



Rhode Island Department of Revenue

Division of Taxation

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TAX ADMINISTRATION

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS
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Filing season opens in Rhode Island

Division of Taxation starts processing e-filed and paper returns for TY 2020

PROVIDENCE, R.I. – The Rhode Island Division of Taxation has officially begun accepting and processing electronically filed Rhode Island resident and nonresident personal income tax returns for the 2020 tax year.

The agency has also officially begun accepting and processing paper returns for the 2020 tax year. However, the Division urges tax preparers and taxpayers to e-file. E-filing is faster, results in fewer errors, and provides the filer with an electronic filing acknowledgement.

In addition, e-filing is the only method available for having your personal income tax refund deposited directly into your bank or credit union account. (Direct deposit is not available for paper returns.)

Rhode Island Division of Taxation electronic filing	
<i>The following Rhode Island returns can be filed electronically this season:</i>	
Form RI-1040	Resident personal income tax return
Form RI-1040NR	Nonresident personal income tax return
Form RI-1120C	Business corporation tax return – C corporations
Form RI-1120S	Business corporation tax return – S corporations
Form RI-1065	For partnerships, LPs, LLPs, LLCs, single-member LLCs
Form RI-1041	Income tax return for certain estates, trusts (fiduciary)

Preparers should check with their tax-preparation software providers to see if their programs are updated and ready for e-file. For a list of approved software: <http://www.tax.ri.gov/help/Approved%20E-file%20Software.php>.

CHANGES FOR FILING SEASON

As preparers and taxpayers start their filing season, they will encounter a number of changes, including the following:

- As a result of an inflation adjustment, more taxpayers will be eligible for the tax break for income from 401(k) plans, government pensions, private-sector pensions, annuities, and some other sources.
- As a result of an inflation adjustment, more taxpayers will be eligible for the tax break for income from Social Security benefits.
- The statewide property-tax relief credit (on Form RI-1040H) has increased.

- The filing deadline is April 15, 2021.
- Rhode Island’s health insurance mandate (also known as the individual mandate or health coverage mandate) appears for the first time on personal income tax forms this season.

Overall, the Division expects to receive and process more than 650,000 resident and nonresident personal income tax returns this year.

FIGHTING TAX FRAUD

The Internal Revenue Service, state tax agencies, and the tax preparation industry have joined forces to form the Security Summit, working in partnership to combat tax refund fraud, fraudulent tax returns, and identity theft-related fraud.

The Security Summit is working with tax preparation software providers and others to fight fraud. Enhanced security measures, in place to protect taxpayers’ personal information and to combat fraud, have in some cases increased the time it takes many states to process and issue refunds, especially if back-up documentation is called for to support certain items of income or expense.

The Rhode Island Division of Taxation asks for your patience as Rhode Island and many other states once again employ enhanced efforts to safeguard taxpayer dollars, combat tax refund fraud, and protect your personal information.

The Division this filing season will take the time necessary to review and verify the information on all tax returns to make sure that the right refund goes to the right person. Tax preparers and taxpayers can help in the fight against fraud by filing electronically and using direct deposit, which is the most secure and effective way to receive a refund.¹

HIGHLIGHTS

- Filing season officially began today, Friday, February 12, 2021, for Rhode Island personal income tax returns.
- Filing season has already begun for many business returns.
- The filing deadline is March 15, 2021, for many S corporations, partnerships, and others.
- The filing deadline is April 15, 2021, for personal income tax returns – and for income tax returns of many C corporations, estates, and trusts.

FILING TIPS FOR ALL RETURNS

The Division urges taxpayers to gather and organize their financial records for 2020 to assist in the preparation of complete and accurate returns. Those claiming certain tax credits should be prepared to provide supporting documentation:

- Because the earned income credit is intended for those who have earned income (and who meet certain other requirements), those claiming the credit need to have *bona fide*

¹ Last year, the Division issued 519,413 in personal income tax refunds for the 2019 tax year for a total of \$368.9 million – an average refund of \$710.

documentation showing the source(s) of their earned income, such as Form W-2 wage statements.

