

RHODE ISLAND TAX NEWS

A NEWSLETTER FOR TAX PROFESSIONALS

APRIL/MAY/JUNE 2018

TIPS FOR LAST-MINUTE TAX FILERS

The usual tax-filing deadline is April 15, but that falls on a Sunday this year.

The next day -- Monday, April 16 -- is Emancipation Day in the District of Co-

lumbia, which is observed as a holiday by the Internal Revenue Service.

As a result, the federal filing deadline for personal income tax this season is

Tuesday, April 17, 2018. That's also the deadline for filing your Rhode Island personal income tax return.

The deadline is also April 17, 2018, for filing property-tax relief claims on Form RI-1040H, and residential lead abatement credit claims on Form RI-6238. (No extension applies to those two forms.)

E-file

Whether you use a paid preparer or do your own taxes, make sure to file electronically, through a process known as e-file.

(Please turn to page 2)



Free File: U.S. Rep. Jim Langevin and Rhode Island Tax Administrator Neena Savage were among those attending a recent event to call attention to the "Rhode Island Free File" program, which lets eligible taxpayers prepare and file their federal and Rhode Island tax returns online at no charge.

(Photo by Donna Kirwan, Office of Attorney General Peter Kilmartin)

ONLINE REFUND STATUS TOOL UPDATED

The Rhode Island Division of Taxation has enhanced the interactive online tool that taxpayers use to check the status of their Rhode Island personal income tax refunds.

Last year, the Division updated the information on its "Where's My Refund?" online tool once a week, typically late each Friday.

New for this year, however, the Division typically updates the "Where's My

Refund?" online tool every business day, Monday through Friday, with fresh information.

(Please turn to page 5)

FILING DEADLINE IS APRIL 17, 2018

April 17, 2018, is the deadline for filing Rhode Island resident and nonresident personal income tax returns.

It is also the deadline for returns for calendar-year C corporations, and for a number of other tax filings and payments.

For an at-a-glance table, please see page 2.

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TIPS FOR LAST-MINUTE TAX FILERS (CONTINUED FROM PAGE 1)

E-filing is faster, more efficient, and more effective. E-filed returns are processed more quickly than paper returns.

There are fewer errors. Paper returns simply take longer to process – weeks longer, in some cases.

Also, e-filing is the only way you can have your Rhode Island personal income tax refund deposited directly into your bank account (assuming a complete and accurate return is filed).

Choose a preparer

If you can't e-file yourself, use a preparer. Most preparers e-file returns.

The Internal Revenue Service provides an online database for all authorized e-file providers that choose to be included in the database. You can locate the ones nearest you by entering your ZIP code in the search box: <https://go.usa.gov/xX97t>

For tips on choosing a preparer, use the following link: <https://go.usa.gov/xX9Aq>

E-file for free

If you can't afford a preparer, you may be eligible to use a "Rhode Island Free File" program, which lets you prepare your own federal and Rhode Island return online, and e-file

them, at no charge.

The option to prepare and e-file your own federal and Rhode Island personal income tax returns at no charge through the Rhode Island Free File program is available only through the Rhode Island Division of Taxation website.

Many, but not all, taxpayers qualify for the free programs. Review terms and conditions through the following link: <https://go.usa.gov/xX9Ar>

There are many sites throughout Rhode Island where volunteers will prepare and e-file your returns

for you. These include sites operated by the Volunteer Income Tax Assistance (VITA) program and the AARP Tax-Aide program.

For information on sites near you, call the United Way by dialing 211. You can also find sites near you through the following link: <https://go.usa.gov/xX9AT>

Paper filing

If you must file your Rhode Island personal income tax return on paper, please keep the following points in mind:

◆ Paper returns take the longest to process. Part of the rea-

son is that paper returns generate the most errors. So when you prepare your return, make sure your math is correct.

◆ Be sure to sign and date the return.

◆ If Rhode Island personal income tax was withheld from your paycheck, pension, or other source of income last year, make sure you include a complete and accurate Schedule W with your return.

