



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
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Memorandum

To: The Honorable Raymond E. Gallison, Jr.
Chairman, House Finance Committee

The Honorable Daniel DaPonte
Chairman, Senate Finance Committee

From: Thomas A. Mullaney *Thomas A. Mullaney*
Executive Director/State Budget Officer

Date: April 29, 2016

Subject: New Taxation Article for FY 2017 Appropriation Act (16-H-7454)

The Governor requests that a new article be added to the FY 2017 Appropriation Act, entitled "Relating to Taxation – Tax Filing Dates". The new article modifies Rhode Island's tax filing deadlines for partnerships (and other pass-through entities) and C corporation returns to conform with federal statutory requirements.

Sections 1-2: These sections amend the current filing deadline for partnerships as pass-through entities to conform to federal due date requirements: R.I. Gen. Laws §§ 7-12-60 (Limited Liability Partnerships) and 7-13-69 (Limited Partnerships).

Section 3: This section amends the current filing deadline for limited liability companies to conform to federal due date requirements: R.I. Gen. Laws 7-16-67.

Section 4: This section amends R.I. Gen. Laws § 44-11-3 to change the current filing deadline for corporate income tax of the 15th day of the 3rd month after close of taxable year to the proposed 15th day of the 4th month after close of taxable year for C corporations and certain S corporations.

Section 5: This section amends R.I. Gen. Laws § 44-13-6 to change the current filing deadline from March 1 to April 15 for Public Service Corporate Gross Earnings Tax.

Section 6: This section amends R.I. Gen Laws § 44-14-6 to change the current filing deadline of the 15th day of the 3rd month after close of taxable year to the proposed 15th day of the 4th month after close of taxable year for Bank Excise Tax.

Section 7: This section amends R.I. Gen. Laws § 44-17-1 to change the current filing deadline from March 1 to April 15 for Insurance Companies Tax on Gross Premiums.

Section 8: This section provides that the article shall take effect "upon passage", and shall apply to tax years beginning on or after January 1, 2016.

A copy of the new article is attached. Also attached is additional information explaining the article, including the purpose of the amendments and a summary of the proposed statutory changes.

If you have any questions regarding this amendment, please feel free to call me (222-6300) or Neena Savage of the Department of Revenue, Division of Taxation (574-8922).

TAM: 17-Amend-9
Attachment

cc: Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor
Michael DiBiase, Director of Administration
Jonathan Womer, Director, Office of Management and Budget
Robert Hull, Director of Revenue
Marilyn McConaghy, Administrative and Legal Support Services Administrator
Neena Savage, Acting Tax Administrator
Gregory Stack, Supervising Budget Analyst

I. Purpose of Changes to Return Filing Due Date:

- **To comply with Federal Law:** Federal Law (P.L. 114-41), the "Surface Transportation and Veterans Health Care Choice Improvement Act of 2015" was enacted on July 31, 2015. Although this new law was primarily designed as a 3-month stopgap extension of the Highway Trust Fund and related measures, it included a number of important tax provisions, including revised due dates for federal partnership and C corporation returns and revised extended due dates for some returns.
- To comply with federal due date changes as described above.
- To allow chronologically correct flow of information from pass-throughs to owners: since the due date of the partnership return is the same date as the due date for an individual tax return, individuals holding partnership interests often must file for an extension to file their returns because their Schedule K-1s may not arrive until the last minute.)
- To encourage individuals to file by 4/15 ;
- To encourage timely receipt K-1s by end users;
- To improve accuracy of tax returns, and
- To simplify tax administration for government, practitioners, and taxpayers.

II. Impact Summary of Changes

TAX	DUE DATE STATUTE	CURRENT FILING DEADLINE	PROPOSED FILING DEADLINE	CURRENT EST. PMT. DUE DATE
Corporate Income Tax	44-11-3 and 44-26-2.1	15 th day of the 3 rd month after close of taxable year	15 th day of the 4 th month after close of taxable year	1 st pmt: 15 th day of the 3 rd month:40% 2 nd pmt: 15 th day of the 6 th month:60%
Insurance Companies Tax on Gross Premiums	44-17-1	March 1	April 15	1 st pmt: March 15 2 nd pmt: June 15
Public Service Corporate Gross Earnings Tax	44-13-6	March 1	April 15	1 st pmt: March 15 2 nd pmt: June 15
Bank Excise	44-14-6	15 th day of the 3 rd month after close of taxable year	15 th day of the 4 th month after close of taxable year	1 st pmt: March 15 2 nd pmt: June 15
Partnerships	7-12-60	15 th day of the 4 th month after close of taxable year	15 th day of the 3 rd month after close of taxable year	N/A
Limited Partnerships	7-13-69	15 th day of the 4 th month after close of taxable year 15	15 th day of the 3 rd month after close of taxable year	N/A
Limited Liability Companies	7-16-67	15 th day of the 4 th month after close of taxable year	15 th day of the 3 rd month after close of taxable year	N/A

