

# 2014 RI-1120X - Rhode Island Business Corporation Tax Return

## SPECIFIC INSTRUCTIONS

**INFORMATION SECTION:** Enter the requested entity information on the top of the form, including name, address, federal identification number, type of return being filed, and the tax year ending date. Check the appropriate box(es) that apply on the top left of the form.

### SCHEDULE A - COMPUTATION OF TAX

**Column A** shall list the amounts as they appeared on the original return or the most recently filed amended return.

**Column B** shall list any changes made to originally reported amounts.

**Column C** shall list the amended amounts per this return.

#### **Line 1 -**

Enter the taxable income as it appears from the applicable federal return.

#### **Line 2 - Total Deductions**

Enter Total Deductions from page 2, Schedule B, line 2H.

#### **Line 3 - Total Additions**

Enter Total Additions from page 2, Schedule C, line 3G.

#### **Line 4 - Adjusted Taxable Income**

Subtract the total deductions amount on line 2 from the Federal Taxable Income amount on line 1 and add to that the total additions amount on line 3.

#### **Line 5 - Rhode Island Apportionment Ratio**

Complete Schedule J on page 3. Enter the amount from Schedule J, line 5.

#### **Line 6 - Apportioned Rhode Island Taxable Income**

Multiply your adjusted taxable income amount from line 4 times the Rhode Island Apportionment Ratio from line 5.

#### **Line 7 - Adjustments**

Adjustments listed below would be included on this line. A schedule must be attached listing the adjustments.

#### **Research and Development:**

Refer to section 44-32-1 of the Rhode Island General Laws for more details.

#### **Pollution Control and hazardous waste adjustment:**

Every taxpayer, at his election, shall be entitled to a deduction with respect to the amortization of the adjusted basis of any treatment facility, as defined in section 44-11-11.1 or any hazardous waste recycling, refuse, or treatment facilities as defined in section 44-11-11.2 based on a period of sixty (60) months. A recapture of a previously taken deduction may be necessary under the law. This should be done by listing the recaptured amount as a negative number.

#### **Capital Investment Deduction:**

The General Laws provide for a deduction for purposes of computing net income in accordance with Chapter 44-11, for investments in certified venture capital partnerships. Taxpayers claiming this deduction for investments in certified venture capital partnerships must provide copies of certification from the Department of Economic Development of the Venture Capital Partnership. A recapture of a previously taken deduction may be necessary under the law. This should be done by listing the recaptured amount as a negative number. To calculate the amount of the deduction, the Rhode Island apportionment percentage should be applied to the taxpayer's qualifying investment. The result should be listed on this line.

#### **Line 8 - Adjusted Taxable Income**

Subtract line 7 from line 6.

#### **Line 9 - Total Income Tax**

Multiply the amount on line 8 by 9% (0.0900).

#### **Line 10 - Franchise Tax or LLC Fee**

S-Corps and C-corporations shall enter amount calculated on Schedule H, line 7.

Prior to tax year 2012, LLC's not taxed as a corporation for federal tax purposes shall enter "fee equal to minimum corporate tax". See the Minimum Tax Schedule on page 4 of these instructions. Effective tax year 2012, LLC's

not taxed as a corporation for federal tax purposes shall complete Form RI-1065 and check the amended box.

#### **Line 11- Tax/Fee**

If LLC not taxed as a Corporation for federal tax purposes, enter "fee equal to minimum corporate tax" from line 10.

If S-Corp, enter amount from line 10.

If C Corporation, enter the larger of line 9 or line 10.

#### **Line 12 - Rhode Island Credits**

- - - C-Corp only - - -

Enter the amount from page 2, Schedule D, line 12O in Column C. Amount on this line for Column A shall be amount from original return.

#### **Line 13 - Tax After Credits**

Subtract the amount of credits on line 12 from the Tax/Fee amount on line 11 for C Corporations only. Credits are not allowed on this return for LLC's or S-Corporations. If this amount is less than the Franchise Tax or LLC Fee from line 10, enter the amount from line 10. Credits cannot reduce your tax to less than the minimum amount from line 10.

#### **Line 14 - Other Additions**

Enter the total of (a) and (b) on this line.

##### **(a) Recapture of Credits**

The formula to be used to compute the recapture on investment tax credit is: The tax credit taken on property ceasing to qualify times a fraction consisting of a numerator which is the useful life of property in months minus the qualified use in months and a denominator which is the useful life of property in months. If property is disposed of in the initial taxable year, see the specific instructions on Form RI-3468.

##### **(b) Jobs Growth Tax**

Enter 5% of the aggregate performance-based compensation paid to eligible employees as per the Jobs Growth Act (42-64.11-5).

