

# RHODE ISLAND TAX NEWS

A NEWSLETTER FOR TAXPAYERS AND PRACTITIONERS

JANUARY/FEBRUARY/MARCH 2012

## WHAT'S NEW FOR TAX YEAR 2012

Rhode Island in 2010 transformed the state's personal income tax system. The changes, which included a sharp reduction in the top tax rate, took effect in 2011.

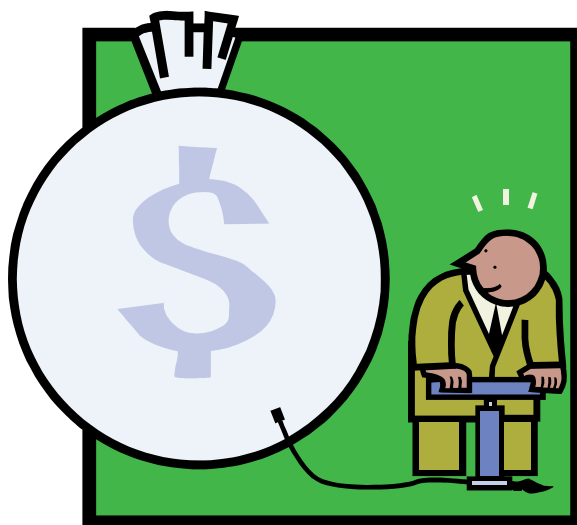
So what's new for 2012? For the first time, some of the key elements in the revamped personal income tax system have been adjusted for inflation.

The figures are important for tax-planning purposes. You need to know about them if you plan to make quarterly estimated payments of personal income tax during the year. You also need them if you're

trying to figure out where you'll stand from a Rhode Island personal income tax standpoint for the year ahead – perhaps because

you're planning asset sales and want to get a ballpark estimate of the tax impact.

*(Please turn to page 2)*



### CONTRABAND:

## INVESTIGATORS SHUT DOWN SMUGGLERS

When investigators went to the home of someone suspected of involvement in the sale of contraband cigarettes, they came upon a woman who had been ironing.

But she hadn't been pressing clothes.

At her house, in the Providence area, she had been painstakingly applying counterfeit tax stamps to pack-

ages of contraband cigarettes – using the hot iron to press the stamps directly onto the bottom of each pack.

That was just one of the elements in a broad and complex case that included:

- ♦ undercover surveillance;
- ♦ secret compartments hidden in stores; and
- ♦ piles of illegal cigarettes

at a self-storage unit in Warwick.

And it all began at the Rhode Island Division of Taxation.

In late 2010, James M. Galvin – Special Investigation Unit Supervisor in the Tax Division's Excise Tax section – unearthed skulduggery involving cigarette sales.

*(Please turn to page 10)*

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# WHAT'S NEW FOR 2012 TAX YEAR (CONTINUED FROM PAGE 1)

## Standard deduction

The Tax Division raised the standard deduction amounts for 2012, by about 4 percent on average, to reflect inflation, as required by statute.

So if you're single, your standard deduction amount is \$7,800 for 2012, up from \$7,500 for 2011.

If you're married and filing a joint return, your standard deduction amount is \$15,600 for 2012, up from \$15,000.

## Exemption amounts

The Tax Division has also raised the amount you're

allowed to claim for each personal and dependency exemption. It's \$3,650 for 2012, up from \$3,500 for 2011.

## Phase-out

Under the old system, the amount of your exemptions and itemized deductions was limited based on your income.

The new system, which took effect for 2011, changed the way in which the limitations work. In general, the new system places limits, based on your income, on your personal and dependency exemption amounts and on your standard deduction amounts (itemizing is no longer allowed).

For 2011, the phase-out starts at \$175,000 of modified federal adjusted gross income (AGI). If modified federal AGI exceeds \$195,000, you get no standard deduction and no personal or dependency exemption. But for 2012, the phase-out range has been adjusted upward to reflect inflation. As a result, fewer taxpayers will be subject to the phase-out. The new phase-out range is \$181,900 to \$202,700.

The Tax Division has also issued a new uniform



## Please note

*Many of the articles in this edition of Rhode Island Tax News focus on what's new for tax year 2012. For information about filing your tax this season, please see the [special edition of Rhode Island Tax News](#).*

Rhode Island personal income tax rate schedule for 2012.

## Higher ranges

The new schedule shows higher income ranges within each of the state's three tax brackets (3.75 percent, 4.75 percent, and 5.99 percent).

For 2011, for example, only your first \$55,000 in Rhode Island taxable income was taxed at the state's lowest personal income tax rate of 3.75 percent.

