



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration

DIVISION OF TAXATION

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BULLETIN

Q & A on Rhode Island Income Tax Changes Affecting Pass-through Entities Including: Partnerships and Limited Liability Companies (LLCs) with Nonresident Partners or Members; Trusts with Nonresident Beneficiaries; and S Corporations with Nonresident Shareholders

Purpose: This Bulletin is intended to answer frequently-asked questions concerning new legislation that requires each pass-through entity doing business in Rhode Island or having income derived from or connected with sources within Rhode Island to pay Rhode Island income tax on behalf of its nonresident members.

For purposes of this Bulletin:

- *Partnership* means and includes a general partnership, limited partnership, limited liability partnership, publicly traded partnership, or limited liability company (LLC) treated as a partnership for federal income tax purposes.
- *Partner* means and includes a partner of a partnership and a member of a LLC treated as a partnership for federal income tax purposes.
- *Publicly traded partnership* means a partnership as defined in I.R.C. §7704(b) that is treated as a partnership for federal income tax purposes.
- *Pass-through entity* means and includes an S corporation, general partnership, limited partnership, limited liability partnership, trust or limited liability company treated as a partnership for federal income tax purposes.
- *Member* means an individual who is a shareholder of an S corporation; a partner in a general partnership, a limited partnership,

or a limited liability partnership; a member of a limited liability company; or a beneficiary of a trust.

- *Nonresident* means an individual who is not a resident of or domiciled in this state, a business entity that does not have its commercial domicile in this state, and a trust not organized in this state.

Effective Date: July 30, 2004, and applicable to taxable years of pass-through entities beginning on or after January 1, 2004.

Statutory Authority: R.I.G.L. 44-11-2.2

1. What form is a pass-through entity required to file under the new legislation?

For taxable years beginning on or after January 1, 2004, a pass-through entity is required to file **Form RI 1096-PT**, where it:

- Is required to file Federal Form 1065, U.S. Return of Partnership Income, Federal Form 1041, U.S. Income Tax Return for Estates and Trusts or Federal Form 1120S, U.S. Income Tax Return for an S Corporation; **and**
- Has any income, gain, loss, or deduction derived from or connected with sources within the State of Rhode Island.

Form **RI 1096-PT** is used by all pass-through entities described above to provide information and make pass-through withholding payments on behalf of those nonresident members.

2. **When is Form RI 1096-PT due?**

For a Sub S Corporation, **Form RI 1096-PT** is due on or before the fifteenth day of the third month following the close of the pass-through entity's taxable year (March 15 for a pass-through entity whose taxable year for federal income tax purposes is the calendar year). For an LLC, partnership or trust, Form RI 1096-PT is due on or before the fifteenth day of the fourth month following the close of the pass-through entity's taxable year (April 15 for a pass-through entity whose taxable year for federal income tax purposes is the calendar year). If the due date falls on a Saturday, Sunday or a legal holiday, then the due date is the next business day.

3. **Under what circumstances is a pass-through entity required to make a Rhode Island pass-through withholding tax payment?**

A pass-through entity is required to make a Rhode Island pass-through withholding tax payment on behalf of a member where:

- The member is a nonresident.
- The member's pro rata or distributive share of the pass-through entity's income derived from or connected with Rhode Island sources is \$1,000.00 or more.
- An election to be included on a composite return (Form RI-1040C, Rhode Island Composite Tax Return) **has not been** made by the member (see Question 13).

In accordance with the above criteria, a pass-through entity may be required to make Rhode Island pass-through withholding tax payments on behalf of all of its members, some of its members, or none of its members.

4. **Under what circumstances is a pass-through entity not required to make a Rhode Island pass-through withholding tax payment?**

A pass-through entity is not required to make a Rhode Island pass-through withholding tax payment on behalf of a nonresident member where:

- The member is a resident.
- The member's pro rata or distributive share of the pass-through entity's income derived from or connected with Rhode Island sources is less than \$1,000.00. *However, in this case, the filing of the Form RI 1096-PT is still required, even though a payment is not required.*
- An election to be included on a composite return (Form RI-1040C) **has been** made by the member (see Question 13).
- The entity is a publicly traded partnership as defined by I.R.C. §7704(b) that is treated as a partnership for the purposes of the Internal Revenue Code and that has agreed to file an annual information return reporting the name, address, taxpayer identification number and other information requested by the tax administrator of each unitholder with an income in the state in excess of \$500.00.
- The entity is not allowed to distribute funds due to Federal or State restrictions. *However, in this case, the filing of the Form RI 1096-PT is still required, even though a payment is not required.*

5. **If a pass-through entity makes a Rhode Island pass-through withholding tax payment on behalf of a nonresident member, is the member required to file a Rhode Island income tax return?**

Yes. The member is still required to file the appropriate Rhode Island Income Tax return (RI-1065 for Partnerships and Limited Liability Companies; RI-1041 for Trusts; RI-1120 for S Corporations and RI-1040 for individuals) even if a pass-through entity

makes Rhode Island pass-through withholding tax payments on behalf of that member.

In filing the appropriate Rhode Island Income Tax return, the member will claim any pass-through withholding paid by the pass-through entity on the member's behalf.

6. How are Rhode Island pass-through withholding tax payments calculated?

The Rhode Island pass-through withholding tax payment for a member for whom a payment must be made is calculated by multiplying the member's distributive share of the member's separately and non-separately computed income derived from or connected with Rhode Island sources by the highest marginal rate for individuals or 9% for corporations. The pass-through entity must calculate the Rhode Island pass-through withholding tax payment based only on the member's distributive share of income net of modifications from that pass-through entity derived from or connected with Rhode Island sources. The pass-through entity may take into account the member's share of Rhode Island credits. The pass-through entity may not take into account any losses that the member may realize from other sources or Rhode Island withholding taxes related to Rhode Island employment.

7. When is a pass-through entity required to make *estimated* Rhode Island pass-through withholding tax payments for a member?

For tax years beginning on or after 1/1/05, estimated payments of Rhode Island pass-through withholding tax will be due as discussed in Question 8. A pass-through entity is required to make *estimated* Rhode Island pass-through withholding tax payments for a member where:

- The pass-through entity is required to make a Rhode Island pass-through withholding tax payment on behalf of the member (see Question 3); and
- The aggregate tax liability derived from or connected with Rhode Island sources

from the pass-through entity is expected to be \$250.00 or more for the taxable year.

- For a pass-through entity whose taxable year for federal tax purposes is other than a calendar year (but begins after 1/1/2005), estimated payments are required for the quarterly periods ending in 2005 and thereafter.
- The requirements for estimated payments shall be subject to the "safe harbor" provisions as discussed in Question 9.

In accordance with the above criteria, a pass-through entity may be required to make estimated Rhode Island pass-through withholding tax payments on behalf of all of its members, some of its members, or none of its members.

For each installment, the pass-through entity must aggregate the estimated Rhode Island pass-through withholding tax payments made on behalf of nonresident members and file **one Form RI 1096PT-ES, *Estimated Rhode Island Pass-through Withholding Tax Payment.***

8. How are estimated Rhode Island pass-through withholding tax payments calculated?

Estimated Rhode Island pass-through withholding tax payments for a member for whom an estimated payment must be made are calculated as follows:

- On or before the fifteenth day of the fourth month of the pass-through entity's taxable year (**April 15** for a calendar year pass-through entity), **25%** of the Rhode Island income tax liability of the member must be paid;
- On or before the fifteenth day of the sixth month of the pass-through entity's taxable year (**June 15** for a calendar year pass-through entity), a total of **50%** of the Rhode Island income tax liability of the member must be paid;

- On or before the fifteenth day of the ninth month of the pass-through entity's taxable year (**September 15** for a calendar year pass-through entity), a total of **75%** of the Rhode Island income tax liability of the member must be paid;
- On or before the fifteenth day of the first month of the pass-through entity's next succeeding taxable year (**January 15** for a calendar year pass-through entity), a total of **100%** of the Rhode Island income tax liability of the member must be paid.

9. What are the "safe harbor" provisions for a pass-through entity making estimated Rhode Island pass-through withholding tax payments?

Estimated Rhode Island pass-through withholding tax payments for a member(s) for whom estimated withholding tax payments must be made (see Question 7) are to be made in accordance with R.I.G.L. 44-30-56. The required quarterly payments are to be made on **Form RI 1096-PT ES** in an amount equal to the lesser of:

- 80% of the tax shown on the current year's **Form RI 1096-PT**; or
- 100% of the tax shown on the prior year's **Form RI 1096-PT**.

Each required installment is 25% of the required annual payment. If the entity establishes that its income varies quarterly, then the income and the required quarterly payment may be annualized by using **Form RI-2210C**.

If the required annual payment is not made for an entity, interest at 1% (.01) per month or fraction of a month will be added to the tax due until the earlier of the fifteenth day of the fourth month following the close of the pass-through entity's taxable year, or the date on which the payment is received, whichever is earlier. The Rhode Island Division of Taxation may collect the interest from either the pass-through entity or the member.

10. If a member previously made an estimated Rhode Island income tax payment for the 2004 taxable year, may the pass-through entity net that payment against an estimated Rhode Island pass-through withholding tax payment required to be made on behalf of the member and pay only the difference to the Rhode Island Division of Taxation?