- Because the statewide property-tax relief credit (Form RI-1040H) is generally intended for those who own or rent local property (and who meet certain other requirements), those claiming the credit need to have *bona fide* documentation showing that they paid local property tax, or paid rent to a landlord that paid local property tax.
- Under the Tax Preparers Act of 2013, preparers must exercise due diligence when preparing Rhode Island personal income tax returns involving the earned income credit and property-tax relief credit.²
- To facilitate accurate processing of the return (and any related refund), be consistent from year to year with the names on the return. For example, if the taxpayer's first name is Michael, don't use "Michael" one year on the return, and "Mike" on the next year's return – use "Michael" both years.

Where's my refund?

Beginning later this month, the Rhode Island Division of Taxation will regularly update its online "Where's My Refund?" tool:

<https://www.ri.gov/taxation/refund/>

The tool is a handy way to find out the status of your Rhode Island personal income tax refund.

The Division of Taxation urges taxpayers and preparers to make sure that a Rhode Island personal income tax return includes a properly and accurately completed Schedule W – if the taxpayer had Rhode Island personal income tax withheld last year from a paycheck, a pension, or other such source of income.

The Division also urges filers to remember to include their Social Security number (or ITIN). If a filer is married, the filer should include the Social Security number (or ITIN) of the spouse, too. Also, don't forget to complete and include the Schedule E with your return. Schedule E is required whether you are single or married, resident or nonresident. Also, Schedule E is required even if you have no dependents.

When making a payment, taxpayers should be sure to include a payment voucher. For those using tax software, vouchers can be printed out along with a copy of the return. Vouchers are also on the Division's website: <http://www.tax.ri.gov/taxforms/personal.php>.

FILING TIPS FOR PAPER RETURNS

For those who file paper returns, the Division urges the use of tax preparation software so that the resulting return can be filed with a two-dimensional barcode. Paper returns with 2-D barcodes typically process more effectively and efficiently and result in fewer errors.

Following are some tips for paper filers:

- Avoid using staples when preparing paper returns for mailing because staples delay processing. Instead of using staples or sticky tape to bind tax return documents together

² The Act is codified at Rhode Island General Laws § 44-68-1 *et seq.*, and describes duties, responsibilities, and penalties that apply to preparers. The Act also says that paid preparers must sign – and include their IRS-issued preparer tax identification number (PTIN) – on all returns prepared and filed with the Division of Taxation.

prior to mailing, use binder clips, paper clips, or rubber bands – all of which can be quickly removed by Division staff during the processing of the return.

- Sign and date your return.
- Include with your return all Form W-2 wage statements and Forms 1099.
- If you had any Rhode Island income tax withheld last year (from a job, a pension, or other source of income), don't forget to accurately complete your return's Schedule W and include it in your mailing.
- Remember to include a completed Schedule E with your return.
- Remember to enter the number of exemptions in the boxes provided on your return.
- Include all pages of the return.
- Use a standard-size envelope.
- 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.)
- Check the correct box for your "filing status" (such as "single" or "married filing jointly").
- If you (and your dependents, if applicable) had sufficient health insurance coverage (also known as "minimum essential coverage") for all of 2020 – through employer-sponsored health insurance, the federal Medicare health insurance program, or some other means – remember to check the box on your return indicating that you had such coverage for all of 2020. If you (or your dependents, if applicable) did not have sufficient health insurance coverage ("minimum essential coverage") for all of 2020, complete and file Form IND-HEALTH and attach it to your return.

FORMS AND INSTRUCTIONS

Many Rhode Island personal income tax forms, instructions, and related schedules and other materials, including the property-tax relief form (RI-1040H), are now available online, via the following link: <http://www.tax.ri.gov/taxforms/>. (Please see highlight on the screenshot below.)