(Please turn to next page)

The April 17, 2018, tax filing deadline

This filing season, the deadline is April 17, 2018, for:

- Resident and nonresident personal income tax returns and payments.
- Calendar-year C corporations that file their return on Form RI-1120C.
- Public service corporation tax filers.
- Bank excise tax filers.
- Insurance gross premiums tax filers.
- A single-member limited liability company (LLC) owned by individual.
- Fiduciary returns, using a calendar year, on Form RI-1041.
- Property-tax relief claims on Form RI-1040H.
- Residential lead abatement credit claims on Form RI-6238.
- First-quarter estimated payment of 2018 Rhode Island personal income tax.

Note: Single-member limited liability company (SMLLC) uses same due date as its owner; table assumes owner is calendar-year individual.

TIPS FOR LAST-MINUTE TAX FILERS (CONTINUED FROM PAGE 2)

◆ Attach all Form W-2 wage statements and other required documentation as outlined in the instructions. But don't use staples or sticky tape, which slow down processing. Remember: Paper returns must be run through the Division of Taxation's high-speed scanning equipment. Staples and sticky tape clog up the works. So for any required attachments to your return, use paper clips, binder clips, or even rubber bands.

◆ Include your Social Security number (or ITIN). If you're married, include the Social Security number (or ITIN) of your spouse, too.

◆ Include all pages of the return.

◆ Use a standard-size envelope, and keep folding of the return to a minimum, to ease in processing.

◆ Include with the return only the required documents as shown in the instructions. (For example, do not include birth certificates.)

Another point to remember: So far this season, some paper filers have included their Form W-2 wage statements but not Schedule W. In other instances, some paper filers have included their Schedule W but not their Form W-2 wage statements. All of the documents should be included.

Forms, instructions

Forms, instructions, sched-



Free File: State and federal officials joined private-sector representatives at an event in February to promote the Rhode Island Free File program. Among those attending the event, held at OpenDoors on Plainfield Street in Providence, were (from left) David Macklin, of the Computer & Communications Industry Association; Rhode Island native Bernie McKay, of the Intuit Financial Freedom Foundation; Rhode Island Rep. Carlos E. Tobon; Meg Chevalier of the Internal Revenue Service; U.S. Rep. Jim Langevin; Rhode Island Tax Administrator Neena Savage; and Rhode Island Lt. Governor Dan McKee. (See page 7 for more details.)

Photo by Anita Baffoni / Office of U.S. Rep. Jim Langevin

ules, and other items are available online around the clock at the Division's website: <https://go.usa.gov/xX9Ak>

The link also shows "fillable" forms and schedules for resident and nonresident returns. You type your information directly on-screen, print out the completed forms and schedules, and send them in. Fillable paper returns process more efficiently than do handwritten returns.

A balance due

If your Rhode Island return

shows a balance due, and you e-file or have your return e-filed for you, you typically can authorize the Division to withdraw the required amount directly from your bank or credit union account.

(Try to schedule the withdrawal, or "direct debit," several business days in advance of the deadline, to avoid delays.)

To pay a balance due, your bank or credit union may allow you to use its online "bill pay" feature, which generates a check that your bank or credit union mails to the Division of Taxation.

However, if you use the "bill pay" feature, please include as much information as possible so that the Division can promptly and properly credit your account.

For example, include your Social Security number, and be sure to enter other appropriate information, such as the tax year for which you are paying (typically tax year 2017), and the tax type involved (personal income tax).

(Please turn to next page)

TIPS FOR LAST-MINUTE TAX FILERS (CONTINUED FROM PAGE 3)

When using your bank or credit union's "bill pay" feature, be sure to complete the transaction several business days in advance of the deadline, so that the amount can be promptly and properly credited to your account. That way, you can avoid incurring interest and penalty charges. Also when using "bill pay," make sure that the payment goes to the following address, not to a post office box: Rhode Island Division of Taxation, One Capitol Hill, Providence, R.I. 02908-5806.

You may also pay your balance due by credit card or debit card. For more information, including details on fees, use the following link: <https://go.usa.gov/xX9AX>

Payment voucher

If you pay by check, be sure that your check is accompanied by a payment voucher. That way, your payment will be properly and promptly credited to your account. If you use tax-preparation software, or your preparer does, you may use the voucher provided by the software program. You may also use the Division's voucher:

<https://go.usa.gov/xQgD7>

Payment deadline

This season's filing deadline is Tuesday, April 17, 2018. All returns and payments are due on that date.