#### **Line 15 - Tax Due**

Add the amounts from line 14 to the amount from line 13.

#### **Line 16 - Estimated Tax Payments**

Enter the total estimated tax payments made with respect to the taxable year, if any, including any overpayment carried forward from the preceding taxable year.

#### **Line 17a - Other Payments**

Enter the amount of all other tax payments, including extension payments made with respect to the taxable year.

#### **Line 17b - Rhode Island Pass-through Withholding Payments**

- - - C-Corp only - - -

Enter the amount of any nonresident withholding payments made on the corporation's behalf by any pass-through entities. A copy of the RI 1099PT issued to the corporation must be attached to the RI-1120X in order for credit to be given. Failure to attach a copy will result in the disallowance of the pass-through withholding amount until documentation is provided.

**Note: Rhode Island Pass-through Withholding Payments MAY NOT be claimed by Sub-Chapter S corporations or LLCs not taxed as a C corporation on the RI-1120X since they themselves are pass-through entities. Sub-Chapter S corporations and LLCs must file a RI-1096PT return for themselves and flow any Pass-through Withholding Payments through to their members/shareholders.**

**Line 18 -** Tax paid with or after original filing

#### **Line 19 - Total Payments**

Add the amounts from lines 16, 17a, 17b and 18.

#### **Line 20 - Overpayment, if any, shown on Original Return**

List any amount carried forward as estimated taxes to the next year or any refund claimed on the original return.

#### **Line 21 - Net Payments**

Subtract line 20 from line 19.

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## SPECIFIC INSTRUCTIONS - page 2

### Line 22 - Tax Due with Amended Return

Subtract the amount on line 21 from the amount on line 15.

### Line 23 - Interest and Penalty Calculation

Enter the total of (a), (b) and (c) on this line.

#### (a) Interest on the balance due

For failure to pay the tax on time, interest at the rate of 18% (0.1800) per year; or 1.5% (0.0150) per month, shall be assessed.

Interest shall accrue on the amount from line 22 at the rate of 18% per annum from the due date for filing the original return (the fifteenth day of the third month following the close of the taxable year for corporations) to the actual date of payment.

#### (b) Penalty on the balance due

For failure to file the return on time, a penalty at the rate of 5% (0.0500) per month not to exceed 25% (0.2500) shall be assessed.

For failure to pay the tax on time, a penalty at the rate of 0.5% (0.0050) per month not to exceed 25% (0.2500) shall be assessed.

#### (c) Interest for underpayment of estimated taxes

In case of any underpayment of the estimated taxes by a corporation there shall be added to the tax as the case may be for the taxable year, an amount determined at the rate of 18% per annum upon the amount of the underpayment for the period of the underpayment. "The amount of the underpayment" shall be the excess of the installment or installments which would be required to be paid if the advance payments were equal to eighty percent (80%) of the tax shown on the return for the taxable year or, if no return was filed eighty percent (80%) of the tax for such year, over the amount, if any, of the installment paid on or before the last date prescribed for payment. See chart on page 2 of Form RI-2220.

The law provides for the assessment of a penalty of 5% of the tax imposed on such corporations for such taxable year for failure to file required estimated tax payments.

### Line 24 - Total Due with the Return

Add lines 22 and 23. The amount is due and payable when the return is filed.

### Line 25 - Amount to be refunded

Subtract line 15 from line 21.

## SCHEDULE B – DEDUCTIONS

**These figures should be listed as amended.**

### Line 2A - Net Operating Loss Deduction

--- C Corp only ---

For years ending 4/15/92 and thereafter a net operating loss deduction shall be allowed which shall be the same as the net operating loss deduction allowed under §172 of the Internal Revenue Code of 1954, except that (1) any net operating loss included in determining such deduction shall be adjusted to reflect the inclusions and exclusions from entire net income required by paragraph (a) of §44-11-11 and §44-11-11.1, (2) such deduction shall not include any net operating loss sustained during any taxable year in which the taxpayer was not subject to the tax imposed by this chapter, (3) such deduction shall not exceed the deduction for the taxable year allowable under § 172 of the Internal Revenue Code of 1954, provided however, such deductions for a taxable year may not be carried back to any other taxable year for Rhode Island purposes but shall only be allowable on a carry forward basis for the five (5) succeeding taxable years. Refer to Regulation CT 94-06.

### Line 2B - Special Deductions

--- C Corp only ---

Enter the amount from Federal Form 1120, Schedule C, line 20.

### Line 2C - Exempt Dividends and Interest

Enter the amount of exempt dividends and interest from page 3, Schedule E, line 10 of the RI-1120C or the exempt interest from the 1120S.