Yes. For the tax year 2004, the pass-through entity may take into account any estimated Rhode Island income tax payment for the 2004 taxable year by the member. In subsequent years, the pass-through entity may not take any estimated Rhode Island income tax payment made by the member into account.

11. Is a pass-through entity subject to interest and penalty for late payment and/or late filing of the Rhode Island pass-through withholding tax payment?

Yes. If a Rhode Island pass-through withholding tax payment reported for a member on **Form RI 1096-PT** is not timely paid, interest will be assessed at 1% (.01) per month or fraction of a month until the tax is paid in full. In addition, a penalty will be assessed at ½% (.005) per month to a maximum of 25% on the unpaid tax until it is paid in full. If a Rhode Island pass-through withholding tax payment is not timely filed, a late filing penalty will be assessed at 5% (.05) per month to a maximum of 25%.

The Rhode Island Division of Taxation may collect the interest and penalty from either the pass-through entity or the member.

12. How is a pass-through entity required to notify a member of the amount of Rhode Island pass-through withholding tax payments, including estimated Rhode Island pass-through withholding tax payments, made on behalf of the member?

A pass-through entity will be required to provide a **Form RI 1099-PT** to each member for whom Rhode Island pass-through withholding tax payments, including estimated Rhode Island pass-through withholding tax payments, were made by the

pass-through entity during the taxable year. A Sub S Corporation will be required to furnish **Form RI 1099-PT**, on or before the fifteenth day of the third month following the close of the pass-through entity's taxable year (March 15 for a calendar year pass-through entity). An LLC, partnership or trust will be required to furnish **Form RI 1099-PT**, on or before the fifteenth day of the fourth month following the close of the pass-through entity's taxable year (April 15 for a calendar year pass-through entity).

13. Who may elect to be included in a Composite return?

A pass-through entity doing business in Rhode Island, or having income, gain, loss, or deduction derived from or connected with sources within Rhode Island, may file a composite return, **Form RI-1040C**, on behalf of its qualified electing nonresident members. All qualified electing nonresident members must have the same taxable year.

14. Who is a qualified electing nonresident member for purposes of filing Form RI-1040C?

A *qualified electing nonresident member* is one who meets all of the following conditions:

- The member was a nonresident individual for the entire taxable year;
- The member did not maintain a permanent place of abode in Rhode Island at any time during the taxable year;
- The member (or his or her spouse, if a joint federal income tax return is or will be filed) did not have any income derived from or connected with Rhode Island sources other than from one or more pass-through entities;
- The member waives the right to claim any Rhode Island standard or itemized deductions and any Rhode Island personal exemption.

- The member has the same taxable year as the other qualified electing nonresident members; **and**
- The member elects to be included on **Form RI-1040C** by submitting a completed **Form RI 1040C-NE**, *Rhode Island Nonresident Income Tax Agreement/ Election to be Included in a Composite Return* to the pass-through entity, prior to the filing of **Form RI-1040C** by the pass-through entity.

The filing of a composite return will be considered as meeting the filing requirements otherwise separately imposed on each qualified electing nonresident member resulting exclusively from this income. Qualifying electing nonresident members who are included on **Form(s) RI-1040C**, are **not** required to file **Form RI-1040NR**. The Division of Taxation retains the right to require the filing of an individual Rhode Island income tax return by any of the members. An election to be included on the pass-through entity's composite return will remain in effect unless the member revokes the agreement by providing notice to the pass-through entity. The revocation does not take effect until the taxable year following the date written notification was given to the pass-through entity. All election forms and written notices of revocation must be kept and maintained in the permanent records of the pass-through entity, and made available to the Rhode Island Division of Taxation upon request.

15. When is Form RI-1040C due?

Form RI-1040C is due on or before the fifteenth day of the fourth month following the close of the taxable year of the qualified electing nonresident members (April 15 for calendar year taxpayers). If the due date falls on a Saturday, Sunday, or legal holiday, the next business day is the due date.

16. Are estimated Rhode Island composite income tax payments required for members included on Form RI-1040C?

Yes. Estimated Rhode Island composite income tax payments are required for a member included on **Form RI-1040C** if the

aggregate tax liability derived from or connected with Rhode Island sources from the pass-through entity is expected to be \$250.00 or more for the taxable year. For each installment, the entity must aggregate the estimated Rhode Island composite income tax payments made on behalf of nonresident members and file one **Form 1040-C ES**, *Estimated Composite Tax Payment*.

17. Are there “safe-harbor” provisions for a pass-through entity making estimated payments for members included on Form RI-1040C?

Yes. The “safe-harbor” provisions are followed in the same manner as explained in Question 9.

18. Is a pass-through entity subject to interest and penalty for late payment and/or late filing of a Rhode Island Composite Return payment?

Yes. The interest and penalty charges are determined in the same manner as outlined in Question 11. However, the late filing penalty may be avoided if the pass-through entity:

- Files **Form RI-4868C, Rhode Island Application for Automatic 6 Month Extension of Time to File Rhode Island Composite Tax Return**, on or before the original due date of the return;
- Pays at least 80% of the tax shown to be due on the return on or before the original due date; **and**
- Pays the balance due with the return on or before the extended due date.

19. How does the new legislation affect publicly traded partnerships?

A publicly traded partnership is required to report the name, address, social security number, or federal employer identification number to the Rhode Island Division of Taxation for each unitholder whose distributive share of partnership income

derived from or connected with Rhode Island sources exceeds \$500.00.

20. How does the new legislation affect single member LLCs (SMLLCs)?

➤ **SMLLC owned by a corporation.**

An SMLLC that, for federal income tax purposes, is disregarded as an entity separate from the corporation, which is its owner, is treated as a C corporation for purposes of the new legislation. Therefore, if the SMLLC is a member of a pass-through entity, the pass-through entity is required to make Rhode Island pass-through withholding tax payments for the SMLLC. Also, the SMLLC is not a pass-through entity, so it is not required to make Rhode Island pass-through withholding tax payments for its owner.

➤ **SMLLC owned by an individual.**

An SMLLC that, for federal income tax purposes, is disregarded as an entity separate from the individual, who is its owner, is treated as an individual for purposes of the new legislation. Therefore, if the SMLLC is a member of a pass-through entity, the pass-through entity is required to make Rhode Island pass-through withholding tax payments for the SMLLC, if the criteria of Question 3 are met. Also, the SMLLC is not a pass-through entity, so it is not required to make Rhode Island pass-through withholding tax payments for its owner.

➤ **SMLLC that elects to be taxed as a corporation.**

An SMLLC that elects, for federal income tax purposes, to be taxed as a corporation, is treated as a C corporation for purposes of the new legislation. Therefore, if the SMLLC is a member of a pass-through entity, the pass-through entity is required to make Rhode Island pass-through withholding tax payments for the SMLLC. Also, the SMLLC is not a pass-through entity, so it is not required to make Rhode Island pass-

through withholding tax payments for its owner.

21. Does the new legislation require a pass-through entity (“upper-tier pass-through entity”) to make a Rhode Island pass-through withholding tax payment on behalf of a member that is itself a pass-through entity (“lower-tier pass-through entity”)?

Yes. An upper-tier pass-through entity is required to make a Rhode Island pass-through withholding tax payment on behalf of a lower-tier pass-through entity where the lower-tier pass-through entity’s share of the upper-tier pass-through entity’s income derived from or connected with Rhode Island sources is \$1,000.00 or more. The upper-tier pass-through entity is also required to make estimated Rhode Island pass-through withholding tax payments on behalf of the lower-tier pass-through entity where the lower-tier pass-through entity’s share of the upper-tier pass-through entity’s tax liability would be expected to equal or exceed \$250.00.

Example 1:

L, a pass-through entity, is a member of *U*, a pass-through entity. Therefore, *L* is a lower-tier pass-through entity and *U* is an upper-tier pass-through entity. *L*’s distributive share of *U*’s income derived from or connected with Rhode Island sources is \$1,000.00 or more. Each member of *L* is a *C* corporation. *U* is required to make a Rhode Island pass-through withholding tax payment on behalf of *L*.

Example 2:

The facts are the same as in Example 1 except for the following: *L*’s distributive share of *U*’s tax liability derived from or connected with Rhode Island sources is expected to equal or exceed \$250.00, and the members of *L* are four individuals, each with a 25% distributive share of *L*’s income. Three of the individuals (*A*, *B*, and *C*) are resident individuals, and one (*D*) is a nonresident individual. *L* provides sufficient evidence of this to *U*. *U* is not required to make a Rhode Island pass-through withholding tax payment on behalf of *L* with respect to *A*, *B*, or *C*’s distributive share of

L’s income. *U* is required to make a Rhode Island pass-through withholding tax payment on behalf of *L*, but only with respect to *D*’s distributive share of *L*’s income. *U* is not required to make estimated Rhode Island pass-through withholding tax payments on behalf of *L* with respect to *D*’s distributive share of *L*’s tax liability unless it is expected to equal or exceed \$1,000.00.

Effect on Other Documents:

None affected.

Effect of This Document:

This Bulletin addresses frequently asked questions regarding a current position, policy, or practice, usually in a less technical question and answer format.

For Further Information:

Call the Rhode Island Division of Taxation during normal business hours, Monday – Friday, 8:30am – 4:00pm.

- (401) 222-3911
- TDD: (401) 222-6287

Forms & Publications Are Available By:

- Telephone: (401) 222-1111
- Internet: www.tax.ri.gov

(Rev. 01/19/05)

What Is Form RI-1096 and Do You Need To Use It?

