

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 RIGL §42-35-3(a)(1) 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 Business Corporation Tax regulation CT 88-08 DISC'S/FSC'S.

The purpose of this rule making process is to repeal Business Corporation Tax Regulation CT 88-08 DISC'S/FSC'S because it is no longer necessary in light of certain changes in federal law. This repeal shall take effect January 1, 2011.

The proposed rule to be repealed and concise summary of non-technical requirements and proposed new rules are available for public inspection at www.tax.ri.gov, in person at The Rhode Island Division of Taxation, or requested by e-mail at mcanole@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, November 24, 2010 to Michael Canole, Rhode Island Division of Taxation, One Capitol Hill, Providence, RI – telephone number (401) 574-8729 or via, e-mail at mcanole@tax.ri.gov. A public hearing to consider the proposed regulation will be held on Wednesday, November 24, 2010 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 to Michael Canole at Rhode Island Division of Taxation, One Capitol Hill, Providence, RI 02908 or by calling 401 574-8729.

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

Rules and Regulation on DISC'S/FSC'S - Repealed

The purpose of this rule making process is to repeal Business Corporation Tax Regulation CT 88-08 DISC'S/FSC'S because it is no longer necessary in light of certain changes in federal law. This repeal shall take effect January 1, 2011.

~~State of Rhode Island – Division of Taxation~~

~~Business Corporation Tax~~

~~Regulation CT 88-08~~

~~DISC'S/FSC'S~~

~~Domestic International Sales Corporations (DISC'S) and Foreign Sales Corporations (FSC'S) shall be treated as they are under Federal income tax law and shall not pay the amount of the tax computed under 44-11-2(1). Any income to shareholders of DISC'S or FSC'S is to be treated in the same manner as it is treated under the appropriate provisions of Federal income tax laws as they existed on December 31, 1984 and January 1, 1985, respectively. (See Section 44-11-11(c) and 44-11-11(d) of the Rhode Island General Laws.)~~

~~A DISC refers to a domestic international sales corporation as defined in Section 992(a) of the Internal Revenue Code.~~

~~A FSC refers to a foreign sales corporation as defined in Section 922 of the Internal Revenue Code.~~

~~A DISC or FSC is not liable for the taxes in Chapter 44-11 of the Rhode Island General Laws (business corporation income taxes). However, a DISC chartered in this state will be subject to the franchise tax under chapter 44-12. Any DISC or FSC deriving income from sources within this state or engaging in any activities or transactions within this state for the purpose of profit or gain, whether or not an office or place of business is maintained in this state, or whether or not such income activities or transactions are connected with intrastate, interstate or foreign commerce, shall file the appropriate tax return with the Tax Administrator whether or not any tax is due under chapters 44-11 or 44-12.~~

~~A DISC or FSC may not join in the filing of a Rhode Island consolidated tax return with any other corporation, nor are its dividends eligible for any dividend received exclusion or deduction.~~

~~R. GARY CLARK
TAX ADMINISTRATOR~~

~~DATE FILED: DECEMBER 9, 1988
EFFECTIVE: JANUARY 1, 1999~~

~~THIS REGULATION AMENDS AND SUPERCEDES THE REGULATION
ENTITLED "DISC'S" PROMULGATED JANUARY 20, 1977.~~