



# Rhode Island Department of Revenue Division of Taxation

ADV 2021-55  
TAX ADMINISTRATION

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS  
DECEMBER 24, 2021

## **Rhode Island tax changes to take effect in 2022**

*Adjustments involve estate tax, interest rates, other items*

PROVIDENCE, R.I. – The Rhode Island Division of Taxation reminds tax professionals and others about tax changes that will take effect in the 2022 calendar year.

“Many of these changes apply for tax years beginning on or after January 1, 2022, and generally do not affect the tax returns that businesses and individuals will file over the next few months, covering the 2021 tax year,” said Tax Administrator Neena Savage.

“Nevertheless, the changes are important to keep in mind now, for tax-planning purposes throughout the 2022 calendar year,” she said.

Topics mentioned in this Advisory include the following:

- Real estate conveyance tax
- Estate tax
- Interest rates
- Paycheck Protection Program
- Sales permits
- Tax credit
- Taxpayer portal

Following are highlights of some of the changes:<sup>1</sup>

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### ■ **REAL ESTATE CONVEYANCE TAX**

Rhode Island’s real estate conveyance tax applies when real estate changes hands. The tax is collected and remitted by cities and towns, which retain a portion of the tax collected.

Rhode Island’s real estate conveyance tax is equal to \$2.30 for each \$500.00 or fractional part thereof that is paid for the purchase of real estate or the interest in an acquired real estate company.

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<sup>1</sup> Certain changes in this Advisory take effect January 1, 2022. Others apply later in the year.

As a result of recently enacted legislation, effective January 1, 2022, an additional \$2.30 tax will apply for each \$500.00, or fractional part thereof, in consideration that is paid above \$800,000.00 for the purchase of the property or the interest in an acquired real estate company.<sup>2</sup>

<b>Rhode Island real estate conveyance tax at a glance*</b> (effective January 1, 2022)	
TAX RATE:	APPLIES TO:
\$2.30 for each \$500.00 of . . .	. . . the entire consideration paid
\$2.30 for each \$500.00 of . . .	. . . the consideration paid in excess of \$800,000.00
* No tax applies if the consideration is \$100.00 or less. If the consideration exceeds \$100.00, tax applies to the entire amount. See Rhode Island General Laws Chapter 44-25 ("Real Estate Conveyance Tax") as amended in General Assembly 2021 session.	

For example, under the old law,<sup>3</sup> if real estate sold for \$900,000.00, the Rhode Island real estate conveyance tax was \$4,140.00, calculated as follows:

$$(\$900,000.00 \div \$500.00) \times \$2.30 = \$4,140.00.$$

Under the new law, effective January 1, 2022, the tax will be \$4,600.00, calculated in two steps:

- A) A tax rate of \$2.30 (applied using the usual formula) on the entire consideration of \$900,000.00, and
- B) A tax rate of \$2.30 (applied using the usual formula) on the consideration above \$800,000.00.

Thus, in this example, the tax under letter A above is \$4,140.00. The tax under letter B above is \$460.00. Therefore, the combined total tax is \$4,600.00.

The new law also made changes about how the revenue will be allocated and about exemptions. More information is available via the following link: <https://go.usa.gov/xs72s>.

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## ■ ESTATE TAX - CREDIT, THRESHOLD

Because of an inflation adjustment prescribed by statute, the Rhode Island estate tax credit amount will be \$74,300 for decedents dying on or after January 1, 2022, up from the current credit amount of \$70,490 (which applies for decedents dying in calendar year 2021).

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<sup>2</sup> The additional tax rate applies only to residential real property.

<sup>3</sup> "Old law" means Rhode Island law which applies before January 1, 2022.

As a result, the Rhode Island estate tax threshold will be \$1,648,611 for decedents dying on or after January 1, 2022, up from the current threshold of \$1,595,156 (which applies for decedents dying in calendar year 2021).

Thus, in general, for a decedent dying in 2022, a net taxable estate valued at \$1,648,611 or less will not be subject to Rhode Island's estate tax. Due to the inflation adjustment, fewer estates will be subject to Rhode Island's estate tax in 2022.

<b>Estate tax at a glance</b>		
	2021*	2022**
Estate tax credit amount	\$70,490	\$74,300
Estate tax threshold	\$1,595,156	\$1,648,611
<small>* For decedents dying in calendar year 2021. ** For decedents dying in calendar year 2022.</small>		

(In certain circumstances, the Rhode Island estate tax will not apply regardless of the estate's size: Rhode Island General Laws Chapter 44-22 provides full details on the computation of the tax, including such factors as the marital and charitable deductions.)