It is a statement you send with your payment of any balance due on line 10 of your Form RI 1096-PT. Using Form RI- 1096V allows us to process your payment more accurately and efficiently. We strongly encourage you to use Form RI-1096V, but there is no penalty if you do not do so.

How To Fill In Form RI-1096V

RI-1096V RHODE ISLAND PAYMENT VOUCHER 2004

DO NOT STAPLE OR ATTACH THIS VOUCHER TO YOUR PAYMENT

1 NAME
ADDRESS
CITY, STATE & ZIP CODE

2 FEDERAL IDENTIFICATION NUMBER

RI-1096V

4. ENTER AMOUNT ENCLOSED \$ 00

3

- Box 1. Enter the name and addresses as shown on your return.
- Box 2. Enter the Federal Identification Number in the box provided.
- Box 3. Enter the amount of the payment you are making. Also enter below for your records.

Date Paid	Check Number	Amount
_____	_____	_____

How To Prepare Your Payment

Make your check or money order payable to the "R.I. Division of Taxation." Do not send cash. Make sure the pass-through entity's name and address appears on the check or money order. Write "Form RI-1096V," daytime phone number and Federal Identification Number on the check or money order.

How To Send In Your Return, Payment, and RI-1096V

Retain the top portion of this form for your records. Detach and return the lower portion with your payment. DO NOT staple or otherwise attach your payment of Form RI-1096V to your return or to each other. Instead, just put them loose in the envelope. Mail your tax return, payment and Form RI-1096V to the Rhode Island Division of Taxation, One Capitol Hill, Providence, RI 02908-5806.

DETACH HERE AND MAIL WITH YOUR PAYMENT

DO NOT STAPLE OR ATTACH THIS VOUCHER TO YOUR PAYMENT

NAME

ADDRESS

CITY, STATE & ZIP CODE

FEDERAL IDENTIFICATION NUMBER

RI-1096V

ENTER AMOUNT ENCLOSED

\$ 00

2004 INSTRUCTIONS FOR FORM RI 1096-PT

For more information on pass-through entity withholding or to obtain forms, refer to Rhode Island Division of Taxation's website : www.tax.ri.gov or call (401) 222-1111

GENERAL INFORMATION

Form RI 1096-PT is used to report the Rhode Island withholding of a pass-through entity with **nonresident** partners, members, beneficiaries and shareholders.

If the pass-through entity has no nonresident members, it is not required to file Form RI 1096-PT.

The pass-through entity is required to file Form RI 1096-PT showing the amount of Rhode Island withholding for all nonresident members for whom Rhode Island taxes were withheld. This does not include any nonresident members who have elected to file a composite return using Form RI 1040C-NE.

When filing Form RI 1096-PT, the pass-through entity must attach all corresponding Form RI 1099-PTs. Attach any Form RI 1099-PTs that were received by the pass-through entity to the front of Form RI 1096-PT. Attach any Form RI 1099-PTs that the pass-through entity issued to its members to the back of Form RI 1099-PT.

DUE DATE: A Sub S Corporation must file Form RI 1096-PT on or before the fifteenth day of the third month following the close of the pass-through entity's taxable year (March 15, 2005 for a pass-through entity whose taxable year for federal income tax purposes is the calendar year. LLCs, Partnerships and Trusts must file Form RI 1096-PT on or before the fifteenth day of the fourth month following the close of the pass-through entity's taxable year (April 15, 2005 for pass-through entity's whose taxable year for federal income tax purposes is the calendar year.

SPECIFIC INSTRUCTIONS

Please complete the top of the return by filling in the name, address, federal identification number. Also, please check off the entity type of the pass-through entity filing this Form RI 1096-PT and whether the pass-through entity has a calendar or fiscal year end. In addition, if the pass-through entity cannot distribute funds due to Federal or State restrictions, or if the nonresident members have less than \$1,000.00 in Rhode Island source income, please check off the appropriate box. If you are exempt from income tax, check off the Federal or State restriction box.

If you cannot distribute funds due to Federal or State restrictions or are exempt from income tax, Form RI 1096-PT must be submitted by the due date of the return with a statement explaining what is prohibiting the distribution of the funds along with all of the corresponding RI 1099-PTs. The RI 1099-PTs must contain the required information.

If all the nonresident members of the pass-through entity have Rhode Island source income less than \$1,000.00, Form RI 1096-PT must be filed as a zero return. All of the corresponding RI 1099-PTs should show the nonresident members' withholding as zero.

Form RI 1096-PT is not required to be filed if there are no nonresident members of the pass-through entity.

Line 1 – Using the appropriate column based on entity type, enter the amount of Rhode Island source income net of any modifications of all nonresident members who have not elected (using RI Form 1040C-NE) to be included in a composite filing, Form RI-1040C for this pass-through entity.

Line 2 – Rhode Island pass-through withholding rate. For C Corporations only, the rate is 9.0%. For Sub S Corporations, Individuals, LLCs, Partnerships and Trusts, the rate is 9.9%.

Line 3 – Multiply the Rhode Island source income of nonresidents (line 1) by the pass-through withholding rate (line 2) to calculate the pass-through withholding amount.

Line 4 – Total the pass-through withholding amounts from both columns.

Line 5 – Using the worksheet on the bottom of Form RI 1096-PT (lines 5a, 5b, 5c, 5d and 5e), total all payments made for Rhode Island nonresident real estate withholding, Rhode Island estimated payments made by the nonresident members for their Rhode Island Personal Income Tax returns, any excess Rhode Island withholding tax paid by the entity for members and any Historic Preservation Investment Tax Credit that a member purchased.

Line 6 – Subtract line 5 from line 4 for the tentative amount of Rhode Island withholding for members of the pass-through entity. This amount should not be less than zero.

Line 7 – *Do not use this line for tax year 2004.*

Line 8 – Enter the amount of withholding that was withheld on behalf of the reporting entity by another pass-through entity. Enter the Federal Identification Number of the pass-through entity who withheld on your behalf on the line provided. Any RI 1099-PT received by the pass-through entity should be attached to the front of Form RI 1096-PT.

Line 9 – Total payments. Add lines 7 and 8. *(For tax year 2004, enter amount from line 8 only)*

Line 10 – Balance Due. Subtract line 9 from line 6. If balance due, remit payment along with RI-1096V. If zero or less, allocate all withholding amounts to the RI 1099-PTs being issued. All issued RI 1099-PTs must be attached to the back of Form RI 1096-PT. In lieu of attaching multiple RI 1099-PTs that have been issued, a schedule consisting of all of the required information may be attached.

NOTE: The total withholding amount from all RI 1099-PTs that have been issued must equal the amount from line 6 or line 9, whichever is larger. Enter the number of RI 1099-PTs issued in the box provided.

Sign and date the return. An officer representing the pass-through entity must sign and date the return. An unsigned return cannot be processed. Any paid preparer who prepares the return must also sign as "preparer." If you wish to allow the R.I. Division of Taxation to contact your paid preparer should questions arise regarding your return, please check the box above your preparer's name.

Make check payable to: R.I. Division of Taxation **and** mail return, 1099-PTs and check to:

R.I. Division of Taxation
One Capitol Hill
Providence, RI 02908-5806

RHODE ISLAND PASS-THROUGH WITHHOLDING RETURN AND TRANSMITTAL 2004

(for attaching RI 1099-PT forms)

<input type="checkbox"/> Check if corrected	Name		
Entity Type <input type="checkbox"/> Sub S Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Partnership <input type="checkbox"/> Trust	Address Line 1		
	Address Line 2		
	City, Town or Post Office	State	Zip Code

Cannot distribute due to Federal or State Restrictions (see instructions)
 Members with less than \$1,000 in RI source income (see instructions)

YEAR END
 Calendar Year: January 1, 2004 through December 31, 2004
 Fiscal Year: beginning _____, 2004 through _____, 20__.

WITHHOLDING CALCULATION

Attach 1099-PT(s) RECEIVED here

	column A C Corporations only	column B Sub S Corps, Individuals, LLCs, Partnerships and Trusts
1. Rhode Island source income of nonresident members net of modifications (attach schedule).....	1a.	1b.
2. Rhode Island nonresident pass-through withholding rate.....	2a. 9.0%	2b. 9.9%
3. Rhode Island pass-through withholding - multiply line 1 by line 2.....	3a.	3b.
4. TOTAL Rhode Island pass-through withholding - add lines 3a and 3b.....	4.	4.
5. Rhode Island nonresident real estate withholding (see worksheet below for other payments 2004 ONLY).....	5.	5.
6. Tentative Rhode Island withholding for members - subtract line 5 from line 4 (not less than zero).....	6.	6.
7. Rhode Island estimated tax paid on form RI 1096PT-ES.....	7. NOT APPLICABLE IN 2004	
8a. Credit for withholding paid on behalf of reporting entity. Enter the identification number(s) of issuing entity or entities below. (see instructions)	8a.	
➤ _____		
8b. Other RI credits - indicate form numbers and attach forms _____	8b.	
9. Total payments and credits - Add lines 7, 8a and 8b.....	9.	9.
10. BALANCE DUE - subtract line 9 from line 6. If balance due, remit payment along with RI-1096V. If zero or less, allocate all withholding amounts to the RI 1099-PTs being issued.....	10.	10.

