

# **State of Rhode Island-Division of Taxation**

## **Computation of Estate Tax**

### **Regulation EST 09-01**

#### **Table of Contents**

|               |                       |
|---------------|-----------------------|
| <b>RULE 1</b> | <b>PURPOSE</b>        |
| <b>RULE 2</b> | <b>AUTHORITY</b>      |
| <b>RULE 3</b> | <b>APPLICATION</b>    |
| <b>RULE 4</b> | <b>SEVERABILITY</b>   |
| <b>RULE 5</b> | <b>GENERAL</b>        |
| <b>RULE 6</b> | <b>EFFECTIVE DATE</b> |

#### **RULE 1 PURPOSE**

This regulation implements Chapter 44-22 and 44-23 of the Rhode Island General Laws. These chapters provide for Estate and Transfer Taxes Liability and Computation, and Estate and Transfer Taxes Enforcement and Collection, in regards to the calculation of the estate tax.

#### **RULE 2 AUTHORITY**

This regulation is promulgated pursuant to RIGL Chapter 44-22 and 44-23, as amended. These rules have been prepared in accordance with the requirements of Chapter 44-1-4 and 44-23-45.

### **RULE 3      APPLICATION**

The terms and provisions of these rules and regulations shall be liberally construed to permit the Division of Taxation to effectuate the purposes of RIGL Chapter 44-22 and 44-23 and other applicable state laws and regulations.

### **RULE 4      SEVERABILITY**

If any provision of this regulation, or the application thereof to any person or circumstances, is held invalid by a court of competent jurisdiction, the validity of the remainder of this regulation shall not be affected thereby.

### **RULE 5      GENERAL**

The Rhode Island estate tax is imposed upon the transfer of the net estate of every resident or nonresident decedent as a tax upon the right to transfer.

For decedents whose death occurs on or after January 1, 2002, but prior to January 1, 2010, the tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C. §2011 as it was in effect as of January 1, 2001. Any scheduled increase in the unified credit provided in 26 U.S.C. §2010 in effect on January 1, 2001, or thereafter, shall not apply. The tax shall only be imposed if the net taxable estate shall exceed six hundred seventy-five thousand dollars (\$675,000). Exempting net taxable estates of six hundred seventy-five thousand or less requires a unified credit of two hundred twenty thousand five hundred fifty dollars (\$220,550). See EXHIBIT "A" line 3. The Rhode Island estate tax may be ascertained by completing the computation schedule on EXHIBIT "A". Examples:

1. A net taxable estate of \$750,000 would yield a RI estate tax of \$20,400.
2. A net taxable estate of \$851,000 would yield a RI estate tax of \$25,248.
3. A net taxable estate of \$1,000,000 would yield a RI estate tax of \$33,200.

For decedents whose death occurs on or after January 1, 2010, the tax is a sum equal to the maximum credit for state death taxes allowed by 26 U.S.C. §2011 as it was in effect as of January 1, 2001. Any scheduled increase in the unified credit provided in 26 U.S.C. §2010 in effect on January 1, 2003, or thereafter, shall not apply. The tax shall only be imposed if the net taxable estate shall exceed eight hundred fifty thousand dollars (\$850,000). Exempting net taxable estates of eight hundred fifty thousand or less requires a unified credit of two hundred eighty-seven thousand three hundred dollars (\$287,300). See EXHIBIT "B" line 3. The Rhode Island estate tax can be ascertained by completing the computation schedule on EXHIBIT "B". Examples:

1. A net taxable estate of \$750,000 would yield a RI estate tax of \$ 0.
2. A net taxable estate of \$851,000 would yield a RI estate tax of \$390.
3. A net taxable estate of \$1,000,000 would yield a RI estate tax of \$33,200.

Beginning on January 1, 2011 and each January 1 thereafter, said eight hundred fifty thousand dollars (\$850,000) shall be adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers as of September 30 of the prior calendar year compounded annually and rounded up to the nearest five dollar (\$5.00) increment. Exempting net taxable estates from the annually revised amount will require an annual adjustment to the unified credit (line 3 of the computation schedule). The revised taxable threshold and unified credit amounts will be published annually on the tax division website [www.tax.ri.gov](http://www.tax.ri.gov) along with a revised computation schedule.

**RULE 6      EFFECTIVE DATE:**

This Regulation shall take effect as of January 1, 2010.

