

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 RIGL), the Division of Taxation hereby gives notice of its intent to amend regulation CT 96-12 Exclusion of Distributive Share of Public Service Income.

The purpose of this regulation is to implement RIGL § 44-11-12 (2). That chapter allows a deduction of the distributive share of the taxable income of any public service corporation or company liable for the tax imposed under RIGL 44-13 (Public Service Corporation Tax). The only change to the regulation is in style and format. This Regulation shall take effect January 1, 2011 and shall amend and supersede Regulation CT 96-12

The proposed regulation 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.

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 on Exclusion of Distributive Share of Public Service Income CT 10-12

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~~State of Rhode Island - Division of Taxation
Business Corporation Tax~~

~~Regulation CT 96-12~~

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~~Exclusion of Distributive Share of Public Service Income~~

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~~Rhode Island General Law 44-11-12 excludes from taxation the distributive shares of the taxable income of any public service corporation or company liable to a tax imposed by Chapter 13 (Public Service Corporation Tax).~~

~~Accordingly, to the extent that the income derived from a public service corporation is subject to tax, the exclusion will apply. To the extent that the income from a public service corporation is not subject to tax, the exclusion will not apply.~~

~~EXAMPLE 1: A utility company sells tangible, intangible or real property not devoted to its utility operation. Such net gain distribution is a taxable transaction for Chapter 13 purposes and therefore is excludable for Chapter 11 purposes.~~

~~EXAMPLE 2: A utility company sells tangible, intangible or real property devoted to its utility operation. Such net gain distribution is a nontaxable transaction for Chapter 13 purposes and therefore is not excludable for Chapter 11 purposes.~~

~~R. GARY CLARK
TAX ADMINISTRATOR~~

~~EFFECTIVE DATE: JANUARY 1, 1996~~

State of Rhode Island - Division of Taxation

Business Corporation Tax

Exclusion of Distributive Share of Public Service Income

Regulation CT 10-12

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RULE 1. PURPOSE

These rules and regulations implement chapter 44-11-12 (2) of the Rhode Island General Laws. That chapter allows a deduction of the distributive share of the taxable income of any public service corporation or company liable for the tax imposed under Chapter 13 (Public Service Corporation Tax).

RULE 2. AUTHORITY

These rules and regulations are promulgated pursuant to RIGL §44-1-4. The rules and regulations have been prepared in accordance with the requirements of RIGL §§42-35-1 et. seq. of the Rhode Island Administrative Procedures Act.

RULE 3. APPLICATION

These rules and regulations shall be liberally construed so as to permit the Division of Taxation to effectuate the purpose of Chapter 11 of Title 44 and other applicable state laws and regulations.

RULE 4. SEVERABILITY

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

RULE 5. DESCRIPTION

To the extent that the income derived from a public service corporation is subject to tax, the exclusion will apply. To the extent that the income from a public service corporation is not subject to tax, the exclusion will not apply.

RULE 6. EXAMPLES

EXAMPLE 1: A utility company sells tangible, intangible or real property not devoted to its utility operation. Such net gain distribution is a taxable transaction for Chapter 13 purposes and therefore is excludable for Chapter 11 purposes.

EXAMPLE 2: A utility company sells tangible, intangible or real property devoted to its utility operation. Such net gain distribution is a nontaxable transaction for Chapter 13 purposes and therefore is not excludable for Chapter 11 purposes.

RULE 7. EFFECTIVE DATE

This Regulation shall take effect January 1, 2011 and shall amend and supersede Regulation CT 96-12

David M. Sullivan
TAX ADMINISTRATOR