NOTE: The total withholding from all RI 1099-PTs that have been issued must equal the amount from line 6 or line 9 above, whichever is larger. Attach all ISSUED RI 1099-PTs to the BACK of this Form RI 1096-PT.

Number of 1099-PT Forms issued

Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of officer representing the entity	Title	Date
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Sign Here ➡

May the division contact your preparer about this return? Yes No

Signature of preparer other than the entity	SSN, PTIN or EIN	Telephone number
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Sign Here ➡

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Mail returns to: RI Division of Taxation - One Capitol Hill - Providence, RI 02908-5806

WORKSHEET FOR LINE 5 (THIS WORKSHEET IS FOR TAX YEAR 2004 ONLY)

5a. Rhode Island nonresident real estate withholding.....	5a.
5b. RI estimated tax paid by members on their personal return attributable to income on this return (see instructions).....	5b.
5c. Excess RI withholding tax paid by this entity for members (see instructions).....	5c.
5d. Rhode Island Historic Preservation Investment Tax Credit.....	5d.
5e. Total - add lines 5a, 5b, 5c and 5d (enter here and on line 5).....	5e.

RI 1040C-V Rhode Island Composite Return Payment Voucher 2004

What Is Form RI 1040C-V and Do You Need To Use It?

It is a statement you send with your payment of any balance due on line 22 of your Form RI-1040C. Using Form RI 1040C-V allows us to process your payment more accurately and efficiently. We strongly encourage you to use Form RI 1040C-V, but there is no penalty if you do not do so.

How To Fill In Form RI 1040C-V

RI 1040C-V RHODE ISLAND PAYMENT VOUCHER 2004

DO NOT STAPLE OR ATTACH THIS VOUCHER TO YOUR PAYMENT

1 NAME
ADDRESS
CITY, STATE & ZIP CODE

RI 1040C-V

2 FEDERAL IDENTIFICATION NUMBER

4. ENTER AMOUNT ENCLOSED \$ 00

3

- Box 1. Enter the name and addresses as shown on your return.
- Box 2. Enter the Federal Identification Number in the box provided.
- Box 3. Enter the amount of the payment you are making. Also enter below for your records.

Date Paid	Check Number	Amount
_____	_____	_____

How To Prepare Your Payment

Make your check or money order payable to the "R.I. Division of Taxation." Do not send cash. Make sure the name and address appears on the check or money order. Write "Form RI 1040C-V," daytime phone number and federal Identification Number on your check or money order.

How To Send In Your Return, Payment, and RI 1040C-V

Retain the top portion of this form for your records. Detach and return the lower portion with your payment. DO NOT staple or otherwise attach your payment of Form RI 1040C-V to your return or to each other. Instead, just put them loose in the envelope. If an envelope came with your tax package, please use it to mail your tax return, payment, and Form RI 1040C-V. If you do not have that envelope or you used a paid preparer, mail your tax return, payment and Form RI 1040C-V to the Rhode Island Division of Taxation, One Capitol Hill, Providence, RI 02908-5806.

DETACH HERE AND MAIL WITH YOUR PAYMENT

RI 1040C-V RHODE ISLAND PAYMENT VOUCHER 2004

DO NOT STAPLE OR ATTACH THIS VOUCHER TO YOUR PAYMENT

NAME
ADDRESS
CITY, STATE & ZIP CODE
FEDERAL IDENTIFICATION NUMBER

RI 1040C-V

ENTER AMOUNT ENCLOSED

\$ 00

RI 1040C-NE

RHODE ISLAND NONRESIDENT INCOME TAX AGREEMENT/ ELECTION TO BE INCLUDED IN A COMPOSITE RETURN

(Rev. 10/04)

See Instructions Below

NONRESIDENT INDIVIDUAL'S NAME AND ADDRESS			PASS-THROUGH ENTITY'S NAME AND ADDRESS		
Name			Name		
Address 1			Address 1		
Address 2			Address 2		
City, Town or Post Office	State	Zip Code	City, Town or Post Office	State	Zip Code
Social Security Number		Spouse's Social Security Number	Federal Identification Number		

Entity's year end Calendar Year: January 1, _____ through December 31, _____ Fiscal Year: Beginning _____, _____ through _____, _____

Internal Revenue Service Center Where Nonresident Individual's Federal Return is Filed _____

Purpose: Form RI 1040C-NE, Rhode Island Nonresident Income Tax Agreement/Election to be Included in a Composite Return, is used to substantiate the qualified electing nonresident partner, shareholder, member or beneficiary's election to be included on Form RI-1040C, Rhode Island Composite Income Tax Return.

Who May Elect: Any individual who is a qualified electing nonresident member in a pass-through entity doing business in Rhode Island or having income, gain, loss, or deduction derived from or connected with sources within Rhode Island is eligible to elect to be included in a composite income tax return (Form RI-1040C) filed by the pass-through entity. A pass-through entity is eligible to file Form RI-1040C for a taxable year only if all of the qualified electing nonresident members have the same taxable year.

This election may be made by any individual who is a nonresident:

Partner in a partnership doing business in Rhode Island or having income, gain, loss, or deduction derived from or connected with sources within Rhode Island; **or**

Shareholder in an S corporation doing business in Rhode Island or having income, gain, loss, or deduction derived from or connected with sources within Rhode Island; **or**

Member of an LLC treated as a partnership for federal income tax purposes and doing business in Rhode Island or having income, gain, loss, or deduction derived from or connected with sources within Rhode Island; **or**

Beneficiary of a trust or estate having income, gain, loss, or deduction derived from or connected with sources within Rhode Island.

NOTE: The filing of a composite return will be considered as meeting the filing requirements otherwise separately imposed on each qualified electing nonresident member resulting exclusively from this income. Qualifying electing nonresident members who are included on Form RI-1040C, are not required to file Form RI-1040NR. The Division of Taxation retains the right to require the filing of an individual Rhode Island income tax return by any of the members. However, a qualified electing nonresident member may not elect to be included in a composite return, after the fifteenth day of the fourth month following the close of the entity's taxable year.

Terms Applicable to Partners of a Partnership, Shareholders of an S Corporation, Members of an LLC, and to Beneficiaries of Trusts or Estates:

For a Partnership, the nonresident partner's distributive share of partnership income derived from or connected with sources within Rhode Island.

For an S Corporation, each nonresident shareholder's pro rata share of income, gain, loss, and deduction derived from or connected with sources within Rhode Island.

For an LLC, each nonresident LLC member's distributive share of income, gain, loss, and deduction (net of modifications) derived from or connected with sources within Rhode Island.

For a Trust or an Estate, each nonresident beneficiary's share of trust or estate income, gain, loss, and deduction (net of modifications) derived from or connected with sources within Rhode Island.

When and Where to File: A qualified nonresident member electing to be included in a composite tax return must submit a completed Form RI 1040C-NE to the pass-through entity prior to the filing of Form RI-1040C by the pass-through entity. The due date for Form RI-1040C is the fifteenth day of the fourth month following the close of the taxable year of the qualified electing nonresident members. The pass-through entity must keep Form RI 1040C-NE in its permanent records and make them available to the Division of Taxation upon request. Form RI 1040C-NE filed beginning on or after the first day of the taxable year, will be effective for that taxable year and for all following taxable years, unless the qualified electing nonresident partner revokes the agreement by providing written notice of the revocation to the pass-through entity. Any revocation shall be effective the taxable year after the date written notification is provided to the pass-through entity. The pass-through entity must keep and maintain such written notices in its permanent records, and make them available to the Division of Taxation upon request.

DECLARATION: I declare that I meet all of the following conditions for the taxable year: I was a nonresident individual for the entire taxable year; I did not maintain a permanent place of abode in Rhode Island at any time during the taxable year; neither I nor my spouse (if a joint federal income tax return is or will be made) had income derived from or connected with Rhode Island sources other than my distributive share of pass-through entity income derived from or connected with sources within Rhode Island for the taxable year; I waive my right to claim any Rhode Island standard or itemized deduction, any personal exemption and any percentage of allowable Federal credits for the taxable year; I waive my right to request an extension of time to pay the Rhode Island income tax; I consent and agree to be subject to personal jurisdiction in Rhode Island for purposes of the collection of Rhode Island income tax, together with and additions to tax, interest and penalties, for the taxable year; and I authorize the pass-through entity to designate a member who will act as my agent (and that of the other qualified electing nonresident members) in filing the composite return.

This agreement shall be binding upon my heirs, representatives, assigns, successors, executors and administrators.