For 2012, your first \$57,150 in Rhode Island taxable income qualifies for the lowest tax rate.

In other words, for 2012, more of your income will be taxed at the lowest rate, of 3.75 percent, instead of at the next highest rate, of 4.75 percent.

*[\(Please turn to page 3\)](#)*

Standard deduction amounts		
Filing status:	Tax year 2011:	Tax year 2012:
single	\$ 7,500	\$ 7,800
married filing jointly	\$ 15,000	\$ 15,600
head of household	\$ 11,250	\$ 11,700
married filing separately	\$ 7,500	\$ 7,800
Personal and dependency exemption amounts		
	Tax year 2011:	Tax year 2012:
	\$ 3,500	\$ 3,650
Phase-out range for standard deduction, exemption amounts		
	Tax year 2011:	Tax year 2012:
	\$175,000 to \$195,000	\$181,900 to \$202,700

# WHAT'S NEW FOR 2012 TAX YEAR (CONTINUED FROM PAGE 2)

The Tax Division has also adjusted upward the income ranges in the 4.75 percent and 5.99 percent brackets.

Had all the figures remained constant, you might be bumped into a higher bracket – and pay more in tax – solely because of an annual wage increase that was intended to help you keep pace with inflation, an outcome known as bracket creep.

To help offset the effects of bracket creep, the General Assembly included in Rhode Island tax law a provision that requires the tax brackets (as well as standard deduction and personal and dependency exemption amounts, and the phase-out range) to be adjusted annually with inflation.

[\(Click here for more about infla-](#)

Rhode Island personal income tax: rate schedule for 2012				
Over	But not over	Pay	+ percent on excess	of the amount over
\$ 0	\$ 57,150	\$ ----	3.75%	\$ 0
57,150	129,900	2,143.13	4.75%	57,150
129,900	----	5,598.75	5.99%	129,900

[tion adjustments made by the Tax Division for 2012.](#))

### Tax on LPs, LLPs

New for 2012, some business entities will each have to pay an annual tax – a filing fee – of \$500.

It's an amount that's equal

to Rhode Island's annual corporate minimum tax.

The annual tax, which already generally applies to many limited liability companies, S corporations, and others, will expand its scope in tax year 2012 to include LPs

and LLPs.

The law also makes it clear that any limited liability company (LLC) that is not taxed as a corporation for federal and Rhode Island tax purposes must pay the annual \$500 tax.

## MAXIMUM TDI TAX IS REDUCED BY 5.2% FOR 2012

The maximum amount of Rhode Island Temporary Disability Insurance (TDI) tax will be lower for 2012, the result of changes to key figures in the TDI tax formula. As a consequence, some workers will see a 5.2 percent drop this year in the total amount of TDI tax withheld from their paychecks.

The TDI tax has two main

components: the tax rate itself, and the amount of your wages to which that tax rate applies (the taxable wage base). For 2012, the taxable wage base will increase by \$1,600, or 2.7 percent, to \$60,000. But the tax rate will drop, to 1.2 percent from 1.3 percent.

As a result, the maximum TDI tax for 2012 will drop

to \$720 (the tax rate of 1.2 percent applied to \$60,000 of wages.) For 2011, the maximum TDI tax was \$759.20 (the tax rate of 1.3 percent applied to \$58,400 of wages). Whether the amount of your TDI tax goes up or down will generally depend on how much you earn.

TDI tax is paid exclusively by workers. The TDI pro-

gram is administered by the Rhode Island Department of Labor and Training. TDI tax is collected by the Rhode Island Division of Taxation. In 2011, about 391,500 workers contributed to the TDI fund. In general, TDI benefits are for those out of work because of injury or illness unrelated to work.

[\(For more news about TDI, please see page 13.\)](#)

TDI AT A GLANCE	2007	2008	2009	2010	2011	2012
<b>Tax rate:</b>	1.3%	1.3%	1.5%	1.2%	1.3%	1.2%
<b>Taxable wage base:</b>	\$ 52,100	\$ 54,400	\$ 56,000	\$ 57,900	\$ 58,400	\$ 60,000
<b>Maximum annual tax:</b>	\$ 677.30	\$ 707.20	\$ 840.00	\$ 694.80	\$ 759.20	\$ 720.00

## NEW WITHHOLDING TABLES FOR 2012

The Tax Division has issued revised withholding tables for 2012, reflecting inflation adjustments as required by state law.

The tables were constructed based on many of the same principles that were used for the 2011 tables.

However, new for 2012 is a single, uniform table that employers may use to calculate withholding.

Employers should use the uniform table no matter the employee's "filing status" (whether "single" or "married filing jointly," for example.)

The uniform table reflects a change in state law enacted in June 2010.