DAVID M. SULLIVAN  
TAX ADMINISTRATOR

EXHIBIT "A"

# Rhode Island Tax Computation Schedule

**Table A**

| Column A<br>Taxable amount over | Column B<br>Taxable amount not over | Column C<br>Tax on amount in column A | Column D<br>Rate of tax on excess over amount in column A<br>(Percent) |
|---------------------------------|-------------------------------------|---------------------------------------|--|
| 0                               | \$10,000                            | 0                                     | 18   |
| 10,000                          | 20,000                              | \$1,800                               | 20   |
| 20,000                          | 40,000                              | 3,800                                 | 22   |
| 40,000                          | 60,000                              | 8,200                                 | 24   |
| 60,000                          | 80,000                              | 13,000                                | 26   |
| 80,000                          | 100,000                             | 18,200                                | 28   |
| 100,000                         | 150,000                             | 23,800                                | 30   |
| 150,000                         | 250,000                             | 38,800                                | 32   |
| 250,000                         | 500,000                             | 70,800                                | 34   |
| 500,000                         | 750,000                             | 155,800                               | 37   |
| 750,000                         | 1,000,000                           | 248,300                               | 39   |
| 1,000,000                       | 1,250,000                           | 345,800                               | 41   |
| 1,250,000                       | 1,500,000                           | 448,300                               | 43   |
| 1,500,000                       | 2,000,000                           | 555,800                               | 45   |
| 2,000,000                       | 2,500,000                           | 780,800                               | 49   |
| 2,500,000                       | 3,000,000                           | 1,025,800                             | 53   |
| 3,000,000                       |                                     | 1,290,800                             | 55   |

**Table B**

| (1)<br>Adjusted taxable estate equal to or more than | (2)<br>Adjusted taxable estate less than | (3)<br>Credit on amount in column 1 | (4)<br>Rate of credit on excess over amount in column 1<br>(Percent) |
|--|--|-------------------------------------|--|
| 0  | \$40,000                                 | 0                                   | None   |
| 40,000   | 90,000                                   | 0                                   | 0.8  |
| 90,000   | 140,000                                  | \$400                               | 1.6  |
| 140,000  | 240,000                                  | 1,200                               | 2.4  |
| 240,000  | 440,000                                  | 3,600                               | 3.2  |
| 440,000  | 640,000                                  | 10,000                              | 4.0  |
| 640,000  | 840,000                                  | 18,000                              | 4.8  |
| 840,000  | 1,040,000                                | 27,600                              | 5.6  |
| 1,040,000  | 1,540,000                                | 38,800                              | 6.4  |
| 1,540,000  | 2,040,000                                | 70,800                              | 7.2  |
| 2,040,000  | 2,540,000                                | 106,800                             | 8.0  |
| 2,540,000  | 3,040,000                                | 146,800                             | 8.8  |
| 3,040,000  | 3,540,000                                | 190,800                             | 9.6  |
| 3,540,000  | 4,040,000                                | 238,800                             | 10.4   |
| 4,040,000  | 5,040,000                                | 290,800                             | 11.2   |
| 5,040,000  | 6,040,000                                | 402,800                             | 12.0   |
| 6,040,000  | 7,040,000                                | 522,800                             | 12.8   |
| 7,040,000  | 8,040,000                                | 650,800                             | 13.6   |
| 8,040,000  | 9,040,000                                | 786,800                             | 14.4   |
| 9,040,000  | 10,040,000                               | 930,800                             | 15.2   |
| 10,040,000   |  | 1,082,800                           | 16.0   |

## Computation of Tax

|  |    |                |           |
|--|----|----------------|-----------|
| 1. Net taxable estate (page 1, part 2, line 3).....                              | 1. |                |           |
| 2. Tax on amount on line 1 - use table A.....                                    | 2. |                |           |
| 3. Less unified credit.....  | 3. | <b>220,550</b> | <b>00</b> |
| 4. Subtract line 3 from line 2.....  | 4. |                |           |
| 5. Net taxable estate (page 1, part 2, line 3).....                              | 5. |                |           |
| 6. Less.....   | 6. | <b>60,000</b>  | <b>00</b> |
| 7. Subtract line 6 from line 5.....  | 7. |                |           |
| 8. Credit for state death taxes on amount on line 7 - compute using table B..... | 8. |                |           |
| 9. Rhode Island Tax - the smaller of line 4 or line 8.....                       | 9. |                |           |