The screenshot shows the 'Current Forms' section of the Rhode Island Tax Forms website. On the left is a navigation menu with categories like 'and related topics', 'Declaratory Rulings', 'Electronic Funds Transfer (EFT)', 'Employer Tax (UI Tax)', 'Forms', 'Health Coverage Mandate', 'Historic Tax Credits 2013', 'Information and FAQs', 'Letters of Good Standing', 'Miscellaneous Tax Notices', 'Newsletters', and 'Online Services'. The main content area is titled 'Current Forms:' and is divided into 'Business:' and 'Individual:'. Under 'Business:', there are links for 'Corporate Tax Forms - 2020 Tax Year' (with sub-links for 2019, 2018, 2017, 2016, 2015, 2014), 'Bank Deposits, Bank Excise, Insurance, Public Service & Surplus Lines Forms', 'Employment Tax Forms', 'Health Care Provider Tax Forms', 'Sales and Excise Tax Forms', 'Withholding Tax Forms', and 'Pass-through Entities & Composite Return Forms'. Under 'Individual:', there are links for 'Personal Income Tax Forms - 2020 Tax Year' (with sub-links for 2019, 2018, 2017, 2016, 2015, 2014), and 'Nonresident Real Estate Withholding Forms'. A yellow arrow points to the 'Personal Income Tax Forms - 2020 Tax Year' link.

The latest business forms, covering the 2020 tax year, are also on the Division website via the following link: <http://www.tax.ri.gov/taxforms/>. To order forms by mail, call (401) 574-8970, or email: tax.forms@tax.ri.gov.

FINDING A TAX PREPARER

Because most taxpayers cannot complete their Rhode Island personal income tax returns without first doing their federal returns, the Division offers the following information.

✓ **FIND A PREPARER:** Although the Rhode Island Division of Taxation does not prepare tax returns for 2020 on a walk-in basis, many certified public accountants, enrolled agents, public accountants, and other preparers are available throughout the state. The Internal Revenue Service's website includes information on choosing a tax professional, as well as a public directory of certain tax professionals to help taxpayers determine return preparer credentials and qualifications. The directory is a searchable, sortable database with the name, city, state, and ZIP code of credentialed return preparers: <https://www.irs.gov/tax-professionals/choosing-a-tax-professional>.



✓ **'GHOST' PREPARERS:** The IRS has also publicly urged taxpayers to avoid using "ghost" tax return preparers whose refusal to sign returns can cause an array of problems. It is important to file a valid, accurate tax return because the taxpayer is ultimately responsible for it. For more information: <https://www.irs.gov/newsroom/beware-of-ghost-preparers-who-dont-sign-tax-returns>

✓ **IDENTITY THEFT:** The IRS has also offered guidance to taxpayers on identity theft involving unemployment benefits. The IRS urged taxpayers who receive a Form 1099-G for unemployment benefits they did not actually receive because of identity theft to contact their appropriate state agency for a corrected form. For more information, please see the following two links:

- <https://www.irs.gov/newsroom/irs-offers-guidance-to-taxpayers-on-identity-theft-involving-unemployment-benefits>
- <https://dlt.ri.gov/1099/>

FREE TAX ASSISTANCE

Many locations in Rhode Island will prepare personal income tax returns -- and property-tax relief claims on Form RI-1040H -- all at no charge for eligible taxpayers. To find a volunteer tax preparation site near you -- including its location, hours, and dates of operation:

- Call the United Way of Rhode Island's helpline at 211.
- Call the VITA program toll-free at 1-800-906-9887.
- Call the AARP Foundation Tax-Aide program toll-free at 1-888-227-7669.

For more information, see the following IRS webpage, which has links for finding nearby volunteer tax preparation sites, as well as details about any limitations or special instructions due to the coronavirus (COVID-19) pandemic: <https://www.irs.gov/individuals/free-tax-return-preparation-for-qualifying-taxpayers>.

For federal income tax information or assistance directly from the IRS, call 1-800-829-1040 or see the IRS website: <https://www.irs.gov/>.

FREE FILE

You may qualify to prepare and file your federal and Rhode Island resident personal income tax returns online at no charge. The Rhode Island Division of Taxation website includes a listing of Free File offerings. To view the offerings and to see if you may be eligible, please use the following link: <http://www.tax.ri.gov/misc/efile.php>. (See screenshot below.)



FILING DEADLINE: THURSDAY, APRIL 15, 2021

The deadline for filing your Rhode Island personal income tax return, and for making any associated payments, is Thursday, April 15, 2021.

All resident and nonresident Rhode Island personal income tax returns and related payments for tax year 2020 must be e-filed or postmarked on or before 11:59 p.m. on April 15, 2021.