NEW ARTICLE

RELATING TO TAXATION – TAX FILING DATES

1 SECTION 1. Section 7-12-60 of the General Laws in Chapter 7-12 entitled “Partnerships” is
2 hereby amended to read as follows:

3 § 7-12-60. Filing of returns with the tax administrator – Annual charge. – (a) For tax years
4 beginning on or after January 1, 2012 a limited liability partnership registered under § 7-12-56, shall file a
5 return in the form and containing the information as prescribed by the tax administrator as follows:

6 (1) If the fiscal year of the limited liability partnership is the calendar year, on or before the fifteenth
7 (15th) day of April in the year following the close of the fiscal year; and

8 (2) If the fiscal year of the limited liability partnership is not a calendar year, on or before the
9 fifteenth (15th) day of the fourth (4th) month following the close of the fiscal year.

10 (b) For tax years beginning after December 31, 2015, a limited liability partnership registered under
11 § 7-12-56, shall file a return in the form and containing the information as prescribed by the tax
12 administrator and shall be filed on or before the date a federal tax return is due to be filed, without regard
13 to extension.

14 ~~(b)~~(c) An annual charge, equal to the minimum tax imposed upon a corporation under subsection
15 44-11-2(e), shall be due on the filing of the limited liability partnership's return filed with the tax
16 administrator and shall be paid to the division of taxation.

17 ~~(e)~~(d) The annual charge is delinquent if not paid by the due date for the filing of the return and an
18 addition of one hundred dollars (\$100) to the charge is then due.

19 SECTION 2. Section 7-13-69 of the General Laws in Chapter 7-13 entitled “Limited Partnerships”
20 is hereby amended to read as follows:

21 § 7-13-69. Filing of returns with the tax administrator – Annual charge. – (a) For tax years
22 beginning on or after January 1, 2012 a limited partnership certified under this chapter shall file a return in
23 the form and containing the information as prescribed by the tax administrator as follows:

1 (1) If the fiscal year of the limited partnership is the calendar year, on or before the fifteenth (15th)
2 day of April in the year following the close of the fiscal year; and

3 (2) If the fiscal year of the limited partnership is not a calendar year, on or before the fifteenth
4 (15th) day of the fourth (4th) month following the close of the fiscal year.

5 (b) For tax years beginning after December 31, 2015, a limited partnership certified under this
6 chapter shall file a return in the form and containing the information as prescribed by the tax administrator
7 and shall be filed on or before the date a federal tax return is due to be filed, without regard to extension.

8 ~~(b)~~(c) An annual charge, equal to the minimum tax imposed upon a corporation under subsection
9 44-11-2(e), shall be due on the filing of the limited partnership's return filed with the tax administrator and
10 shall be paid to the division of taxation.

11 ~~(e)~~(d) The annual charge is delinquent if not paid by the due date for the filing of the return and an
12 addition of one hundred dollars (\$100) to the charge is then due.

13 SECTION 3. Section 7-16-67 of the General Laws in Chapter 7-16 entitled "The Rhode Island
14 Limited Liability Company Act" is hereby amended to read as follows:

15 **§ 7-16-67. Filing of returns with the tax administrator -- Annual charge.** – (a) A return in the
16 form and containing the information as the tax administrator may prescribe shall be filed with the tax
17 administrator by the limited liability company:

18 (1) In case the fiscal year of the limited liability company is the calendar year, on or before the
19 fifteenth day of March in the year following the close of the fiscal year; and

20 (2) In case the fiscal year of the limited liability company is not a calendar year, on or before the
21 fifteenth day of the third month following the close of the fiscal year.

22 (b) For tax years on or after January 1, 2016, a return in the form and containing the information as
23 the tax administrator may prescribe shall be filed with the tax administrator by the limited liability company
24 and shall be filed on or before the date a federal tax return is due to be filed, without regard to extension.

25 ~~(b)~~(c) An annual charge shall be due on the filing of the limited liability company's return filed with
26 the tax administrator and shall be paid to the Division of Taxation as follows:

1 (1) If the limited liability company is treated as a corporation for purposes of federal income
2 taxation, it shall pay the taxes as provided in chapters 11 and 12 of title 44; or

3 (2) If the limited liability company is not treated as a corporation for purposes of federal income
4 taxation, it shall pay a fee in an amount equal to the minimum tax imposed upon a corporation under § 44-
5 11-2(e). The due date for a limited liability company that is not treated as a corporation for purposes of
6 federal income taxation shall be on or before the fifteenth (15th) day of the fourth (4th) month following
7 the close of the fiscal year.

8 (d) For tax years on or after January 1, 2016, a return in the form and containing the information as
9 the tax administrator may prescribe shall be filed with the tax administrator by the limited liability company
10 that is not treated as a corporation for purposes of federal income taxation, and shall be filed on or before
11 the date a federal tax return is due to be filed, without regard to extension.