Your Signature

Date

Spouse's Signature

Date

RI-4868C

RHODE ISLAND APPLICATION FOR AUTOMATIC 6 MONTH EXTENSION
OF TIME TO FILE RHODE ISLAND COMPOSITE TAX RETURN

2004

NAME
ADDRESS
CITY, STATE & ZIP CODE
FEDERAL IDENTIFICATION NUMBER

Enter tentative tax computation

- A. Tentative RI income tax _____
- B. Total payments _____
- C. **BALANCE DUE**
(line A less line B) _____

RI-4868C

ENTER
AMOUNT
ENCLOSED

\$

00

RI-1040C RHODE ISLAND COMPOSITE INCOME TAX RETURN 2004

Entity Type <input type="checkbox"/> Sub S Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Partnership <input type="checkbox"/> Trust	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td colspan="4">Name</td> </tr> <tr> <td colspan="4">Address Line 1</td> </tr> <tr> <td colspan="4">Address Line 2</td> </tr> <tr> <td>City, Town or Post Office</td> <td>State</td> <td>Zip Code</td> <td>Federal Identification Number</td> </tr> </table>	Name				Address Line 1				Address Line 2				City, Town or Post Office	State	Zip Code	Federal Identification Number
Name																	
Address Line 1																	
Address Line 2																	
City, Town or Post Office	State	Zip Code	Federal Identification Number														

SECTION A: COMPUTATION OF INCOME

1. Total Federal Taxable income - From Federal Form 1120S, line 21; Federal Form 1065, line 22 or Federal Form 1041, line 18, plus any separately stated income items listed on K-1.....	1.	
2. MODIFICATIONS INCREASING FEDERAL TAXABLE INCOME		
A. Income from obligations of any state or its political subdivisions, other than RI (attach documentation).....	2A.	
B. Bonus Depreciation and Section 179 Depreciation.....	2B.	
C. Other modifications (attach documentation).....	2C.	
3. Total modifications INCREASING Federal Taxable Income - Add lines 2A, 2B and 2C.....	3.	
4. MODIFICATIONS DECREASING FEDERAL TAXABLE INCOME		
A. Income from obligations of the US government included in federal income but exempt from state income taxes (attach documentation).....	4A.	
B. Bonus Depreciation and Section 179 Depreciation.....	4B.	
C. Other modifications (attach documentation).....	4C.	
5. Total modifications DECREASING Federal Taxable Income - Add lines 4A, 4B and 4C.....	5.	
6. Modified Federal Taxable Income - line 1 plus line 3 less line 5.....	6.	
7. Rhode Island apportionment ratio from page 2, Section C, line 30 (multistate entities only - entities solely in RI enter 1.000).....	7.	. _ _ _ _
8. Rhode Island source income multiply line 6 by line 7.....	8.	

SECTION B: COMPUTATION OF TAX

9. Rhode Island composite income tax rate.....	9.	9.9%
10. RHODE ISLAND INCOME TAX - Multiply line 8 by line 9.....	10.	
11. Rhode Island credits - indicate credit form number(s) _____ attach forms.....	11.	
12. Rhode Island income tax after credits - subtract line 11 from line 10 (not less than zero).....	12.	
13. Qualified electing nonresident members' percent of ownership (if all such members are nonresidents enter 1.0000).....	13.	. _ _ _ _
14. Rhode Island income tax of qualified electing nonresident members - multiply line 12 by line 13.....	14.	
15. Rhode Island estimated payments made on RI 1040C-ES and amount applied from 2003 composite return.....	15.	Check <input checked="" type="checkbox"/> if extension is attached. <input type="checkbox"/>
16. Rhode Island nonresident real estate withholding of qualified electing nonresident members.....	16.	
17. RI nonresident withholding received from pass-through entities from RI 1099-PT - attach form(s).....	17.	
18. Other payments.....	18.	
19. Total payments - Add lines 15, 16, 17 and 18.....	19.	
20. AMOUNT DUE - If line 14 is LARGER than line 19, subtract line 19 from line 14.....	20.	
21. Underestimating interest due. If RI-2210C is prepared check box <input type="checkbox"/> and attach RI-2210C to the return.....	21.	not applicable in 2004
22. TOTAL DUE - Add lines 20 and 21. Complete RI 1040C-V.....	22.	☹
23. OVERPAYMENT - If line 14 is SMALLER than line 19, subtract line 14 from line 19. This is the amount you overpaid.....	23.	☺
24. Amount of overpayment to be refunded.....	24.	
25. Amount of overpayment to be applied to 2005 RI-1040C estimated tax.....	25.	

SECTION C: APPORTIONMENT

2004

AVERAGE NET BOOK VALUE

column A
Rhode Island

column B
everywhere

26. A. Inventory.....	26A.			
B. Depreciable assets.....	26B.			
C. Land.....	26C.			
D. Rent (8 times annual net rental rate).....	26D.			
E. Total- Add lines 26A, 26B, 26C and 26D.....	26E.			
F. Ratio in Rhode Island, line 26E, Column A divided by line 26E, Column B.....			26F.	

RECEIPTS

27. A. Gross receipts.....	27A.			
B. Dividends.....	27B.			
C. Interest.....	27C.			
D. Rents.....	27D.			
E. Royalties.....	27E.			
F. Net capital gains.....	27F.			
G. Ordinary income.....	27G.			
H. Other income.....	27H.			
I. Income exempt from federal taxation.....	27I.			
J. Total Add lines 27A, 27B, 27C, 27D, 27E, 27F, 27G, 27H and 27I.....	27J.			
K. Ratio in Rhode Island, line 27J, column A divided by line 27J, column B.....			27K.	

SALARIES

28. A. Salaries and wages paid or incurred.....	28A.			
B. Ratio in Rhode Island, line 28A, column A divided by line 28A, column B.....			28B.	

RATIO

29. Total of Rhode Island ratios shown on lines 26F, 27K and 28B.....	29.	__ . ____
30. Apportionment Ratio - line 29 divided by the number 3 or the number of ratios used - enter here and on page 1, Section A, line 7.	30.	__ . ____

SECTION D: QUALIFIED ELECTING MEMBER INFORMATION

NAME	ADDRESS	SOCIAL SECURITY NUMBER	RI SOURCE INCOME	RI INCOME TAX

Attach additional schedules, if more space is required.

Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct and complete.

Signature

Title

Date

Sign Here ➡

May the division contact your preparer about this return? Yes No

Signature of preparer

SSN, PTIN or EIN

Telephone number

Sign Here ➡

()

2004 INSTRUCTIONS FOR FILING RI-1040C

For more information on filing a Composite Return or to obtain forms, refer to Rhode Island Division of Taxation's website : www.tax.ri.gov or call (401) 222-1111

GENERAL INFORMATION

Form RI-1040C is used to report the Rhode Island source income of qualified electing nonresident members of Sub S Corporations, LLCs, Partnerships, and Trusts.

If a pass-through entity is doing business in Rhode Island, or has income, gain, loss, or deduction derived from or connected with sources within Rhode Island, it can file a composite return on behalf of those qualified electing nonresident members. All of the qualified electing nonresident members must have the same taxable year.

In order to be included in the composite filing, the nonresident member must complete a Form RI 1040C-NE and file it with the entity from which they are receiving the Rhode Island source income. The entity must keep all of these election forms on file and be able to furnish them to the Rhode Island Division of Taxation upon request.

DUE DATE: RI 1040-C is due on the fifteenth day of the fourth month following the close of the taxable year of the qualified electing nonresident members. (April 15, 2005 for calendar year taxpayers).

Send return to:

R.I. Division of Taxation
One Capitol Hill
Providence, RI 02908-5806

SPECIFIC INSTRUCTIONS

Please complete the top of the return by filling in the name, address and federal identification number.

SECTION A: COMPUTATION OF INCOME

Line 1 - Enter your total Federal Taxable Income from Federal Form 1120S, line 21; Federal Form 1065, line 22 or Federal Form 1041, line 18, and add to that any separately stated income listed on your K-1.

Line 2 - Modifications Increasing Federal Taxable Income

Line 2A - Enter any income from obligations of any state or its political subdivisions, other than Rhode Island.

Line 2B - Enter Bonus Depreciation and the increased Section 179 Depreciation that must be added back to Rhode Island income.

Due to the passage of a bill disallowing federal bonus depreciation for Rhode Island purposes, any bonus depreciation taken for federal purposes must be added back as a modification to income.

Due to the passage of a bill disallowing the increase in the section 179 depreciation under the Jobs and Growth Tax Relief Reconciliation Act of 2003, section 179 depreciation will remain limited to \$25,000 for Rhode Island purposes. Therefore, any additional section 179 depreciation taken for federal purposes must be added back as a modification to income.

A separate schedule of depreciation must be kept for Rhode Island purposes. The gain or loss on the sale or other disposition of the asset is to be determined, for Rhode Island purposes, using the Rhode Island depreciation schedule.

For further information regarding bonus depreciation or section 179 depreciation refer to the General Instructions of Form RI-1040NR, Rhode Island Nonresident Income Tax return.

Line 2C - Enter any other modifications increasing Federal Taxable Income and provide an explanation for that modification.

Line 3 - Total Modifications Increasing Federal Taxable Income - add lines 2A, 2B and 2C.

Line 4 - Modifications Decreasing Federal Taxable Income

Line 4A - Enter any income from obligations of the United State Government to the extent that it is included in income for federal tax purposes but exempt for state purposes.

Line 4B - Enter Bonus Depreciation and Section 179 Depreciation that has not been taken for federal purposes because the depreciation was not taken originally.

Since a bill was passed disallowing federal bonus depreciation for Rhode Island purposes, in the first year any bonus depreciation taken for federal purposes should have been added back as a modification to income. Therefore, in subsequent years, if federal depreciation is less than what previously would have been allowed, the difference can be deducted as

a modification to income.

Since a bill was passed disallowing the increase in the section 179 depreciation under the Jobs and Growth Tax Relief Reconciliation Act of 2003, section 179 depreciation will remain limited to \$25,000 for Rhode Island purposes. Therefore, in the first year any additional section 179 depreciation taken for federal purposes should have been added back as a modification to income. Accordingly, in subsequent years, if federal depreciation is less than what previously would have been allowed, the difference can be deducted as a modification to income.