(Six-month extensions are allowed, but they are extensions of the time to file, not of the time to pay. To avoid late charges, pay by April 15, 2021.)

BUSINESS FILERS

The Division of Taxation recently began accepting and processing electronically filed business returns on Form RI-1065, Form RI-1120C, and Form RI-1120S, and e-filed income tax returns for certain estates and trusts on Form RI-1041. (Whether a preparer can e-file Form RI-1041 will depend on the preparer's tax-preparation software provider.) In addition, the Division has officially begun accepting paper-filed business returns.

The Division reminds business filers of the change in original and extended due dates which first applied in the 2017 filing season. For example, calendar-year C corporations that formerly filed in March now file in April. Calendar-year partnerships that formerly filed in April now file in March.

- This year's deadline for certain pass-through entities is Monday, March 15, 2021.
- This year's deadline for C corporations and certain others is Thursday, April 15, 2021.

ENTITY-LEVEL TAX ON PASS-THROUGH ENTITIES

Under Rhode Island legislation enacted on July 5, 2019, pass-through entities – including sole proprietorships – may elect to pay an entity-level Rhode Island tax on net income at the rate of 5.99%. For more information, including forms and instructions, please use the following link: http://www.tax.ri.gov/taxforms/pte_election.php.

CONTACTING THE DIVISION OF TAXATION

There are a number of convenient ways to directly reach the Division regarding your Rhode Island personal income tax return or refund. Email the Division using the following address: Tax.Assist@tax.ri.gov. You may also call the Division at (401) 574-8829 (choose option # 3). The Division is typically open to the public from 8:30 a.m. to 3:30 p.m. business days. However, keep in mind that the number of visits and phone calls increases during filing season. For a complete listing of contact information for the Division of Taxation: <http://www.tax.ri.gov/contact/>. If you must visit the Division in the pandemic: http://www.tax.ri.gov/Advisory/ADV_2020_44.pdf.

REMINDER: HEALTH INSURANCE MANDATE

Rhode Island's health insurance mandate (also known as the individual mandate, or health coverage mandate) appears for the first time on personal income tax forms this season.

Remember: If you (and your dependents, if applicable) had sufficient health insurance coverage (also known as "minimum essential coverage") for all of 2020 – through employer-sponsored health insurance, the federal Medicare health insurance program, or some other means – you will not be subject to the mandate's penalty,³ but please remember to check the box on your return indicating that you had such coverage for all of 2020.⁴ Checking the box will help to ensure prompt processing of your return and of any associated refund. (See highlighted portion below of a screenshot from Form RI-1040.)

		your balance due	
12 a	USE/SALES tax due from RI Schedule U, line 4 or line 8, whichever applies	12a	
b	Individual Mandate Penalty (see instructions). Check <input type="checkbox"/> to certify full year coverage.	12b	
13 a	TOTAL RI TAX AND CHECKOFF CONTRIBUTIONS. Add lines 10a, 10b, 11, 12a and 12b.....	13a	

If you (or your dependents, if applicable) did not have such coverage for all of 2020, please see the following forms and instructions:

http://www.tax.ri.gov/forms/2020/Income/IndMan_w.pdf

http://www.tax.ri.gov/forms/2020/Income/Ind%20Mandate%20Instructions_FINAL.pdf

http://www.tax.ri.gov/forms/2020/Income/IndManPenaltyWorksheet_b.pdf

http://www.tax.ri.gov/forms/2020/Income/2020_1040WE_w.pdf

http://www.tax.ri.gov/forms/2020/Income/2020%20Resident%20Instructions_FINAL.pdf

http://www.tax.ri.gov/forms/2020/Income/2020_1040NRWE_w.pdf

http://www.tax.ri.gov/forms/2020/Income/2020%20NR%20Instructions_FINAL.pdf

The Rhode Island Division of Taxation office is open to the public from 8:30 a.m. to 3:30 p.m. business days. For more information, contact the Division of Taxation at (401) 574-8829 or see <http://www.tax.ri.gov/contact>

³ The penalty is actually a tax, known as the shared responsibility payment penalty.

⁴ The mandate applies only to Rhode Island residents, not to nonresidents. For part-year residents, the mandate applies only for the months during which they were Rhode Island residents.