



# Rhode Island Division of Taxation

State of Rhode Island and Providence Plantations  
Department of Revenue

Advisory

May 31, 2013

ADV 2013-13

## Tax refunds

The Rhode Island Division of Taxation has issued \$223.9 million in personal income tax refunds so far this year, up nearly 5 percent from approximately the same point last year.

The agency has issued about 421,000 refunds, up about 3 percent compared with the corresponding period a year earlier.

The average refund so far is \$532, up about 2 percent, or \$10, from last year.

"Overall, the filing season went well," said Rhode Island Tax Administrator David M. Sullivan. "We also received tens of thousands of returns last month, right at the deadline, so we will be continuing to process many returns – and refunds – in the weeks to come," he said.

	Filing season 2012	Filing season 2013	Difference
Number of refunds	409,276	421,129	+ 2.9%
Total amount refunded	\$ 213,811,013	\$ 223,878,294	+ 4.7%
Average refund	\$522	\$532	+ 1.9%

Cumulative figures for tax year 2011 refunds through May 18, 2012, and for tax year 2012 refunds through May 17, 2013. Figures are before interest and offset, and do not include refunds for tax years other than those stated.

## Regulations

The Division of Taxation yesterday filed as final two regulations: one dealing with limited liability companies (LLCs), the other with a personal income tax credit for costs associated with residential lead removal or lead hazard reduction. Both take effect July 1, 2013.

- [Regulation CT 13-14](#), “Business Corporation Tax -- Limited Liability Companies,” amends and supersedes Regulation CT 12-14. It generally requires single-member LLCs which are disregarded entities to obtain a federal employer identification number.
- [Regulation CR 13-08](#), “Personal Income Tax – Tax Credits/Deductions – Residential Lead Abatement Income Tax Credit,” amends and supersedes Regulation CR 95-08. It generally updates the regulation to reflect provisions of current law.

---

## Corporate e-file

---

The number of corporate tax returns filed electronically has more than doubled. The Division of Taxation has received about 20,000 e-filed corporate tax returns so far this year, up from about 9,400 at about the same point last year. The number of paper returns has plunged by about 55 percent.

“We are delighted that so many tax practitioners and taxpayers are e-filing,” said Peter McVay, associate director of revenue services. E-filing is fast, convenient, and results in fewer errors and quicker refunds, he said.

The increase in corporate e-file is mainly the result of the Division of Taxation’s election to begin enforcing the state’s corporate e-file mandate in January 2013.

In general, the mandate applies to paid preparers and involves Form RI-1120C, Form RI-1120S, and Form RI-1065.

	Filing season 2012	Filing season 2013	Difference
E-filed returns	9,411	19,676	+ 109.1 %
Paper returns	12,922	5,837	- 54.8 %
Total returns:	22,333	25,513	+ 14.2 %
<b>% of returns e-filed:</b>	<b>42.1%</b>	<b>77.1%</b>	<b>+ 83.1 %</b>
<small>Cumulative figures for tax year 2011 returns filed through May 12, 2012, and for tax year 2012 returns filed through May 11, 2013, for returns filed on Forms RI-1120C, RI-1120S, and RI-1065.</small>			

---

## Regulatory outlook

---

The Division of Taxation has issued its tentative schedule of rule-making activity for the coming months.

The preliminary schedule includes the following:

- revising a regulation to provide guidance on the sales and use tax exemption for farmers;
- repealing an outdated regulation involving feeds, fertilizer, and other items;
- revising a regulation to provide guidance on the filing of a personal income tax extension – and on what is deemed to be a proper estimate when filing an extension;
- repealing a regulation involving the ISO certification credit (which is no longer available);
- proposing a regulation related to the new musical and theatrical production tax credits;
- updating a regulation involving motion picture production company tax credits; and
- revising a regulation to require that qualified subchapter S subsidiary corporations obtain a federal employer identification number.

---

## Tax news in brief

---

**Form RI-1041:** The Internal Revenue Service has identified a number of states – including Rhode Island – that will soon be able to offer e-filing of state fiduciary income tax returns (which generally involve trusts and estates). As a result, the Rhode Island Division of Taxation hopes to start offering e-filing of Form RI-1041 either in early 2014 or early 2015.

**Corporate extensions:** Two tax preparation software programs for practitioners inadvertently assigned incorrect coding earlier this year for payments related to some corporate tax extension filings. As a result, certain extension payments wound up assigned to tax year 2011 instead of tax year 2012, while some others were assigned to tax year 2013 instead of 2012. The Division of Taxation is aware of the issues, brought them to the attention of the software companies, and is working to resolve them.

**Refund tool:** Use the [“Where’s My Refund”](#) tool on the Division of Taxation’s website to check the status of your personal income tax refund. The tool is updated once a week, usually by Saturday. The agency hopes to implement a long-awaited tool upgrade, perhaps as soon as this summer, so that the tool may provide taxpayers, in certain circumstances, with more information about their refund status – and guidance on steps to take to resolve any issues.

**General partnerships:** Some general partnerships that filed paper returns on Form RI-1065 earlier this year inadvertently were billed by the Division of Taxation for the \$500 annual filing charge. (The charge applies to many partnerships, but not to general partnerships.) The agency is aware of the issue and is in the process of resolving it. *Bona fide* general partnerships that receive such bills for tax year 2012 should let the Division of Taxation’s Corporate Tax section know by mailing a letter or faxing the letter to (401) 574-8932, or by calling (401) 574-8935 from 8:30 a.m. to 4 p.m. business days.

**Insurance reminder:** Entities involved in providing a specialized type of insurance known as surplus lines insurance must file a tax return – either the agencies involved or the individuals themselves – with the Rhode Island Division of Taxation for a given year even if they had no business in Rhode Island for that year. Such filings are important because they must be in place when an individual or entity seeks a license renewal. Please see [Form T-71A](#), “Surplus Line Broker Return of Gross Premiums,” and [www.optins.org](http://www.optins.org).

**Personal income tax:** The Division of Taxation’s website has links to [five online tax-preparation programs](#) eligible taxpayers may use to prepare and file their federal and Rhode Island personal income tax returns at no charge. They’re still available for tax year 2012.

---

Contact:

Neil Downing  
Chief Revenue Agent  
Rhode Island Division of Taxation  
[Neil.Downing@tax.ri.gov](mailto:Neil.Downing@tax.ri.gov)  
(401) 574-8115