### Line 2D - Foreign Dividend Gross-up

--- C Corp Only ---

Enter the amount from Federal Form 1120, Schedule C, line 15.

### Line 2E - Bonus Depreciation and Section 179 Adjustment

Enter the amount of adjustment which represents the difference between normal first year depreciation and residual depreciation as long as depreciation lasts.

### Line 2F - Discharge from Business Indebtedness

Enter the amount of income deferred under the American Recovery and Reinvestment Act of 2009 that was added back in previous years for Rhode Island purposes.

### Line 2G - Modification for Tax Incentives for Employers §44-55-4.1

Using Form RI-107 calculate the amount of your modification. All supporting documentation for the employees listed on Form RI-107, as well as the form itself, must be attached to your return.

### Line 2H - TOTAL DEDUCTIONS

Add lines 2A, 2B, 2C, 2D, 2E, 2F and 2G. Enter the total here and on page 1, line 2, Column C.

## SCHEDULE C – ADDITIONS

**These figures should be listed as amended.**

### Line 3A - Interest

Enter the gross amount of interest income received or accrued with respect to all obligations of any state, territory or possession of the United States or any political subdivision of the foregoing, or the District of Columbia other than Rhode Island or its political subdivisions not included on lines 5 and 10 of U.S. Form 1120.

### Line 3B - Rhode Island Corporate Taxes

--- C Corp only ---

Enter the Rhode Island income and franchise taxes paid or accrued which are deducted on the federal return on lines 2 or 17 for the taxable year. (Attach Schedule)

### Line 3C - Bonus Depreciation and Section 179 Adjustment

Enter the entity's bonus depreciation amount less its normal depreciation amount.

For tax years beginning prior to January 1, 2014:

Section 179 deduction is limited to a maximum of \$25,000. Any additional amount must be added back in.

For tax years beginning on or after January 1, 2014, Rhode Island no longer limits the deduction to \$25,000 and the additional no longer needs to be added back.

### Line 3D - Addback of captive REIT dividends paid deduction

--- C Corp only ---

Enter the deducted amount of captive Real Estate Investment Trust dividends paid that must be added back.

### Line 3E - Intangible Addback

Enter the total amount of interest expenses and costs and intangible expenses and costs that must be added back under R.I.G.L. 44-11-11(f).

### Line 3F - Income from Discharge of Business Indebtedness or Domestic Production Activity Addback

For tax years 2009 through 2013:

Enter the amount of income deferred under the American Recovery and Reinvestment Act of 2009. Income deferred for federal income tax purposes must be added back for Rhode Island purposes.

For tax year 2014:

Enter the amount of domestic production activity that needs to be added back.

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## SPECIFIC INSTRUCTIONS - page 3

### Line 3G - TOTAL DEDUCTIONS

Add lines 3A, 3B, 3C, 3D, 3E and 3F. Enter the total here and on page 1, line 3, Column C.

### SCHEDULE D - RHODE ISLAND CREDITS

**These figures should be listed as amended.**

All supporting documentation for any credit amount being amended must be attached to the RI-1120X in order for credit to be given. If complete documentation is not submitted, the credit will be disallowed until the documentation is provided.

**Original certificates must be provided for the Historic Preservation Investment Tax Credit, the Motion Picture Production Company Tax Credit, the Musical and Theatrical Production Tax Credit, Incentives for Innovation and Growth and the Credit for Contributions to Qualified Scholarship Organizations.**

**Line 12A - RI-3468 - Investment Tax Credit** - for manufacturing and other property. Proper documentation must be attached to your return. If using a 10% ITC, the 10% Certification letter from the Department of Labor and Training must be included with your documentation. RIGL §44-31

**Line 12B - RI-ZN02 - Distressed Areas Economic Revitalization Act - Wage Credit** - Approved benchmark page with new hire information and approval letter from the Enterprise Zone Council must be attached. RIGL §42-64.3-6

**Line 12C - RI-769P- Research and Development Property Credit** - for property in laboratory or experimental research located in Rhode Island. RIGL §44-32-2 - Credit is 10% of cost or basis of property. Any unused credit may be carried forward for 7 years. A modification under 44-32-1 may not be claimed for property used in this credit.

**Line 12D - RI-769E - Research and Development Expense Credit** - for federally defined excess RI expenses in laboratory or experimental research. RIGL §44-32-3 - Credit is 22.5% of qualified expense on first \$25,000 and 16.9% of the credit above \$25,000. This credit cannot reduce your tax by more than 50%. Any unused credit may be carried forward for 7 years.

