

280-RICR-20-25-6

## TITLE 280 - DEPARTMENT OF REVENUE

### CHAPTER 20 - DIVISION OF TAXATION

#### SUBCHAPTER 25 - BUSINESS CORPORATION TAX

PART 6 - Limited Liability Partnerships and Limited Partnerships

##### 6.1 Purpose

The purpose of these rules and regulations is to implement R.I. Gen. Laws §§ 7-12-60 and 7-13-69, which imposes on Limited Liability Partnerships (LLPs) and Limited Partnerships (LPs) a filing requirement and an annual charge equal to the minimum tax imposed upon a corporation under R.I. Gen. Laws § 44-11-2(e) and the filing requirements of their partners.

##### 6.2 Authority

This regulation is promulgated pursuant to R.I. Gen. Laws § 44-1-4. 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.

##### 6.3 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 §§ 7-12-60 and 7-13-69 and other applicable state laws and regulations.

##### 6.4 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.

##### 6.5 Filing of Returns

A. Every LLP and LP which has elected to be treated as a C-corporation for federal income tax purposes shall for Rhode Island purposes be subject to the Rhode Island Business Corporation Tax and file a Form RI-1120C with the Division of Taxation annually as follows:

- 1 If the tax year of the LLP or LP is a calendar year filer, the return shall be filed on or before the fifteenth (15<sup>th</sup>) day of April in the year following the close of the calendar year.

2. If the tax year of the LLP or LP is a fiscal year filer, the return shall be filed on or before the fifteenth (15<sup>th</sup>) day of the fourth (4<sup>th</sup>) month following the close of the fiscal year.
- B. Every LLP and LP which has elected to be treated as an S-corporation for federal income tax purposes shall for Rhode Island purposes be subject to the Rhode Island business corporation tax and file a Form RI-1120S with the Division of Taxation annually as follows:
1. If the tax year of the LLP or LP is a calendar year filer, the return shall be filed on or before the fifteenth (15<sup>th</sup>) day of March in the year following the close of the calendar year.
  2. If the tax year of the LLP or LP is a fiscal year filer, the return shall be filed on or before the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) month following the close of the fiscal year.
- C. Every LLP and LP which has not elected to be treated as a corporation for federal income tax purposes shall file Form RI-1065 with the Division of Taxation annually as follows:
1. If the tax year of the LLP or LP is a calendar year, the return shall be filed on or before the fifteenth (15<sup>th</sup>) day of March in the year following the close of the calendar year.
  2. If the tax year of the LLP or LP is fiscal year, the return shall be filed on or before the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) month following the close of the fiscal year.
- D. When filing the annual return the LLP or LP shall attach a copy of their federal Form 1065 or federal pro forma return for that fiscal or calendar year.

## **6.6 Annual Charge**

An annual charge shall be due for LLPs and LPs not treated as corporations for federal tax purposes upon the filing of the required returns with the Division of Taxation. The annual charge shall be a fee in an amount equal to the minimum tax imposed upon a corporation under R.I. Gen. Laws § 44-11-2(e).

## **6.7 Filing Requirements for Partners**

If a domestic or foreign LLP or LP is not treated as a corporation for federal income tax purposes, any partner of the LLP or LP during any part of the entity's taxable year shall file a Rhode Island income tax return and shall include in Rhode Island gross income that portion of the LLP's or LP's Rhode Island income allocable to such partner.

## 6.8 Pass-through Withholding Requirements

- A. Any LLP or LP with a nonresident partner(s) shall withhold income taxes on the income that is being passed through to the nonresident partners. The Form RI-1096PT shall be filed reporting these withholding payments. The nonresident partner(s) shall be provided a Form RI-1099PT in order to claim these withholding payments on their income tax return. If the nonresident partner is another pass-through entity, that entity shall also be required to file a Form RI-1096PT to pass-through the withholding payments to their member(s). The “Bulletin on Pass-through Entities to Non-resident Taxpayers” may be consulted for further information.
- B. Any LLP or LP with nonresident partner(s) may file Form RI-1040C composite tax return instead of filing Form RI-1096PT. Each nonresident partner shall complete Form RI-1040C-NE and file it with the entity. The “Bulletin on Pass-through Entities to Non-resident Taxpayers” may be consulted for further information. This bulletin can be obtained at [www.tax.ri.gov/misc/passthrough\\_entities.php](http://www.tax.ri.gov/misc/passthrough_entities.php)
- C. If the nonresident withholding tax liability of an LLP or LP can reasonably be expected to exceed \$250 for the taxable year, then estimated payments are required on the 15th day of the 4th month, the 15th day of the 6th month, the 15th day of the 9th month and the 15th day of the first month of the entity’s next succeeding taxable year. For a calendar year taxpayer, that would be April 15th, June 15th, September 15th and January 15th of the entity’s next succeeding taxable year. LLPs and LPs are covered by the “safe harbor” provisions (80% of the current year tax liability or 100% of the prior year’s tax liability at the current year rates) for the requirements of estimated tax payments as well as calculating underestimated interest. The appropriate estimated tax payment coupons for Form RI-1096PT-ES or Form RI-1040C-ES, as the case may be, shall be used to make these estimated payments.