

# State of Rhode Island and Providence Plantations

Rhode Island Department of Revenue

Division of Taxation

## Public Notice of Proposed Rule-Making

Pursuant to the provisions of section 42-35-3(a)(1) of the General Laws of Rhode Island and in accordance with the Administrative Procedures Act (Chapter 42-35 of the General Laws), the Division of Taxation hereby gives notice of its intent to repeal a regulation regarding the payment of taxes by electronic funds transfer.

The purpose of this rule making is to repeal regulation EFT 00-01, Electronic Funds Transfer, also identified by ERLID Number 4120, in light of adoption of regulation EFT 09-01 Payment of Taxes by Electronic Funds Transfer, also identified by ERLID Number 5860, which provides for payment of Sales and Use Taxes, and Withholding of Personal Income Tax by Electronic Funds Transfer. The repeal of this regulation shall take effect August 1, 2014.

The proposed regulation and concise summary of non-technical requirements and proposed new rules are available for public inspection at [www.tax.ri.gov](http://www.tax.ri.gov), in person at The Rhode Island Division of Taxation, or requested by e-mail at [michael.canole@tax.ri.gov](mailto:michael.canole@tax.ri.gov) or by calling Michael Canole at (401) 574-8729.

In the development of the proposed regulation, consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) significant economic impact on small business. No alternative approach, duplication, or overlap was identified based upon available information.

All interested parties are invited to submit written or oral comments concerning the proposed regulations by Wednesday, June 18, 2014 to Michael Canole, Rhode Island Division of Taxation, One Capitol Hill, Providence, RI – telephone number (401) 574-8729 or via e-mail at [michael.canole@tax.ri.gov](mailto:michael.canole@tax.ri.gov). A public hearing to consider the proposed regulation shall be held on Wednesday, June 18, 2014 at 9:30 a. m. at the Rhode Island Division of Taxation, One Capitol Hill, Providence, RI, at which time and place all persons interested therein will be heard. The room is accessible to the disabled and interpreter services for the hearing impaired will be provided if requested 48 hours prior to the hearing. Requests for this service can be made in writing or by calling (401) 574-8729.

**Rhode Island Department of Revenue**

**Division of Taxation**

**Concise Summary of ALL Non-technical requirements pursuant to RIGL Section 42-35-3(a)(1).**

**Rules and Regulation regarding the payment of taxes by electronic funds transfer.**

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~~STATE OF RHODE ISLAND—DIVISION OF TAXATION~~

~~ELECTRONIC FUNDS TRANSFER~~

~~REGULATION EFT 00-01~~

~~I. GENERALLY~~

~~Payment of all taxes shall be made by Electronic Funds Transfer (EFT) where the tax required to be paid in connection with the filing of any return, report or other document with the Division of Taxation exceeds ten thousand dollars (\$10,000) and in all instances where a taxpayer is required to pay employment taxes to the Internal Revenue Service by EFT. Provided, however, payments of personal income taxes by individuals shall not be subject to EFT. A taxpayer must complete Form RI EFT-1 (Authorization Agreement for Electronic Funds Transfer) prior to filing under EFT.~~

~~The Rhode Island EFT program is employing the Automated Clearing House (ACH) Credit and Debit transaction methods. This is the national standard established by the banking industry (National Clearing House Association) for the electronic transfer of funds between banks using the Automated Clearing House Network.~~

~~II. PROGRAM PARTICIPATION~~

~~Mandatory Participation: Taxpayers which meet the threshold for the filing of any return, report or other document shall be required to file all such subsequent returns, reports or other documents and make payments by EFT regardless of amount of tax due thereon unless withdrawal from participation is authorized by the Tax Administrator.~~

~~Voluntary Participation: A taxpayer that does not meet the threshold established for mandatory participation in the EFT program, may apply to participate on a voluntary basis by completing an EFT authorization agreement with the Division of Taxation. Once accepted, a taxpayer shall be required to file all such subsequent returns, reports or other document and make payments by EFT unless withdrawal from participation is authorized by the Tax Administrator.~~

~~Withdrawal from Participation: The Tax Administrator may grant a withdrawal from participation in the EFT program only if the taxpayer's subsequent payments do not exceed the mandatory EFT threshold. A request of withdrawal from participation in the program must be submitted in writing to the Tax Administrator.~~

~~Waiver: If you receive a notification that you meet the mandatory requirement but disagree with this determination, you may request a waiver from the EFT program. This request must be made in writing to the Tax Administrator at least thirty (30) days prior to the net payment due date.~~

### ~~III. PAYROLL COMPANIES OR SERVICE COMPANIES~~

~~Any payroll company, service company, person or other entity remitting taxes to this state on its own behalf or on behalf of others which meets the threshold form any one company or entity for which it is remitting taxes is required to file all returns, reports or documents of other companies by EFT regardless of the amount of tax due thereon.~~

### ~~IV. PAYMENT AND REPORTING REQUIREMENTS~~

~~The method of payment shall be the Automated Clearing House (ACH) Credit or Debit. Fedwires are not allowed.~~

~~Payment Due Date: EFT does not change any existing requirements of Rhode Island state tax law. To be considered timely, a tax payment must be initiated by the payment due date for the tax period.~~

~~Proof of Payments: If proof of payment is required, it is the taxpayer's responsibility to work with its financial institution to obtain verification that funds were transferred from the taxpayer's account into the state's account. A bank can supply a taxpayer with a trace number that it generates for the ACH network.~~

~~Refunds and Reversals: current Division of Taxation procedures will be followed. Refunds will not be issued electronically through the ACH network. No reversals will be allowed except in cases permitted by ACH rules and regulations. However, even in such cases, you are required to contact the Division of Taxation's EFT unit for permission.~~

~~Once a taxpayer is registered to participate in the EFT program for a particular tax, all such payments by that taxpayer to the State of Rhode Island must be made through EFT. In an emergency, a payment coupon may be used. However, it still is required to be submitted timely. Taxpayers who are registered for EFT payments will not receive payment booklets for tax payments.~~

~~R. BARY CLARK  
TAX ADMINISTRATOR~~

~~EFFECTIVE: JANUARY 2, 2000~~

~~THIS REGULATION AMENDS AND SUPERCEDES REGULATION EFT 96-01  
PROMULGATED JANUARY 1, 1996~~