

280-RICR-20-25-5

## TITLE 280 - DEPARTMENT OF REVENUE

### CHAPTER 20 - DIVISION OF TAXATION

#### SUBCHAPTER 25 - BUSINESS CORPORATION TAX

##### PART 5 - Estimated Tax Payments

### 5.1 Purpose

These rules and regulations implement R.I. Gen. Laws Chapter 44-26. That Chapter imposes under R.I. Gen. Laws Chapters 44-11, 44-11.1, 44-13, 44-14, 44-15, 44-17, and 27-3 a requirement that an entity pay a sum equal to the entire amount of its estimated tax during its current taxable year.

### 5.2 Authority

These rules and regulations are promulgated pursuant to R.I. Gen. Laws §§ 44-1-4 and 44-26-11. The rules and regulations have been prepared in accordance with the requirements of R.I. Gen. Laws § 42-35-1 *et. seq.* of the Rhode Island Administrative Procedures Act.

### 5.3 Application

These rules and regulations shall be liberally construed so as to permit the Division of Taxation to effectuate the purpose of R.I. Gen. Laws Chapter 44-26 and other applicable state laws and regulations.

### 5.4 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.

### 5.5 Definitions

- A. "Advance" means a sum equal to one hundred percent (100%) of the full amount of the tax that a corporation estimates it will be required to pay under the provisions of any of the R.I. Gen. Laws Chapters 44-11, 44-11.1, 44-13, 44-14, 44-15, 44-17, and 27-3, or in any changes and amendments of those Chapters.
- B. "Corporation" means every corporation, utility, banking institution, insurance company, organization, association, or individual subject to taxation under R.I.

Gen. Laws Chapters 44-11, 44.11.1, 44-13, 44-14, 44-15, 44-17, and 27-3, or under any changes and amendments of those chapters.

C. "Taxable year," means:

1. For entities taxed under R.I. Gen. Laws Chapter 44-11, or 44-11.1, the calendar year or fiscal year for which a return is filed; and
2. For entities taxed under R.I. Gen. Laws Chapter 44-14, referred to as "income period", the calendar year or the fiscal year, or portion of the year to be covered by the filing; and
3. For entities taxed under R.I. Gen. Laws Chapters 44-13, 44-15, 44-17, or 27-3, the calendar year ending December 31st of each year.

## **5.6 Declaration - Due Date - Payment - Interest**

A. Every corporation is required to file estimated taxes if their estimated liability for the taxable year can reasonably be expected to exceed five hundred dollars (\$500) pursuant to R.I. Gen. Laws § 44-26- 2.1(a).

1. For Calendar Year taxpayers, four (4) equal installments of twenty-five (25%) percent are due on April 15<sup>th</sup>, June 15<sup>th</sup>, September 15<sup>th</sup>, and December 15<sup>th</sup> of the taxable year.
2. For Fiscal Year Taxpayers, four (4) equal installments of twenty-five (25%) percent are due on the 15<sup>th</sup> day of the fourth, 15<sup>th</sup> day of the sixth month, 15<sup>th</sup> day of the ninth month, and 15<sup>th</sup> day of the twelfth month of the taxable year.
3. Every corporation required to make estimated tax payments shall report such payments on Rhode Island's Form BUS-EST.

B. If multiple payments are being made for different obligations with one check (for example, an extension and an estimated tax payment), the appropriate separate coupons shall accompany the payment(s).

C. If the required estimated payments are not made, then underestimated interest shall be calculated and reported on Form RI-2220 when filing the annual return.

D. In the event the estimated tax liability increases, an entity may file an amended estimated declaration and shall file and pay an additional amount at the time of the amended declaration. However, underestimating interest may still be assessed.

## **5.7 Credit Against Tax**

All payments of any advance or installment payment, for any taxable year is allowed as a credit to the corporation against the tax imposed upon the corporation for the taxable year under the provisions of any of the chapters enumerated in R.I. Gen. Laws § 44-26-1.

## **5.8 Failure to File**

If any corporation is required under R.I. Gen. Laws Chapter 44-26 to file a declaration of estimated tax for any taxable year at any time on or before the fifteenth day of the tenth month of the taxable year and the corporation fails to file any declaration, although the declaration may otherwise be late, on or before that date, there shall be assessed as a penalty against the corporation an amount equal to five percent (5%) of the tax imposed upon the corporation for the taxable year. The tax administrator may waive the penalty, if it is shown to his or her satisfaction that the failure to file the declaration was due to reasonable cause and not to willful neglect.