**Line 12E - RI-2441 - Daycare Assistance and Development Credit** - for employers and others providing daycare for employees. RIGL §44-47 - Credit is 30% of qualified expenses.

**Line 12F - RI-8201 - Motion Picture Production Tax Credit or Musical and Theatrical Production Tax Credit** - for certified production costs as determined by the Rhode Island Film and Television Office and the Rhode Island Division of Taxation. **The original certificate must be attached to the return.** Any unused credit amount may be carried forward for three (3) years. RIGL §44-31.2 and RIGL §44-31.3, respectively.

**Line 12G - RI-2949 - Jobs Training Tax Credit** - for training specifically approved by the RI Human Resource Investment Council. Form RI-2949 must be completed and attached to the return. RIGL §42-64.6

**Line 12H - RI-6324 - Adult Education Credit** - for employers offering specific types of adult education. Form RI-6324 must be completed and attached to the return. RIGL §44-46

**Line 12I - RI-2276 - Tax Credit Contribution to Scholarship Organizations** - for business entities that make contributions to qualified scholarship organizations. The entity must apply for approval of the tax credit and will receive a tax credit certificate issued by the Division of Taxation. **The original certificate must be attached to the return.** The credit must be used in the tax year that the entity made the contribution. Unused amounts CANNOT be carried forward. RIGL §44-62

**Line 12J - RI-9261 - Jobs Development Rate Reduction Credit** - for business entities approved by the Economic Development Corporation. Form RI-9261 must be completed and attached to the return. RIGL §42-64.5  
- - - C Corp Only - - -

**Line 12K - RI-286B - Historic Structures - Tax Credit (Historic Preservation Investment Tax Credit) and Historic Preservation Tax Credits 2013** - for approved rehabilitation of certified historic structures. **The original certificate must be attached to the return.** Any unused credit amount may be carried forward for ten (10) years. RIGL §44-33.2 and RIGL §44-33.6, respectively.

**Line 12L - RI-3675 - Employment Tax Credit** - for an employer participating in the bonus program under RIGL §40-6.3. A written certificate from the Director of Human Services must be attached to your return. Any unused amounts CANNOT be carried forward to future years. RIGL §44-39-1.

**Line 12M - RI-4482 - Incentives for Innovation and Growth** - RIGL §44-63 - An eligible qualified innovative company may apply for a tax credit certificate in an amount equal to fifty percent (50%) of any investment made in the company, not to exceed \$100,000. Unused amounts may be carried forward for 3 years. **The original certificate must be attached to the return.**

**Line 12N - Other Credits** - Use this line if you have a Rhode Island credit that is not listed above. Write in the Credit Number and Credit Name in the space provided on the line next to the "Other Credits". Complete documentation must be provided for any credits listed on this line. If documentation is not attached, the credit amount will be disallowed.

**Line 12O - Total Rhode Island Credits** - Add lines 12A through 12N and enter the total credit amount on this line and on page 1, line 12, Column C.

### SCHEDULE E - EXPLANATION OF CHANGES

Describe any changes with the reason for the change. Enter the line(s) reference(s) for which the change is being reported.

### SCHEDULE H - FRANCHISE TAX CALCULATION

If multiple classes of stock are owned, a separate schedule must be attached to the return in order to calculate the authorized capital.

**Line 1 - Number of Shares of Authorized Stock** - this is the number of shares authorized.

**Line 2 - Par Value per Share of Stock** - enter the par value of the authorized shares of stock on line 1. "No par" value stock shall be valued at \$100 per share.

**Line 3 - Authorized Capital** - Multiply line 1 times line 2. If a separate schedule was used due to multiple classes of stock ownership, then the authorized capital of each class should be combined and listed on this line.

**Line 4** - Divide the authorized capital from line 3 by 10,000

**Line 5** - Multiply line 4 by \$2.50.

**Line 6 - Apportionment Ratio- Domestic corporations** should use a 100% apportionment factor as they are not allowed to apportion the franchise tax. In accordance with Regulation FT 09-01, **Foreign corporations** should list their apportionment factor from Schedule J, line 5.

**Line 7** - Multiply line 5 times line 6. List the result here, but not less than the minimum franchise tax as listed on the Minimum Tax Schedule on page 4 of these instructions.

### SCHEDULE J - ALLOCATION FACTOR

Prior to considering your apportionment factors, Regulation CT 88-01 and RIGL 44-11-13 should be consulted to determine whether a company has the ability to apportion its Rhode Island adjusted taxable income. All apportionment factors should be filled out even if apportionment is 100% Rhode Island. If filing a consolidated return, attach a schedule showing the separate company apportionment factors.