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## ■ ESTATE TAX - NEW FORM

A new Rhode Island estate tax form will be used starting January 1, 2022. It's Form RI-706. Form RI-706 will replace Form RI-100A and Form RI-100 for all Rhode Island estate tax filings.

Until January 1, 2022, there are two main estate tax forms: Form RI-100 (typically used for estates that are not over the applicable estate tax threshold) or Form RI-100A (typically used for estates that are over the applicable estate tax threshold).

Effective January 1, 2022, Form RI-706 becomes the main estate tax form, essentially combining Form RI-100 and Form RI-100A into one unit. Each estate valued at more than \$1.3 million must complete the entire Form RI-706. Each estate valued at below \$1.3 million are only required to complete portions of pages 1 through 4 of the form.

- On and after January 1, 2022, use Form RI-706 for all estates with a date of death on or after January 1, 2015.
- Before January 1, 2022, use Form RI-100A or Form RI-100 (whichever applies) for estates with a date of death on or after January 1, 2015.
- The \$50 filing fee still applies for each estate return filed on or after January 1, 2022, including those returns filed for estate tax lien release.
- All other estate tax forms (including the extension form, lien release form, and payment voucher) remain the same.

<b>Estate tax forms at a glance</b>		
FORM:	WHEN TO USE IT:	WHAT TO USE IT FOR:
Form RI-706	On and after January 1, 2022	Estates with a date of death on or after January 1, 2015.
Form RI-100, RI-100A	Before January 1, 2022	Estates with a date of death on or after January 1, 2015.

## ■ INTEREST RATES

Interest on overpayments (refunds) for calendar year 2022 will be at the rate of 3.25% per annum, the same as the rate for calendar year 2021.

For calendar year 2022, the interest rate on underpayments (delinquencies) will be 18%, the same as the rate for calendar year 2021.

<b>Interest rates at a glance</b>		
	2021	2022
Overpayments	3.25%	3.25%
Underpayments	18%	18%
Note: Rates are set by formulas set forth in statute.		

## ■ PAYCHECK PROTECTION PROGRAM

Under recently enacted Rhode Island legislation, if the amount of Paycheck Protection Program (PPP) loan forgiveness for 2020 exceeds \$250,000, the increment above \$250,000 must be included in income for Rhode Island tax purposes.

The Division developed a form to report the amount by which PPP loan forgiveness for 2020 exceeds \$250,000. Taxpayers also use the form to compute any tax due.

The completed form was due December 15, 2021. However, no penalty applies (and no late charges are levied) if the form is filed after that date. The due date of December 15, 2021 was intended to give taxpayers, tax professionals, and others an opportunity to complete the task and clear their desks in advance of the start of the new tax-filing season.

To avoid interest and penalty, the tax must be paid in full on or before March 31, 2022. It is best to make payment with the completed Form RI-PPP. Additional information is available via the following link: <https://tax.ri.gov/guidance/ppp-loan-forgiveness>. Please also see key dates in the table below.

<b>Key dates involving PPP loan forgiveness for 2020 tax year</b>	
November 1, 2021	Division began mailing Form RI-PPP - Entity and notice to certain taxpayers.
December 15, 2021	Due date for Form RI-PPP.
January 31, 2022	Reminder mailing for those who filed Form RI-PPP but did not pay. Also, assessment mailing for those who have not filed and paid. (No penalty and no interest will apply at that point, so the assessment mailing will not include any late charges.)
March 31, 2022	Pay by this date to avoid penalty and interest.
April 2022	Notice of penalty and interest sent to those not paid in full.

- ✓ Note: If a PPP loan was or will be forgiven in 2021, the increment above \$250,000 will be reported as income for Rhode Island tax purposes on the taxpayer's regular return. For example, for a subchapter S corporation, PPP loan forgiveness income for 2021 would be included as an addition on Schedule C of Form RI-1120S, filed in the usual manner (i.e., no Form RI-PPP) during the 2022 filing season.

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## ■ SALES TAX PERMITS

Recently enacted legislation made changes involving the fee to apply for a sales permit and the fee to renew a sales permit. The changes apply for permit periods that begin on or after July 1, 2022.