A separate schedule of depreciation must be kept for Rhode Island purposes. The gain or loss on the sale or other disposition of the asset is to be determined, for Rhode Island purposes, using the Rhode Island depreciation schedule.

For further information regarding bonus depreciation or section 179 depreciation refer to the General Instructions of Form RI-1040NR, Rhode Island Nonresident Income Tax return.

Line 4C - Enter any other modifications decreasing Federal Taxable Income and provide an explanation for that modification.

Line 5 - Total Modifications Decreasing Federal Taxable Income - add lines 4A, 4B and 4C.

Line 6 - Modified Federal Taxable Income- Add line 1 to line 3 and then subtract line 5. (Line 1 + line3 - line 5)

Line 7 - Rhode Island apportionment ratio: If the entity operates solely in Rhode Island, enter 1.0000. If it is a multistate entity, enter computed ratio from line 30 of apportionment worksheet located on page 2, Section C. (Carry ratio to four decimal places.)

Line 8 - Rhode Island Source Income - multiply your Modified Federal Taxable Income (line 6) by the apportionment ratio (line 7).

SECTION B: COMPUTATION OF TAX

Line 9 - Rhode Island Composite Income Tax rate of 9.9%.

Line 10 - Rhode Island Income Tax - multiply your Rhode Island Source Income (line 8) by the Rhode Island Composite Income Tax rate (line 9).

Line 11 - Enter any Rhode Island credit amounts, indicate the credit form number(s) and attach the credit form(s) to the 1040C.

Line 12 - Rhode Island Tax after credits - subtract Rhode Island credits (line 11) from Rhode Island Income Tax (line 10). If less than zero, enter zero.

Line 13 - Qualified electing nonresident members' percentage of ownership. If all members are nonresidents, enter 1.0000. (Carry ratio to four decimal places.)

Line 14 - Rhode Island Tax of the qualified electing nonresident members - multiply Rhode Island Tax after Credits (line 12) by the qualified electing nonresident members' percentage of ownership (line 13).

Line 15 - Rhode Island estimated payments made on RI 1040C-ES and amount applied from 2003 composite return.

Line 16 - Enter any nonresident real estate withholding paid on behalf of the qualified electing nonresident members.

Line 17 - Enter any Rhode Island nonresident withholding from pass-through entities from Form RI 1099-PT, box 8 that was made on behalf of entity members before electing to be included on the composite return. Be sure to attach the Form(s) RI 1099-PT to the composite filing.

Line 18 - Enter any other payments. If an extension was filed, enter the amount paid with the extension, attach the extension form, Form RI-4868C, to your return and check the box indicating that the extension is attached.

Line 19 - Total all payments. Add lines 15, 16, 17 and 18.

Line 20 - Amount due - If line 14 is larger than line 19, subtract line 19 from line 14. This is the amount of tax you owe.

Line 21 - Underestimating interest due. If you have prepared the RI-2210C, check the box on line 21 and attach the RI-2210C to the return. **(Not applicable for 2004 tax year.)**

Line 22 - Total amount due - add tax due (line 20) plus the underestimating interest due (line 21). This is the total amount due. Complete payment voucher RI

1040C-V and send in with return and payment made to R.I. Division of Taxation.

Line 23 - Overpayment - If line 14 is smaller than line 19, subtract line 14 from line 19. This is the amount you have overpaid.

Line 24 - Enter the amount of the overpayment (line 23) that you would like refunded.

Line 25 - Enter the amount of the overpayment (line 23) that you would like applied to your 2005 RI-1040C estimated tax.

SECTION C: APPORTIONMENT

In the apportionment section, you will be using a three factor formula to determine the Rhode Island apportionment ratio for the qualified electing nonresident members.

In column A, you will be entering the Rhode Island portion of each item. In column B you will be entering the Total (from everywhere) amount of each item.

Average Net Book Value

Line 26A - Enter the Rhode Island and the Total amounts for **Inventory**.

Line 26B - Enter the Rhode Island and the Total amounts for **Depreciable Assets**.

Line 26C - Enter the Rhode Island and the Total amounts for **Land**.

Line 26D - Enter the Rhode Island and the Total amounts for **Rent** (8 times the annual net rental rate).

Line 26E - Total the Net Book Value items - Add lines 26A, 26B, 26C and 26D.

Line 26F - Average Rhode Island Net Book Value Ratio - divide line 26E in column A by line 26E in column B (carry to four decimal places).

Receipts

Line 27A - Enter the Rhode Island and the Total amounts for **Gross Receipts**.

Line 27B - Enter the Rhode Island and the Total amounts for **Dividends**.

Line 27C - Enter the Rhode Island and the Total amounts for **Interest**.

Line 27D - Enter the Rhode Island and the Total amounts for **Rents**.

Line 27E - Enter the Rhode Island and the

Total amounts for **Royalties**.

Line 27F - Enter the Rhode Island and the Total amounts for **Net Capital Gains**.

Line 27G - Enter the Rhode Island and the Total amounts for **Ordinary Income**.

Line 27H - Enter the Rhode Island and the Total amounts for **Other Income**.

Line 27I - Enter the Rhode Island and the Total amounts for **Income Exempt from Federal Taxation**.

Line 27J - Total the Receipts items - Add lines 27A, 27B, 27C, 27D, 27E, 27F, 27G, 27H and 27I.

Line 27K - Average Rhode Island Receipts Ratio - divide line 27J in column A by line 27J in column B. (Carry to four decimal places).

Salaries

Line 28A - Enter the Rhode Island and the Total amounts for Salaries and Wages paid or incurred.

Line 28B - Average Rhode Island Salaries Ratio - divide line 28A in column A by line 28A in column B. (Carry to four decimal places).

Rhode Island Apportionment Ratio

Line 29 - Total the three ratios by adding lines 26F, 27K and 28B.

Line 30 - Apportionment Ratio: If all three ratio factors were used, divide line 29 by the number 3. If all three ratio factors were not used, divide line 29 by the number of ratios used. (Carry to four decimal places). Enter the number here on line 30 and on page 1, Section A, line 7.

SECTION D: MEMBER INFORMATION

Enter the names, addresses, social security numbers, the amount of Rhode Island source income and the amount of Rhode Island tax for each qualified electing nonresident member.

If more space is needed, attach additional schedules to the return.

SIGN AND DATE THE RETURN

An officer representing the pass-through entity must sign and date the return. An unsigned return cannot be processed. Any paid preparer who prepares the return must also sign as "preparer." If you wish to allow the R.I. Division of Taxation to contact your paid preparer should questions arise regarding your return, please check the box above your preparer's name.

RI-1040C RHODE ISLAND COMPOSITE INCOME TAX RETURN 2004

Entity Type	Name			
<input type="checkbox"/> Sub S Corporation	Address Line 1			
<input type="checkbox"/> LLC	Address Line 2			
<input type="checkbox"/> Partnership				
<input type="checkbox"/> Trust	City, Town or Post Office	State	Zip Code	Federal Identification Number

SECTION A: COMPUTATION OF INCOME

1. Total Federal Taxable income - From Federal Form 1120S, line 21; Federal Form 1065, line 22 or Federal Form 1041, line 18, plus any separately stated income items listed on K-1.....	1.	
2. MODIFICATIONS INCREASING FEDERAL TAXABLE INCOME		
A. Income from obligations of any state or its political subdivisions, other than RI (attach documentation).....	2A.	
B. Bonus Depreciation and Section 179 Depreciation.....	2B.	
C. Other modifications (attach documentation).....	2C.	
3. Total modifications INCREASING Federal Taxable Income - Add lines 2A, 2B and 2C.....	3.	
4. MODIFICATIONS DECREASING FEDERAL TAXABLE INCOME		
A. Income from obligations of the US government included in federal income but exempt from state income taxes (attach documentation).....	4A.	
B. Bonus Depreciation and Section 179 Depreciation.....	4B.	
C. Other modifications (attach documentation).....	4C.	
5. Total modifications DECREASING Federal Taxable Income - Add lines 4A, 4B and 4C.....	5.	
6. Modified Federal Taxable Income - line 1 plus line 3 less line 5.....	6.	
7. Rhode Island apportionment ratio from page 2, Section C, line 30 (multistate entities only - entities solely in RI enter 1.000).....	7.	. _ _ _ _
8. Rhode Island source income multiply line 6 by line 7.....	8.	

SECTION B: COMPUTATION OF TAX

9. Rhode Island composite income tax rate.....	9.	9.9%
10. RHODE ISLAND INCOME TAX - Multiply line 8 by line 9.....	10.	
11. Rhode Island credits - indicate credit form number(s) _____ attach forms.....	11.	
12. Rhode Island income tax after credits - subtract line 11 from line 10 (not less than zero).....	12.	
13. Qualified electing nonresident members' percent of ownership (if all such members are nonresidents enter 1.0000).....	13.	. _ _ _ _
14. Rhode Island income tax of qualified electing nonresident members - multiply line 12 by line 13.....	14.	
15. Rhode Island estimated payments made on RI 1040C-ES and amount applied from 2003 composite return.....	15.	Check <input checked="" type="checkbox"/> if extension is attached. <input type="checkbox"/>
16. Rhode Island nonresident real estate withholding of qualified electing nonresident members.....	16.	
17. RI nonresident withholding received from pass-through entities from RI 1099-PT - attach form(s).....	17.	
18. Other payments.....	18.	
19. Total payments - Add lines 15, 16, 17 and 18.....	19.	
20. AMOUNT DUE - If line 14 is LARGER than line 19, subtract line 19 from line 14.....	20.	
21. Underestimating interest due. If RI-2210C is prepared check box <input type="checkbox"/> and attach RI-2210C to the return.....	21.	not applicable in 2004
22. TOTAL DUE - Add lines 20 and 21. Complete RI 1040C-V.....	22.	
23. OVERPAYMENT - If line 14 is SMALLER than line 19, subtract line 14 from line 19. This is the amount you overpaid.....	23.	
24. Amount of overpayment to be refunded.....	24.	
25. Amount of overpayment to be applied to 2005 RI-1040C estimated tax.....	25.	