Tax Forum: *Leo Lebeuf, chief revenue agent in the Rhode Island Division of Taxation's Personal Income Tax section, was one of several guest speakers during the recent "Tax Forum" show presented by the Rhode Island Society of Certified Public Accountants and Rhode Island public television station WSBE, also known as Rhode Island PBS. (Screenshot above is from 2017 Tax Forum)*

You may apply for an automatic six-month extension, which will give you six more months to file your return; the extended due date this year is Monday, October 15, 2018.

If you use tax-preparation software, or your preparer does, you may use the extension request form provided by the software program. You may also use the Division's extension form, which includes instructions: <https://go.usa.gov/xQgDA>

For information about how to make a proper estimate when filing for an extension, please use the following link: <http://1.usa.gov/1VE9vBW>

Note: If you are not required to make a payment by April 17, 2018 – because your calculations show that you paid in a sufficient

amount last year, for example – don't file the Rhode Island extension form, but when you file your Rhode Island return by the October extended due date, attach a copy of your federal extension application. Also note that if you have a balance due, you still must pay what you owe by April 17 or face penalty and interest charges. Remember: It's an extension of the time to file, not of the time to pay. If you'll have a balance due, file Form RI-4868 on paper. If you can't pay what you owe by April 17, file anyway to avoid the failure-to-file penalty – and enter into an agreement to pay over time, in installments. To learn more about such payment plans, call the Tax Division's Compliance & Collections section, at (401) 574-8941 from 8:30 a.m. to 3:30 p.m. business days. (Have a copy of your return handy when you call.)



E-file reminder

The Rhode Island Division of Taxation this year accepts the following returns under its electronic filing program (e-file):

- ◆ Form RI-1040
- ◆ Form RI-1040NR
- ◆ Form RI-1120C
- ◆ Form RI-1120S
- ◆ Form RI-1065

ONLINE REFUND STATUS TOOL UPDATED (CONTINUED FROM PAGE 1)

“This update makes our online tool more user-friendly,” said Rhode Island Tax Administrator Neena Savage, who oversees the Division of Taxation.

“Because the information is now updated every business day, the tool is more useful to taxpayers and tax preparers,” she said.

Taxpayers and tax professionals use the secure website to find out if the Division of Taxation has received a return and whether any associated refund has been processed.

It is the latest update for the “Where’s My Refund?” online tool. For example, at one time, if processing of a return was delayed, the taxpayer might have been advised only that the return was “under review.”

However, the Division upgraded the online tool for last filing season, making available a number of separate messages to give taxpayers and tax preparers a better idea of any issue that may be delaying the processing of the return and any associated refund. (Please see example at top of this page.)

That way, fewer taxpayers and tax preparers have the need to phone or email the Division of Taxation about the status of a return and any associated refund.

Tax Refund Status

Thank you for using the "Where is my refund" service

Return processed successfully

Your tax return has **successfully been processed**, and your refund is being scheduled.

Please check back in two to three weeks for approval date information.

[BACK](#)

[RI DIVISION OF TAXATION WEB SITE](#)

Thank you, again. We appreciate your diligence and patience.

Information last updated April 04, 2018

If your return was e-filed, you may begin to use the tool to check the status of your refund within 48 hours after the Division has received your e-filed return. (However, if you’ve e-filed on a Friday or on a weekend, wait until the following week.)

If you filed your return on paper, you may begin to use the online tool to check the status of your refund four weeks after you mailed your paper return. (The IRS provides the same guidance regarding paper-filed federal returns.)

◆ *Tip: If you’re married, filed a joint return, and cannot find the status of your return/refund by entering your own Social Security number using the online tool, try your spouse’s Social Security number.*

When to call

The IRS recommends that,

for federal returns, you should call only if it has been 21 days or more since you filed electronically. If you filed your federal return on paper, the IRS recommends that you call only if it has been six weeks or more since you mailed your return.