EXHIBIT "B"

# Rhode Island Tax Computation Schedule

**Table A**

| Column A<br>Taxable amount over | Column B<br>Taxable amount not over | Column C<br>Tax on amount in column A | Column D<br>Rate of tax on excess over amount in column A<br>(Percent) |
|---------------------------------|-------------------------------------|---------------------------------------|--|
| 0                               | \$10,000                            | 0                                     | 18   |
| 10,000                          | 20,000                              | \$1,800                               | 20   |
| 20,000                          | 40,000                              | 3,800                                 | 22   |
| 40,000                          | 60,000                              | 8,200                                 | 24   |
| 60,000                          | 80,000                              | 13,000                                | 26   |
| 80,000                          | 100,000                             | 18,200                                | 28   |
| 100,000                         | 150,000                             | 23,800                                | 30   |
| 150,000                         | 250,000                             | 38,800                                | 32   |
| 250,000                         | 500,000                             | 70,800                                | 34   |
| 500,000                         | 750,000                             | 155,800                               | 37   |
| 750,000                         | 1,000,000                           | 248,300                               | 39   |
| 1,000,000                       | 1,250,000                           | 345,800                               | 41   |
| 1,250,000                       | 1,500,000                           | 448,300                               | 43   |
| 1,500,000                       | 2,000,000                           | 555,800                               | 45   |
| 2,000,000                       | 2,500,000                           | 780,800                               | 49   |
| 2,500,000                       | 3,000,000                           | 1,025,800                             | 53   |
| 3,000,000                       |                                     | 1,290,800                             | 55   |

**Table B**

| (1)<br>Adjusted taxable estate equal to or more than | (2)<br>Adjusted taxable estate less than | (3)<br>Credit on amount in column 1 | (4)<br>Rate of credit on excess over amount in column 1<br>(Percent) |
|--|--|-------------------------------------|--|
| 0  | \$40,000                                 | 0                                   | None   |
| 40,000   | 90,000                                   | 0                                   | 0.8  |
| 90,000   | 140,000                                  | \$400                               | 1.6  |
| 140,000  | 240,000                                  | 1,200                               | 2.4  |
| 240,000  | 440,000                                  | 3,600                               | 3.2  |
| 440,000  | 640,000                                  | 10,000                              | 4.0  |
| 640,000  | 840,000                                  | 18,000                              | 4.8  |
| 840,000  | 1,040,000                                | 27,600                              | 5.6  |
| 1,040,000  | 1,540,000                                | 38,800                              | 6.4  |
| 1,540,000  | 2,040,000                                | 70,800                              | 7.2  |
| 2,040,000  | 2,540,000                                | 106,800                             | 8.0  |
| 2,540,000  | 3,040,000                                | 146,800                             | 8.8  |
| 3,040,000  | 3,540,000                                | 190,800                             | 9.6  |
| 3,540,000  | 4,040,000                                | 238,800                             | 10.4   |
| 4,040,000  | 5,040,000                                | 290,800                             | 11.2   |
| 5,040,000  | 6,040,000                                | 402,800                             | 12.0   |
| 6,040,000  | 7,040,000                                | 522,800                             | 12.8   |
| 7,040,000  | 8,040,000                                | 650,800                             | 13.6   |
| 8,040,000  | 9,040,000                                | 786,800                             | 14.4   |
| 9,040,000  | 10,040,000                               | 930,800                             | 15.2   |
| 10,040,000   |  | 1,082,800                           | 16.0   |

## Computation of Tax

|  |    |                |           |
|--|----|----------------|-----------|
| 1. Net taxable estate (page 1, part 2, line 3).....                              | 1. |                |           |
| 2. Tax on amount on line 1 - use table A.....                                    | 2. |                |           |
| 3. Less unified credit.....  | 3. | <b>287,300</b> | <b>00</b> |
| 4. Subtract line 3 from line 2.....  | 4. |                |           |
| 5. Net taxable estate (page 1, part 2, line 3).....                              | 5. |                |           |
| 6. Less.....   | 6. | <b>60,000</b>  | <b>00</b> |
| 7. Subtract line 6 from line 5.....  | 7. |                |           |
| 8. Credit for state death taxes on amount on line 7 - compute using table B..... | 8. |                |           |
| 9. Rhode Island Tax - the smaller of line 4 or line 8.....                       | 9. |                |           |