SECTION C: APPORTIONMENT

2004

AVERAGE NET BOOK VALUE

column A
Rhode Island

column B
everywhere

26. A. Inventory.....	26A.			
B. Depreciable assets.....	26B.			
C. Land.....	26C.			
D. Rent (8 times annual net rental rate).....	26D.			
E. Total- Add lines 26A, 26B, 26C and 26D.....	26E.			
F. Ratio in Rhode Island, line 26E, Column A divided by line 26E, Column B.....			26F.	

RECEIPTS

27. A. Gross receipts.....	27A.			
B. Dividends.....	27B.			
C. Interest.....	27C.			
D. Rents.....	27D.			
E. Royalties.....	27E.			
F. Net capital gains.....	27F.			
G. Ordinary income.....	27G.			
H. Other income.....	27H.			
I. Income exempt from federal taxation.....	27I.			
J. Total Add lines 27A, 27B, 27C, 27D, 27E, 27F, 27G, 27H and 27I.....	27J.			
K. Ratio in Rhode Island, line 27J, column A divided by line 27J, column B.....			27K.	

SALARIES

28. A. Salaries and wages paid or incurred.....	28A.			
B. Ratio in Rhode Island, line 28A, column A divided by line 28A, column B.....			28B.	

RATIO

29. Total of Rhode Island ratios shown on lines 26F, 27K and 28B.....	29.	__ . ____
30. Apportionment Ratio - line 29 divided by the number 3 or the number of ratios used - enter here and on page 1, Section A, line 7.	30.	__ . ____

SECTION D: QUALIFIED ELECTING MEMBER INFORMATION

NAME	ADDRESS	SOCIAL SECURITY NUMBER	RI SOURCE INCOME	RI INCOME TAX

Attach additional schedules, if more space is required.

Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct and complete.

Signature

Title

Date

Sign Here ➡

May the division contact your preparer about this return? Yes No

Signature of preparer

SSN, PTIN or EIN

Telephone number

Sign Here ➡

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2004 INSTRUCTIONS FOR FILING RI-1040C

For more information on filing a Composite Return or to obtain forms, refer to Rhode Island Division of Taxation's website : www.tax.ri.gov or call (401) 222-1111

GENERAL INFORMATION

Form RI-1040C is used to report the Rhode Island source income of qualified electing nonresident members of Sub S Corporations, LLCs, Partnerships, and Trusts.

If a pass-through entity is doing business in Rhode Island, or has income, gain, loss, or deduction derived from or connected with sources within Rhode Island, it can file a composite return on behalf of those qualified electing nonresident members. All of the qualified electing nonresident members must have the same taxable year.

In order to be included in the composite filing, the nonresident member must complete a Form RI 1040C-NE and file it with the entity from which they are receiving the Rhode Island source income. The entity must keep all of these election forms on file and be able to furnish them to the Rhode Island Division of Taxation upon request.

DUE DATE: RI 1040-C is due on the fifteenth day of the fourth month following the close of the taxable year of the qualified electing nonresident members. (April 15, 2005 for calendar year taxpayers).

Send return to:

R.I. Division of Taxation
One Capitol Hill
Providence, RI 02908-5806

SPECIFIC INSTRUCTIONS

Please complete the top of the return by filling in the name, address and federal identification number.

SECTION A: COMPUTATION OF INCOME

Line 1 - Enter your total Federal Taxable Income from Federal Form 1120S, line 21; Federal Form 1065, line 22 or Federal Form 1041, line 18, and add to that any separately stated income listed on your K-1.

Line 2 - Modifications Increasing Federal Taxable Income

Line 2A - Enter any income from obligations of any state or its political subdivisions, other than Rhode Island.

Line 2B - Enter Bonus Depreciation and the increased Section 179 Depreciation that must be added back to Rhode Island income.

Due to the passage of a bill disallowing federal bonus depreciation for Rhode Island purposes, any bonus depreciation taken for federal purposes must be added back as a modification to income.

Due to the passage of a bill disallowing the increase in the section 179 depreciation under the Jobs and Growth Tax Relief Reconciliation Act of 2003, section 179 depreciation will remain limited to \$25,000 for Rhode Island purposes. Therefore, any additional section 179 depreciation taken for federal purposes must be added back as a modification to income.

A separate schedule of depreciation must be kept for Rhode Island purposes. The gain or loss on the sale or other disposition of the asset is to be determined, for Rhode Island purposes, using the Rhode Island depreciation schedule.

For further information regarding bonus depreciation or section 179 depreciation refer to the General Instructions of Form RI-1040NR, Rhode Island Nonresident Income Tax return.

Line 2C - Enter any other modifications increasing Federal Taxable Income and provide an explanation for that modification.

Line 3 - Total Modifications Increasing Federal Taxable Income - add lines 2A, 2B and 2C.

Line 4 - Modifications Decreasing Federal Taxable Income

Line 4A - Enter any income from obligations of the United State Government to the extent that it is included in income for federal tax purposes but exempt for state purposes.

Line 4B - Enter Bonus Depreciation and Section 179 Depreciation that has not been taken for federal purposes because the depreciation was not taken originally.

Since a bill was passed disallowing federal bonus depreciation for Rhode Island purposes, in the first year any bonus depreciation taken for federal purposes should have been added back as a modification to income. Therefore, in subsequent years, if federal depreciation is less than what previously would have been allowed, the difference can be deducted as

a modification to income.

Since a bill was passed disallowing the increase in the section 179 depreciation under the Jobs and Growth Tax Relief Reconciliation Act of 2003, section 179 depreciation will remain limited to \$25,000 for Rhode Island purposes. Therefore, in the first year any additional section 179 depreciation taken for federal purposes should have been added back as a modification to income. Accordingly, in subsequent years, if federal depreciation is less than what previously would have been allowed, the difference can be deducted as a modification to income.

A separate schedule of depreciation must be kept for Rhode Island purposes. The gain or loss on the sale or other disposition of the asset is to be determined, for Rhode Island purposes, using the Rhode Island depreciation schedule.

For further information regarding bonus depreciation or section 179 depreciation refer to the General Instructions of Form RI-1040NR, Rhode Island Nonresident Income Tax return.

Line 4C - Enter any other modifications decreasing Federal Taxable Income and provide an explanation for that modification.

Line 5 - Total Modifications Decreasing Federal Taxable Income - add lines 4A, 4B and 4C.

Line 6 - Modified Federal Taxable Income- Add line 1 to line 3 and then subtract line 5. (Line 1 + line3 - line 5)

Line 7 - Rhode Island apportionment ratio: If the entity operates solely in Rhode Island, enter 1.0000. If it is a multistate entity, enter computed ratio from line 30 of apportionment worksheet located on page 2, Section C. (Carry ratio to four decimal places.)

Line 8 - Rhode Island Source Income - multiply your Modified Federal Taxable Income (line 6) by the apportionment ratio (line 7).

SECTION B: COMPUTATION OF TAX

Line 9 - Rhode Island Composite Income Tax rate of 9.9%.

Line 10 - Rhode Island Income Tax - multiply your Rhode Island Source Income (line 8) by the Rhode Island Composite Income Tax rate (line 9).

Line 11 - Enter any Rhode Island credit amounts, indicate the credit form number(s) and attach the credit form(s) to the 1040C.

Line 12 - Rhode Island Tax after credits - subtract Rhode Island credits (line 11) from Rhode Island Income Tax (line 10). If less than zero, enter zero.

Line 13 - Qualified electing nonresident members' percentage of ownership. If all members are nonresidents, enter 1.0000. (Carry ratio to four decimal places.)

Line 14 - Rhode Island Tax of the qualified electing nonresident members - multiply Rhode Island Tax after Credits (line 12) by the qualified electing nonresident members' percentage of ownership (line 13).

Line 15 - Rhode Island estimated payments made on RI 1040C-ES and amount applied from 2003 composite return.

Line 16 - Enter any nonresident real estate withholding paid on behalf of the qualified electing nonresident members.

Line 17 - Enter any Rhode Island nonresident withholding from pass-through entities from Form RI 1099-PT, box 8 that was made on behalf of entity members before electing to be included on the composite return. Be sure to attach the Form(s) RI 1099-PT to the composite filing.

Line 18 - Enter any other payments. If an extension was filed, enter the amount paid with the extension, attach the extension form, Form RI-4868C, to your return and check the box indicating that the extension is attached.

Line 19 - Total all payments. Add lines 15, 16, 17 and 18.

Line 20 - Amount due - If line 14 is larger than line 19, subtract line 19 from line 14. This is the amount of tax you owe.