The Rhode Island Division of Taxation offers the same guidance. The Division of Taxation administers more than 55 different tax types and fees. One of those tax types, involving the personal income tax, involves the processing of more than

645,000 personal income tax returns each year.

The agency has a staff of approximately 230 employees – and not all of them handle personal income tax returns; many staffers are assigned to other statutorily required duties, including the processing of letters of good standing for businesses, sales permits for retailers, and business returns for corporations, pass-through entities, and others. The Division thanks tax preparers and taxpayers for their patience and diligence during and after the filing season.

State of Rhode Island
Refund Status
DIVISION OF TAXATION

Check the status of your Rhode Island personal income tax refund any time, day or night, using the Rhode Island Division of Taxation’s “Where’s My Refund?” interactive online tool: <https://www.ri.gov/taxation/refund/>

FILING FOR REFUND OF RHODE ISLAND TDI TAX

If you worked for a single employer last year, chances are that the employer withheld the proper amount in Rhode Island temporary disability insurance (TDI) tax.

But if you worked for two or more employers last year – at the same time, or in succession – you may have overpaid in TDI tax.

That’s because there’s no way for one employer to know how much in TDI tax the other employer withheld.

So check for yourself: If you paid more than the maximum of \$817.20 in TDI tax last year, you paid too much and should therefore file for a refund.

Although the TDI program is generally overseen by the Rhode Island Department of Labor and Training, TDI taxes – and refunds – are handled by the Rhode Island Division of Taxation.

To claim your refund, use Form TX-16, “Claim for Refund of Temporary Disability Insurance Tax” (see screenshot nearby). Instructions are on the form.

Following are some points to keep in mind as you fill it out:

- ◆ TDI applies to each person, individually. So if you’re married and trying to figure out if you’re owed a TDI tax refund, count only the TDI tax that you yourself paid. Your spouse will have to do a separate calculation.

- ◆ If you’re married, each spouse must file a separate form for a TDI tax refund. (Remember: TDI applies to each person, individually.)

- ◆ Claims for TDI tax refunds can be filed only on paper, not electronically. The mailing address is in the instructions. (TDI tax refunds are issued only by check, not electronically.)

- ◆ For each employer you list on the claim form, you must attach a copy of the Form W-2 wage statement you received from that employer.

- ◆ You may request TDI refunds only for 2017, 2016, and 2015. You must use a separate Form TX-16 for each year for which you claim a refund.

- ◆ For more information on TDI refunds, call (401) 574-8700 from 8:30 a.m. to 3:30 p.m. business days. (The “Where’s My Refund?” online tool is only for per-

sonal income tax refunds, not for TDI refunds.)

Don’t expect to receive your TDI refund immediately after you file for it. There are reasons it could be delayed.

For example, TDI refunds for 2017 can’t be processed until the Tax Division has received and processed employers’ tax and wage reports for late 2017.

It can take until sometime in April, depending on the year, to start processing all those employer reports. Depending on when you file your claim for a refund, it could take up to 12 weeks until you receive your refund check.

For more information, see <http://www.uitax.ri.gov/> or call (401) 574-8700 (option 2).

A copy of the form is available at: <http://www.uitax.ri.gov/docs/TX-Forms/2018/TX-16-2017.pdf>

Surplus lines

The Division of Taxation recently posted on its website a publication intended for surplus lines brokers/licensees. Titled “Surplus Lines Brokers/Licensees: Guide to Tax Filings and Payments,” it includes details and answers to frequently asked questions. To view the guide, use the following link:

<https://go.usa.gov/xQC5D>

RHODE ISLAND FREE FILE PROGRAM IS ADVOCATED

Rhode Island Tax Administrator Neena Savage was among a number of federal, State, and private-sector officials who gathered at OpenDoors on Plainfield Street in Providence in February to highlight the benefits of the federal and the Rhode Island Free File programs.

The Rhode Island Free File program generally allows qualifying taxpayers to use a participating tax preparation software program to prepare and file their federal and Rhode Island personal income tax returns online at no charge.