12 ~~(e)~~(e) The annual charge is delinquent if not paid by the due date for the filing of the return and an
13 addition of one hundred dollars (\$100.00) to the charge is then due.

14 SECTION 4. Section 44-11-3 of the General Laws in Chapter 44-11 entitled "Business Corporation
15 Tax" is hereby amended to read as follows:

16 § 44-11-3. Filing of returns – Due date. – A (a) For tax years beginning before January 1, 2016,
17 a return in the form and containing the information that the tax administrator may prescribe shall be filed
18 with the tax administrator by the taxpayer:

19 (1) In case the taxable year of the taxpayer is the calendar year, on or before March 15 in the year
20 following the close of the taxable year; and

21 (2) In case the taxable year of the taxpayer is a fiscal year, on or before the fifteenth (15th) day of
22 the third (3rd) month following the close of the fiscal year.

23 (b) For tax years beginning after December 31, 2015 a return in the form and containing the
24 information that the tax administrator may prescribe shall be filed with the tax administrator by the taxpayer
25 taxed as an S corporation and shall be filed on or before the date a federal return is due to be filed, without
26 regard to extension.

1 (c) For tax years beginning after December 31, 2015 a return in the form and containing the
2 information that the tax administrator may prescribe shall be filed with the tax administrator by the taxpayer
3 taxed as a C corporation and shall be filed on or before the date a federal return is due to be filed, without
4 regard to extension.

5 (d) Notwithstanding the provisions of subsection (a) and (b) of this section, a C corporation with a
6 tax year ending June 30th, shall, in accordance with federal tax filing requirements, shall not change its
7 filing date until mandated by federal law which is currently due to be effective close of fiscal year ending
8 June 30, 2026.

9 SECTION 5. Section 44-13-6 of the General Laws in Chapter 44-13 entitled “Public Service
10 Corporation Tax” is hereby amended to read as follows:

11 **§ 44-13-6. Due date of annual return.** – Every corporation shall file a return with the tax
12 administrator on or before March 1 of each year. For tax years beginning after December 31, 2015, a return
13 in the form and containing the information as the tax administrator may prescribe shall be filed with the tax
14 administrator by every corporation and shall be filed on or before the date its federal tax return is due to be
15 filed, without regard to extension.

16 SECTION 6. Section 44-14-6 of the General Laws in Chapter 44-14 entitled “Taxation of Banks”
17 is hereby amended to read as follows:

18 **§ 44-14-6 Filing of annual return.** – (a) Every taxpayer shall file a return with the tax
19 administrator:

20 (1) In case the taxable year of the taxpayer is the calendar year, on or before March 15 in the year
21 following the close of the taxable year; and

22 (2) In case the taxable year of the taxpayer is a fiscal year, on or before the fifteenth (15th) day of
23 the third (3rd) month following the close of the fiscal year.

24 (b) For tax years beginning after December 31, 2015 a return in the form and containing the
25 information that the tax administrator may prescribe shall be filed with the tax administrator by the taxpayer
26 on or before the date a federal return is due to be filed, without regard to extension.

1 SECTION 7. Section 44-17-1 of the General Laws in Chapter 44-17 entitled "Taxation of
2 Insurance Companies" is hereby amended to read as follows:

3 **§ 44-17-1. Companies required to file – Payment of tax – Retaliatory rates.** – Every domestic,
4 foreign, or alien insurance company, mutual association, organization, or other insurer, including any health
5 maintenance organization, as defined in § 27-41-1, any medical malpractice insurance joint underwriters
6 association as defined in § 42-14.1-1, any nonprofit dental service corporation as defined in § 27-20.1-2
7 and any nonprofit hospital or medical service corporation, as defined in chapters 27-19 and 27-20, except
8 companies mentioned in § 44-17-6, and organizations defined in § 27-25-1, transacting business in this
9 state, shall, on or before ~~March 1~~ April 15 in each year, file with the tax administrator, in the form that he
10 or she may prescribe, a return under oath or affirmation signed by a duly authorized officer or agent of the
11 company, containing information that may be deemed necessary for the determination of the tax imposed
12 by this chapter, and shall at the same time pay an annual tax to the tax administrator of two percent (2%)
13 of the gross premiums on contracts of insurance, except for ocean marine insurance, as referred to in § 44-
14 17-6, covering property and risks within the state, written during the calendar year ending December 31st
15 next preceding, but in the case of foreign or alien companies, except as provided in § 27-2-17(d) the tax is
16 not less in amount than is imposed by the laws of the state or country under which the companies are
17 organized upon like companies incorporated in this state or upon its agents, if doing business to the same
18 extent in the state or country.

19 SECTION 8. This article shall take effect upon passage and shall apply to tax years beginning on
20 or after January 1, 2016.