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## SPECIFIC INSTRUCTIONS - page 4

If utilizing an alternative allocation apportionment as allowed under RIGL §44-11-14.1, §44-11-14.2, §44-11-14.3, §44-11-14.4, §44-11-14.5 or §44-11-14.6, check the box above the apportionment schedule. Also, a schedule detailing the method used, as well as a calculation of the allocation apportionment must be attached to Form RI-1120X.

### Line 1 - Average Net Book Value Factor

Real and tangible personal property owned is valued at book value. Real and tangible personal property rented is valued at 8 times the annual net rental rate. The annual net rental rate shall be reduced (but not to less than zero) by the annual rental rate received from subrentals.

"Tangible personal property" means such property as machinery, tools, implements, goods, wares, and merchandise. It does not include cash, shares of stock, bonds, notes, credits, or evidences of an interest in property and evidences of debt.

### Line 2 - Receipts Factor

2a) 100% allocation to Rhode Island of the gross receipts from sales of tangible personal property sold in the regular course of business where Rhode Island (or any other state or place) is the place of origin and Rhode Island is the destination. Sales of tangible personal property are in Rhode Island if the property is delivered or shipped to a purchaser within this state regardless of the free on board (F.O.B.) point or other conditions of the sale.

Gross income from services is attributed to Rhode Island if the services are performed in Rhode Island.

Pursuant to R.I.G.L. 44-11-14(a)(2)(i)(B), gross sales of tangible personal property where shipments are made from an office, store, warehouse, factory or other place of storage in this state and the taxpayer is not taxed in the state of purchase must now be included in the Receipts section of the Rhode Island apportionment column. This gross receipts amount must be listed separately as shown on the apportionment schedule.

2b) Dividend income. This amount should not be included in 2h.

2c) Interest income. This amount should not be included in 2h.

2d) Gross rental income from the leasing or renting of real and tangible personal property.

2e) Royalty income associated with Rhode Island activities.

2f) Net income from the sale of real property, tangible personal property, or other capital assets not held by the taxpayer for sale to customers in the regular course of business.

2g) Net income from the sale or disposition of securities or financial obligations. Do not include related dividends or interest. Dividends and interest are reported on line 2b and 2c.

2h) Gross income from all other receipts includes income from all other sources (not listed above) and includes (but is not limited to) receipts from patents, royalties, copyrights, commissions, dividends and interest. Gross income from royalties is attributable to Rhode Island to the extent that the patent or copyright is used in this state by the person paying royalties to the taxpayer. A patent is used in Rhode Island to the extent that it is employed in fabrication, manufacturing, production or other processing in Rhode Island or to the extent that a patented product is produced in Rhode Island. A copyright is used in Rhode Island to the extent that printing or other publication originates in Rhode Island. Accordingly, all such gross income should be included in Schedule J, line 2h, Column A. For corporations organized under Rhode Island laws, all gross income from interest and dividends must be shown on Schedule J, lines 2b & 2c, Column A.

2i) Income exempt from federal taxation.

### Line 3 - Salaries and Wage Factor

Schedule J, line 3, Column A represents that part of the total wages, salaries and other compensation to officers and employees paid or incurred by the taxpayer during the taxable year which is assignable to offices, agencies, or places of business within the State of Rhode Island, or which is attributable to services performed in connection with the taxpayer's activities or transactions within this state during the taxable year.

### Line 4 - Rhode Island Ratios

Total the Rhode Island ratios from lines 1f, 2k and 3b.

### Line 5 - Allocation Factor

If dollar amounts for property, receipts and salaries exist in Column B, the total of the three ratios on line 4 should be divided by 3. If one factor is not found in Column B, then the total of the two ratios on line 4 must be divided by 2. If only one factor exists in Column B, then the ratio on line 4 should be carried to line 5. Also, enter this ratio on schedule A, line 5.

### Minimum Tax Schedule

Use this schedule to determine the minimum franchise tax for the tax year being amended.

<u>Tax Year</u>	<u>Minimum Franchise Tax</u>
2004 - Present	\$500.00
1992 - 2003	\$250.00
1978 - 1991	\$100.00

11% surcharge applies to years 3/15/1991 through 12/31/1993.

### SCHEDULE CRS – COMBINED REPORTING STUDY

These figures should be listed as amended.

Only for use by C-Corps for tax years beginning after 12/31/2010 and before 01/01/2013. In accordance with Section 44-11-45 of the Rhode Island General Laws, a study of the effect of combined reporting on the corporate income tax for tax years beginning on or after 01/01/2011 and beginning on or after 01/01/2012 is required.