“The IRS and Rhode Island Free File programs make it easier for eligible taxpayers to fill out their federal and state tax returns online and save money in the process,” she said in prepared remarks.

“The Free File program . . . saves taxpayers money. First, this is free to the eligible taxpayer, and second, processing electronic returns is less expensive. That means that the IRS and the State of Rhode Island spend less on processing costs and avoid the heavy expense of building their own tax preparation systems,” she said.

“The free software provided through the IRS and the Rhode Island Division of Taxation does the hard work for you and allows individuals to take advantage of every credit and deduction for which they are eligible,” she said.

Savage reminded taxpayers that the best place to access Rhode Island Free File is through the Division’s website:

<http://www.tax.ri.gov/misc/efile.php>

It is important that taxpayers use the link from the Division of Taxation website to make sure they are getting their returns prepared and electronically filed at no charge, she said.

U.S. Rep. Jim Langevin said Free File “does not cost the government a dime and is a partnership between the IRS, the Rhode Island Division of Taxation, and brand-name tax software companies that have donated over 50 million tax returns nationally since 2003.”

“Taxpayers can use Free File anywhere they have an internet connection, and Free File helps ensure that low-to moderate-income families don’t miss important credits” such as the earned income credit, said U.S. Sen. Sheldon Whitehouse. “One in five people eligible for the (earned income credit – also known as the earned income tax credit) fail to claim it. With Free File and VITA, they can be sure that they’re getting every cent of their hard-earned refund,” he said.

For more details, click in the following link:

<https://go.usa.gov/xX9Ar>



Kick-Off: Rhode Island Tax Administrator Neena Savage (above), Lt. Gov. Dan McKee, and Atty. Gen. Peter Kilmartin were among the State officials who attended a gathering in February at OpenDoors on Plainfield Street in Providence to highlight the benefits of the Rhode Island Free File program. Taxpayers who meet the rules may use the program to prepare and electronically file their federal and Rhode Island personal income tax returns at no charge.

Filing season

The Rhode Island Division of Taxation recently issued a newsletter that focuses exclusively on the filing season. The issue includes tips and information that applies for those have yet to file their Rhode Island personal income tax returns for the 2017 tax year. To view, please use the following link:

<https://go.usa.gov/xnAbt>

Legal Corner

RECENT STATE TAX CASES IN SUMMARY

Following is a summary of tax-related cases in which final decisions were made after administrative hearings. By law, decisions are public information, but taxpayer information cannot be disclosed.

Tobacco products

At issue is whether the taxpayer -- a retailer -- owes tax on "other tobacco products" and, if so, whether any sanctions should be imposed.

(The term "other tobacco products," or OTP, generally refers to tobacco products other than cigarettes. The term generally refers to cigars (excluding "little cigars" -- which are subject to cigarette tax), cheroots, stogies, pipe tobacco, chewing tobacco, hookah and shisha tobacco, snuff, and certain other items.)

During a compliance check, the Division seized certain products. The taxpayer could not provide invoices to support that it had purchased the seized products. The taxpayer also was unable to provide proof that it had paid taxes on the seized products.

In her decision, Hearing Officer Catherine R. Warren acknowledged that the amount of tax owed was minimum (less than \$20), but she also noted that the taxpayer has a history of selling untaxed tobacco products and



Rhode Island Tax News provides only summaries of some recent tax-case decisions, which are based on specific facts and circumstances.

The summaries are merely informative and provide general information. To determine how state tax laws and regulations apply to your particular circumstances, please consult your tax professional.

has had previous seizures of untaxed tobacco products.

On January 19, 2018, she wrote that the tax owed and the penalty were properly assessed by the Division of Taxation. She recommended that the taxpayer's cigarette dealer's license be suspended for 30 days.

On January 22, 2018, Tax Administrator Neena S. Savage adopted the hearing officer's decision and recommendation.

-- Final Decision and Order
No. 2018-01

Sales and use tax

The taxpayer -- a contractor -- levied a 15 percent markup/fee on projects.

The Division of Taxation asserted that the taxpayer is a retailer and owes Rhode Island's 7 percent sales/use tax on the markup.