### SALES PERMIT - APPLICATION

State law requires that every person or entity making sales at retail in Rhode Island (or conducting certain other types of business) must file with the Division of Taxation an application for a permit for each place of business. That requirement has not changed. However, the fee has been eliminated for permit periods that begin on or after July 1, 2022.

Example:

Retailer A applies for a sales permit covering the period of July 1, 2021, through June 30, 2022. In this example, the retailer must pay the \$10.00 application fee.

Example:

Retailer B applies for a sales permit covering the period of July 1, 2022, through June 30, 2023. In this example, the retailer will not be charged the \$10.00 application fee. That is because the fee has been eliminated for permit periods that begin on or after July 1, 2022.

## SALES PERMIT - RENEWAL

State law requires that every sales permit holder who seeks to continue making sales at retail in Rhode Island (or conducting certain other types of business) must renew that permit with the Division of Taxation annually. That requirement has not changed. However, the fee has been eliminated for permit periods that begin on or after July 1, 2022.

### Example:

Retailer A renews its sales permit now, so that the retailer may be issued a permit covering the period of July 1, 2021, through June 30, 2022. In this example, the retailer must pay the \$10.00 renewal fee.<sup>4</sup>

### Example:

Retailer B renews its sales permit so that the retailer may be issued a permit covering the period of July 1, 2022, through June 30, 2023. In this example, the retailer will not be charged the \$10.00 renewal fee. That is because the fee has been eliminated for permit periods that begin on or after July 1, 2022.

## SALES PERMIT - SUSPENSION/REVOCAION

As a reminder, if a retailer owes any Rhode Island tax, penalty, or interest, the amount owed must be paid prior to receiving an issued sales tax permit for the period beginning on or after July 1, 2022. Similar to the removal of the \$10 sales tax permit renewal fee, the new law also contains the removal of the \$10 reinstatement fee for a permit that has been previously suspended or revoked and is reinstated on or after July 1, 2022.

Additional information about the legislative changes involving sales tax permits is available via the following link: <https://go.usa.gov/xe7jn>.

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## ■ TAX CREDITS EXTENDED

Under recently enacted legislation, a number of tax credit and incentive programs that were scheduled to expire are now extended into 2022, as the following table shows.

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<sup>4</sup> Reminder: For a sales permit to be renewed so that it applies for the year beginning July 1, 2022, the renewal permit application must be filed, and the \$10 renewal fee paid, on or before February 1, 2022.

Tax credits and incentives		
PROGRAM:	OLD SUNSET DATE:	NEW SUNSET DATE:
Stay Invested in RI Wavemaker Fellowship	June 30, 2021	December 31, 2022
Rebuild Rhode Island Tax Credit	June 30, 2021	December 31, 2022
Rhode Island Qualified Jobs Incentive Act of 2015	June 30, 2021	December 31, 2022
Rhode Island Tax Increment Financing	June 30, 2021	December 31, 2022
Historic Preservation Tax Credits 2013	June 30, 2021	June 30, 2022

## ■ TAXPAYER PORTAL

Effective January 4, 2022, State tax payments can no longer be made via the following link: <https://www.ri.gov/taxation/business/index.php>, or by the following toll-free phone number: 1-866-430-1272.

Instead, online payments must be made via the Division's Taxpayer Portal: <https://www.taxportal.ri.gov>. Paying through the portal is easy, convenient, and quick. First-time users who want to register for the portal will need to obtain a PIN to gain access. Call the Division at (401) 574-8484 for details. The line is typically staffed from 8:30 a.m. to 3:30 p.m. on business days.

For the convenience of taxpayers, the Rhode Island Division of Taxation's taxpayer portal allows for guest payments. To learn more, use the following link: <https://tax.ri.gov/media/17931/download?language=en>

### FOR MORE INFORMATION

For details about personal income tax standard deduction amounts, exemptions, tax brackets, and related information for the 2022 tax year, please use the following link: <https://tax.ri.gov/media/18021/download?language=en>.

For more information about the Rhode Island estate tax credit and threshold, please use the following link: <https://tax.ri.gov/media/17836/download?language=en>.

For more about interest rates please use the following link: <https://tax.ri.gov/media/17626/download?language=en>.

For employer withholding tax tables for 2022, including the employee withholding certificate for 2022 (Form RI W-4) please use the following link: <https://tax.ri.gov/media/17861/download>.

For details about the Division of Taxation's office-visit protocols, please use the following link: <https://go.usa.gov/x7kN>.

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*The Rhode Island Division of Taxation, part of the Rhode Island Department of Revenue, 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/>.*

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