Line 21 - Underestimating interest due. If you have prepared the RI-2210C, check the box on line 21 and attach the RI-2210C to the return. **(Not applicable for 2004 tax year.)**

Line 22 - Total amount due - add tax due (line 20) plus the underestimating interest due (line 21). This is the total amount due. Complete payment voucher RI

1040C-V and send in with return and payment made to R.I. Division of Taxation.

Line 23 - Overpayment - If line 14 is smaller than line 19, subtract line 14 from line 19. This is the amount you have overpaid.

Line 24 - Enter the amount of the overpayment (line 23) that you would like refunded.

Line 25 - Enter the amount of the overpayment (line 23) that you would like applied to your 2005 RI-1040C estimated tax.

SECTION C: APPORTIONMENT

In the apportionment section, you will be using a three factor formula to determine the Rhode Island apportionment ratio for the qualified electing nonresident members.

In column A, you will be entering the Rhode Island portion of each item. In column B you will be entering the Total (from everywhere) amount of each item.

Average Net Book Value

Line 26A - Enter the Rhode Island and the Total amounts for **Inventory**.

Line 26B - Enter the Rhode Island and the Total amounts for **Depreciable Assets**.

Line 26C - Enter the Rhode Island and the Total amounts for **Land**.

Line 26D - Enter the Rhode Island and the Total amounts for **Rent** (8 times the annual net rental rate).

Line 26E - Total the Net Book Value items - Add lines 26A, 26B, 26C and 26D.

Line 26F - Average Rhode Island Net Book Value Ratio - divide line 26E in column A by line 26E in column B (carry to four decimal places).

Receipts

Line 27A - Enter the Rhode Island and the Total amounts for **Gross Receipts**.

Line 27B - Enter the Rhode Island and the Total amounts for **Dividends**.

Line 27C - Enter the Rhode Island and the Total amounts for **Interest**.

Line 27D - Enter the Rhode Island and the Total amounts for **Rents**.

Line 27E - Enter the Rhode Island and the

Total amounts for **Royalties**.

Line 27F - Enter the Rhode Island and the Total amounts for **Net Capital Gains**.

Line 27G - Enter the Rhode Island and the Total amounts for **Ordinary Income**.

Line 27H - Enter the Rhode Island and the Total amounts for **Other Income**.

Line 27I - Enter the Rhode Island and the Total amounts for **Income Exempt from Federal Taxation**.

Line 27J - Total the Receipts items - Add lines 27A, 27B, 27C, 27D, 27E, 27F, 27G, 27H and 27I.

Line 27K - Average Rhode Island Receipts Ratio - divide line 27J in column A by line 27J in column B. (Carry to four decimal places).

Salaries

Line 28A - Enter the Rhode Island and the Total amounts for Salaries and Wages paid or incurred.

Line 28B - Average Rhode Island Salaries Ratio - divide line 28A in column A by line 28A in column B. (Carry to four decimal places).

Rhode Island Apportionment Ratio

Line 29 - Total the three ratios by adding lines 26F, 27K and 28B.

Line 30 - Apportionment Ratio: If all three ratio factors were used, divide line 29 by the number 3. If all three ratio factors were not used, divide line 29 by the number of ratios used. (Carry to four decimal places). Enter the number here on line 30 and on page 1, Section A, line 7.

SECTION D: MEMBER INFORMATION

Enter the names, addresses, social security numbers, the amount of Rhode Island source income and the amount of Rhode Island tax for each qualified electing nonresident member.

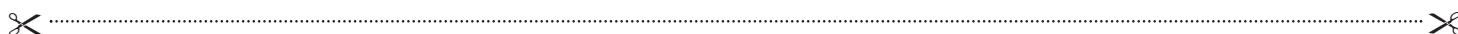
If more space is needed, attach additional schedules to the return.

SIGN AND DATE THE RETURN

An officer representing the pass-through entity must sign and date the return. An unsigned return cannot be processed. Any paid preparer who prepares the return must also sign as "preparer." If you wish to allow the R.I. Division of Taxation to contact your paid preparer should questions arise regarding your return, please check the box above your preparer's name.

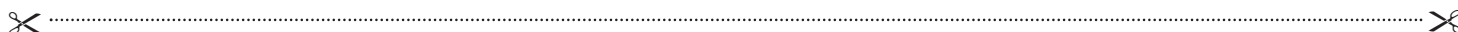
<input type="checkbox"/> Check if corrected	2. Payer's Entity Type <input type="checkbox"/> Sub S Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Partnership <input type="checkbox"/> Trust	2004 RI 1099-PT	Rhode Island Pass-Through Withholding
1. Payer's Federal Identification Number			
3. Payer's Name and Address	4. Recipient's Name and Address	5. Recipient's Identification Number	
		6. Recipient Type <input type="checkbox"/> Individual <input type="checkbox"/> Pass-through <input type="checkbox"/> Other _____	
		7. Recipient's percent of ownership	
		8. Recipient's RI Withholding	

Copy A - **PAYER** copy (attach to your RI-1096PT)



<input type="checkbox"/> Check if corrected	2. Payer's Entity Type <input type="checkbox"/> Sub S Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Partnership <input type="checkbox"/> Trust	2004 RI 1099-PT	Rhode Island Pass-Through Withholding
1. Payer's Federal Identification Number			
3. Payer's Name and Address	4. Recipient's Name and Address	5. Recipient's Identification Number	
		6. Recipient Type <input type="checkbox"/> Individual <input type="checkbox"/> Pass-through <input type="checkbox"/> Other _____	
		7. Recipient's percent of ownership	
		8. Recipient's RI Withholding	

Copy B - **PAYER** copy (retain for your records)

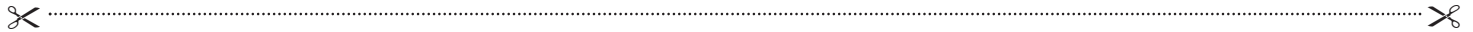


<input type="checkbox"/> Check if corrected	2. Payer's Entity Type <input type="checkbox"/> Sub S Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Partnership <input type="checkbox"/> Trust	2004 RI 1099-PT	Rhode Island Pass-Through Withholding
1. Payer's Federal Identification Number			
3. Payer's Name and Address	4. Recipient's Name and Address	5. Recipient's Identification Number	
		6. Recipient Type <input type="checkbox"/> Individual <input type="checkbox"/> Pass-through <input type="checkbox"/> Other _____	
		7. Recipient's percent of ownership	
		8. Recipient's RI Withholding	

Copy C - **RECIPIENT** copy (attach to your Rhode Island income tax return)

<input type="checkbox"/> Check if corrected	2. Payer's Entity Type <input type="checkbox"/> Sub S Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Partnership <input type="checkbox"/> Trust	2004 RI 1099-PT	Rhode Island Pass-Through Withholding
1. Payer's Federal Identification Number			
3. Payer's Name and Address	4. Recipient's Name and Address	5. Recipient's Identification Number	
		6. Recipient Type <input type="checkbox"/> Individual <input type="checkbox"/> Pass-through <input type="checkbox"/> Other _____	
		7. Recipient's percent of ownership	
		8. Recipient's RI Withholding	

Copy D - **RECIPIENT** copy (retain for your records)



INSTRUCTIONS

For more information on pass-through entity withholding or to obtain forms, refer to Rhode Island Division of Taxation's website : www.tax.ri.gov or call (401) 222-1111.

GENERAL INSTRUCTIONS

PURPOSE: Form RI 1099-PT is used to report Rhode Island pass-through entity withholding for **nonresident** partners, members, beneficiaries and shareholders.

FOR THE RECIPIENT: The amount in box 8 represents the amount of Rhode Island taxes withheld by the pass-through entity on your behalf. Please note that your total pass-through entity income is not reported on this form. The total income will be reported to you on Federal Schedule K-1 by the pass-through entity of which you are an owner or beneficiary. A copy of this form RI 1099-PT must be attached to your Rhode Island Income Tax return in order to receive credit for any withholding made on your behalf.

FOR THE ENTITY: The pass-through entity must supply each nonresident member with a copy of Form RI 1099-PT, showing the amount of Rhode Island withholding for that member. For a Sub S Corporation, Form RI 1099-PT must be issued to the nonresident member(s) no later than the fifteenth day of the third month following the close of the entity's tax year. For an LLC, partnership or trust, Form RI 1099-PT must be issued to the nonresident member(s) no later than the fifteenth day of the fourth month following the close of the entity's tax year. The member must attach this form to their Rhode Island Income Tax return in order to substantiate the amount withheld.

The pass-through entity is required to submit a copy of this form to the Rhode Island Division of Taxation with its filing of Form RI 1096-PT.

SPECIFIC INSTRUCTIONS

Box 1 – Enter the Federal Identification Number of the pass-through entity generating the Rhode Island source income for the recipient and submitting the withholding tax payments on behalf of the recipient.

Box 2 – Check-off the pass-through entity type.

Box 3 – Enter the pass-through entity's name and address.

Box 4 – Enter the recipient's name and address.

Box 5 – Enter the recipient's Identification Number.

Box 6 – Check-off the recipient type if known. Otherwise leave blank.

Box 7 – Enter the recipient's percentage of ownership in this pass-through entity.

Box 8 – Enter the amount of Rhode Island taxes withheld on behalf of the recipient by this pass-through entity.