The taxpayer asserted that the 15 percent is a fee that's applied to materials and subcontractors and covers the taxpayer's overhead.

The hearing officer determined that, based on a review of the evidence and a reading of the relevant regulation, the taxpayer was providing a job, not a good, and the 15 percent markup/fee was not a charge for materials.

On January 12, 2018, the hearing officer determined that the taxpayer does not owe the assessment on the 15 percent markup/fee. On January 23, 2018, the tax administrator adopted the hearing officer's decision and recommendation.

-- Final Decision and Order
No. 2018-02

(Please turn to next page)



Tax hearings

Any taxpayer aggrieved by the action of the Tax Division in determining the amount of tax, surcharge, or penalty, may make written request for a formal hearing.

The taxpayer is first afforded an opportunity to have a preliminary review. Should the matter not be resolved, it may then proceed to formal hearing under the terms of the state Administrative Procedures Act (Rhode Island General Laws § 42-35-1 et seq.) and Tax Division regulation 280-RICR-20-00-2.

If not satisfied with the outcome, the taxpayer may appeal to Sixth Division District Court (Rhode Island General Laws § 8-8-24 et seq.).

Legal Corner

RECENT STATE TAX CASES IN SUMMARY (CONTINUED FROM PAGE 8)

Personal income tax

At issue is whether the taxpayer owes Rhode Island personal income tax, interest, and penalty for the 2012 tax year.

In April 2016, the Division -- based on information received through the federal/state matching program -- determined that the taxpayer owed additional tax, based on unreported income in the form of unreported wages.

The taxpayer and the Division agreed that the taxpayer had unreported income, in



the form of unreported wages, for 2012.

Unfortunately for the taxpayer, the rules for taking a tax credit for the type of additional income she received in 2012 are different for federal and Rhode Island purposes, the hearing officer noted.

(The taxpayer claimed a federal credit on her federal return for 2013. The credit is not allowed by Rhode Island statute.)

On February 13, 2018, the hearing officer determined that the taxpayer owes Rhode

Island personal income tax on her unreported income for 2012.

However, the hearing officer recommended that the Division “revisit” the issue of reasonable cause and willful neglect in the penalty statute of Rhode Island General Laws § 44-30-85(a) in order to determine whether the late payment penalty applies. On February 13, 2018, the tax administrator adopted the hearing officer’s decision and recommendation.

-- Final Decision and Order

No. 2018-03



Tax tip line

If you have information about wrongdoing involving state taxes, call the tax fraud tip line at (401) 574-TIPS or (401) 574- 8477 and leave a message. The line is staffed by the Rhode Island Division of Taxation’s Special Investigation Unit, which follows up on all tips. Callers can leave their names and contact information or remain anonymous.

DIVISION CONTINUES ITS UPDATE ON TAX REGULATIONS

The Rhode Island Division of Taxation has filed numerous proposed and final regulations of late, and will continue to do so as part of its months-long effort to streamline and re-codify its regulations.

The format of the regulations has been modified in accordance with the new Rhode Island Code of Regulations (a uniform state code).

(Rhode Island is reorganizing all Executive Branch regulations into the Rhode

Island Code of Regulations. Agencies must codify all existing regulations into the RICR by December 31, 2018.)

All of the Division’s regula-

tory filings are available to view and to monitor at the Rhode Island Department of State (Secretary of State) website: www.sos.ri.gov (see screenshot nearby).



GUIDE TO EXEMPTIONS FROM LOCAL PROPERTY TAXES

The Rhode Island Division of Municipal Finance has posted the latest version of its annual guide to the local property tax exemptions that are available in cities and towns.

“We’ve revised our annual guide to make it easier for Rhode Islanders to learn whether they qualify for any tax-saving benefits from their community,” said Susanne Greschner, chief of the Division of Municipal Finance. “We expect they’ll find this new format easier to read and useful.”

