesty section at (401) 574-8650. Note: Payment must be in the form of a bank check or money order.</td>
</tr>
</tbody>
</table>

INSTRUCTIONS ON HOW TO APPLY FOR TAX AMNESTY

Complete past due tax returns. Amend any incorrect returns by disclosing all unreported tax liabilities.

Section I
Use current information. For personal income tax, enter name and social security number. For joint personal income tax applications also enter information on spouse.

For all other taxes enter taxpayer name and applicable tax identification number (social security/employer tax identification/social security number). For taxes owed by a business, enter the business name and federal identification number.

Enter present mailing address. Include name of individual authorized to receive mail if different than the taxpayer name.

Section II
Complete as follows:

Column A
Lines 1 through 6: Enter type of eligible tax (e.g. cigarette, corporate, employer tax, motor fuel, personal income, sales and use, withholding).
Remember to complete a separate application for any Employer Taxes owed, and send in a separate payment payable to RIET.

Column B
Lines 1 through 6: Enter the tax period, tax year or date the tax liability was incurred.

Column C
Lines 1 through 6: Enter the amount of tax due from your tax return(s).
Line 7: Enter the total tax due from lines 1 through 6.
Line 8: Enter the tax due from any additional sheets you are attaching and check the box on this line. Enter here and on line 11.
Line 9: Add the tax amounts from lines 7 and 8. Enter here and on line 11.
Line 11: Enter the amount from line 9.
Line 12: Enter the amount of tax from your 2017 Amnesty Statement of Account that is being included with your Amnesty Application.
Line 13: Add the tax amounts from line 11 and 12.

Column D
Lines 1 through 6: Enter the amount of interest due. Compute interest at the rate of: 12 percent (12%) annually (1% per month) from the due date through September 30, 2006 and 18 percent (18%) annually (1.5% per month) from October 1, 2006 through time of payment.
Line 7: Enter the total interest due from lines 1 through 6.
Line 8: Enter the interest due from any additional sheets.
Line 9: Add the interest amounts from lines 7 and 8 together.
Line 10: Multiply the interest amount on line 9 by 75% (0.75) to get the amount of interest due. Enter here and on line 11.
Line 11: Enter the amount from line 10.
Line 12: Add the amount of interest from your 2017 Amnesty Statement of Account that is being included with your Amnesty Application. The interest on the 2017 Amnesty Statement of Account has been calculated at 75% for your convenience.
Line 13: Add the tax amounts from line 11 and 12.

Section III
Sign this application and all attached tax forms. Make bank check or money order payable to "Rhode Island Division of Taxation." Include your social security number or other tax identification number on all payments. Include the coupon from your 2017 Amnesty Statement of Account, if including amounts on your Amnesty Application. If you are making payment for Employer Taxes, please send a separate bank check or money order payable to "RIET".

Mail Tax Amnesty application, tax forms and payment to:
Tax Amnesty
RI Division of Taxation
One Capitol Hill
Providence, RI 02906-5800

Your amnesty application(s), along with all delinquent tax returns and payments that are being submitted for Amnesty, must be postmarked by February 15, 2018 in order to be considered.

A taxpayer who applies for tax amnesty forfeits all future appeal rights for liabilities paid through the Tax Amnesty program.