Comprehensive listing

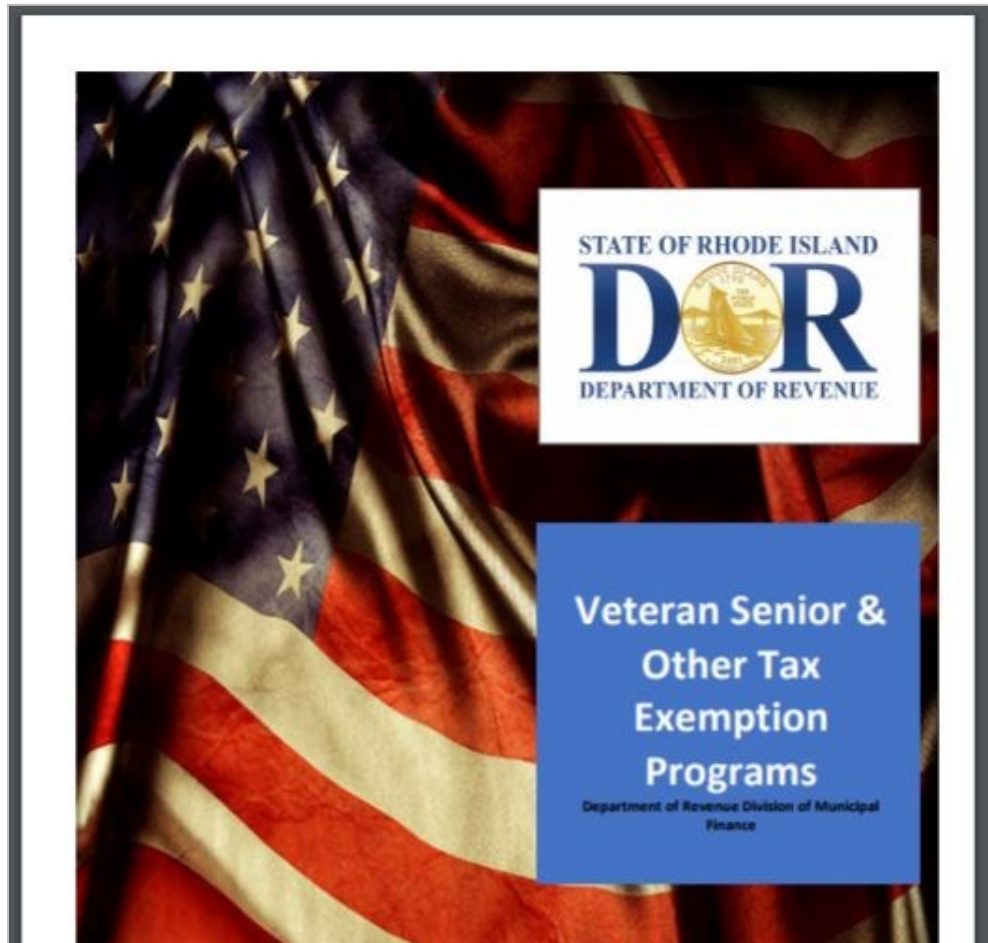
The new guide offers a comprehensive listing of:

- ◆ All senior tax exemptions and credits offered by all 39 cities and towns in Rhode Island;
- ◆ All tax exemptions and credits offered to qualifying veterans, unmarried widows and widowers, veterans with service-connected disabilities, Gold Star parents, and former POWs.

More information

In addition, the Division of Municipal Finance’s new guide lists:

- ◆ Tax exemptions and credits for specially adapted housing;
- ◆ All municipal tax-freeze programs;
- ◆ All municipal tax-



New Guide: *The Rhode Island Division of Municipal Finance has posted a revised version of its annual guide to the local property tax exemptions that are offered by cities and towns in Rhode Island. To view or download, use this link: <https://go.usa.gov/xnHSy>.*

deferral programs;

- ◆ All municipal exemptions for the visually impaired;
- ◆ A listing of all qualifying service dates and conflicts, and
- ◆ Information on the property tax relief program authorized by state law and administered by the Rhode Island Division of Taxation.

To view a copy of the guide, click here.

(Note: The guide was compiled and posted by the Division of Municipal Finance, which is a sister agency of the Division of Taxation. Both are part of the Rhode Island Department of Revenue.)

To view or download a copy of the new guide, use the following link:

<https://go.usa.gov/xnHSy>



The Rhode Island State Council on the Arts is spreading the word (see above) about Rhode Island's statewide sales tax exemption on the sale of original and limited edition works of art.

Practitioners' Corner**QUESTIONS AND ANSWERS ABOUT STATE TAXES**

Q: Are the Rhode Island personal income tax modifications for income from Social Security and from pensions only for Rhode Island residents?

A: The modifications are for residents and nonresidents alike. So if you are filing a nonresident return, don't forget to include Schedule M. Keep in mind that the modifications are computed before the tax is apportioned.

Q: You qualify for the modification for Social Security benefits only if you meet certain requirements. One of those requirements says your income must be below a certain level – \$81,575 for someone who is single, \$101,950 for a married couple filing a joint return. The Division defines income as federal adjusted gross income (AGI). What if you are a part-year resident and the Rhode Island modified AGI is low enough, but the actual federal AGI is higher because it takes into consideration the income from all the states you lived in during the year?

A: The calculation is done with reference to a taxpayer's federal AGI.

For more information on the tax break involving Social Security, see Rhode Island General Laws § 44-30-12.



Q: I seem to have the same difficulty every year, but usually manage to find the report I need to

file our annual surplus lines report. This year, I can't seem to find the 2017 T-71A report to submit our zero filing report. I'm hoping you can help me so I may successfully complete our filing for this year.

A: The following link contains forms involving insurance and taxes – including forms for surplus lines: <http://www.tax.ri.gov/taxforms/otherbusiness.php>

Q: For sales and use tax, I had filed the annual reconciliation report back in January. But I just found a sales receipt that had been entered incorrectly. I need to adjust our out-of-state sales. I have looked on the Division's website but cannot find where I

can go in to correct this. Please advise how I can do this.

A: To amend the annual reconciliation that you have already filed, file a new one – in other words, start over again, on a blank annual reconciliation form – and write “amended return” at the top. Then fill in the form as if you never filed it before, but this time including the correct information. (Feel free to attach a brief letter of explanation if you like.)

Remember that your amended return must be filed only on paper – even if you filed the original electronically. Here's a link to the page that contains the annual reconciliation forms: http://www.tax.ri.gov/taxforms/sales_excise/sales_use.php

Q: Is Rhode Island's hotel tax charged on a “no-show” room?

A: With a cancellation, there's often a flat fee charged. In that case, the flat fee is not subject to either the hotel or the sales tax. However, when there's a no-show -- in other words, the hotel is holding the room right up to the last minute, but the customer fails to show up, the customer is charged for the price of the room -- and that room charge is subject to both sales tax and hotel tax, even though nobody stayed in it.

About 'Practitioners' Corner'

The “Practitioners' Corner” feature provides general answers to some of the questions that the Tax Division encounters through the normal course of business.

The answers are intended solely to provide general information. They do not represent formal guidance, and are not substitutes for Rhode Island General Laws, Tax Division regulations, or Tax Division rulings.



Rhode Island Department of Revenue Division of Taxation

NEWSLETTER POLICY

Rhode Island Tax News is a newsletter from the Rhode Island Department of Revenue's Division of Taxation. It is typically published each quarter. Its purpose is to provide taxpayers and tax professionals with general information regarding Rhode Island tax laws, regulations, and rulings, and procedures. It is neither designed nor intended to address complex issues in detail. Nothing contained in this newsletter in any way alters or otherwise changes any provisions of the Rhode Island General Laws, regulations of the Tax Division, or formal rulings. The Tax Division is at One Capitol Hill, Providence, RI 02908. Its website is www.tax.ri.gov.

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COMMENTS AND SUGGESTIONS

Unless otherwise indicated, all articles and photos in this issue are by the newsletter's editor, Neil Downing. If you have comments or suggestions for *Rhode Island Tax News*, please email: Neil.Downing@tax.ri.gov

BACK ISSUES

Rhode Island Tax News back issues are on the Tax Division website: www.tax.ri.gov

How to contact us

Taxpayers may contact the Division of Taxation online, by phone, by letter, or in person. (Hours of operation are typically 8:30 a.m. to 3:30 p.m. business days.)

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