Also new for 2012, the Tax Division will not make a bulk mailing to employers of the booklet containing the withholding tables. It's part of an effort to save on printing and postage costs for taxpayers.

Instead, the Tax Division is making the tables available for download from its website.

The Tax Division in December began mailing postcards to more than 38,700 employers to inform them of the change.

The postcards advise em-

ployers that the withholding tables may be obtained in any of the following ways:

- ◆ by downloading a copy from the Tax Division website: [www.tax.ri.gov](http://www.tax.ri.gov)
- ◆ by calling the agency's forms request line, at (401) 574-8970; or
- ◆ by requesting a copy by e-mail: [TaxForms@tax.ri.gov](mailto:TaxForms@tax.ri.gov)

The postcards also carry a reminder that certain employers must make withholding tax payments to the Tax Division by electronic funds transfer.

### FORM W-4

*The Tax Division has posted on its website the new Form RI W-4, "Employee's Withholding Allowance Certificate."*

*Workers can use the form to make adjustments to the amount of Rhode Island personal income tax withheld from their paychecks in 2012.*

## UNEMPLOYMENT INSURANCE TAX CHANGES FOR 2012

Many of Rhode Island's 31,000 or so employers will pay more in state unemployment insurance tax this year, part of an overall plan to restore the unemployment insurance trust fund to solvency.

The main issue for most employers will be the taxable wage base, which generally means the maximum amount of wages to which the state's unemployment insurance tax rate applies. For about 80 percent of employers, the taxable wage base will rise about 3 percent, to \$19,600 this year from \$19,000 last year.

For about 20 percent of employers, the taxable wage base will jump by about 11 percent, to \$21,100 this year. The \$21,100 wage base

will be for employers who pay at the state's highest unemployment insurance tax rate, 9.79 percent.

The \$21,100 wage base is intended to help offset the drain that these employers have on the state's unemployment insurance trust fund. In 2010, for example, 44.5 percent of all unemployment benefit payments were attributed to the top 20 percent or so of Rhode Island experience-rated employers.

The changes to the taxable wage base took effect on

January 1, 2012, and will be reflected in first-quarter bills due May 2012. The range of Rhode Island's unemployment insurance tax rates will stay the same for 2012, at 1.69 to 9.79 percent.

Legislation approved by the General Assembly and signed into law by Gov. Lincoln D. Chafee last year ushered in changes to the state's unemployment insurance system to help revitalize the trust fund, which became insolvent during the recession. In addition to making some changes in benefits, the new law tied the

taxable wage base to the average annual Rhode Island wage, and also increased the wage base for employers in the highest tax rate.

The tax is paid by about 30,600 employers. It is collected by the Rhode Island Division of Taxation. The unemployment insurance program is administered by the Rhode Island Department of Labor and Training.

Rhode Island employers also face higher federal unemployment insurance taxes, known as FUTA taxes. [The Rhode Island Department of Labor and Training's web site includes details about the state and federal unemployment insurance taxes.](#)

### Rhode Island Employer Tax: Key figures

<b>Number of Employers:</b>	32,653
<b>Number of Employees:</b>	521,996
Tax Division data for second quarter 2011	

# TAX DIVISION MAILS FORM 1099-G, 1099-INT

The Rhode Island Division of Taxation in January finished mailing the Form 1099-G and the Form 1099-INT. The forms are helpful to taxpayers – and tax professionals – as they prepare returns this season.

### Form 1099-G

In general, the Form 1099-G shows how much of a Rhode Island income tax refund a taxpayer received in

2011. The amount is shown in the form’s Box 2, “State or Local Income Tax Refunds, Credits, or Offsets.” Altogether, the Tax Division ended up sending out 187,805 Forms 1099-G. (Part of a standard Form 1099-G is reproduced below.)

### Form 1099-INT

Also in January, the Tax Division finished mailing the Form 1099-INT. It shows

how much interest a taxpayer received in 2011 on their Rhode Island income-tax refunds. Overall, the agency ended up sending out 4,157 Forms 1099-INT.

If you received either or both forms in the mail, keep in mind that neither is a bill. They’re simply documents to use in preparing your returns. [See Tax Division FAQs for more details.](#)

**TAX TIP**

Check out the [Rhode Island Division of Taxation’s website](#) to learn more about two offers for preparing and filing your federal and state tax returns online at no charge.

PAYER’S name, street address, city, state, ZIP code, and telephone no.		1 Unemployment compensation \$	OMB No. 1545-0120  <b>2011</b>  Form 1099-G	<b>Certain Government Payments</b>
		2 State or local income tax refunds, credits, or offsets \$		
PAYER’S federal identification number	RECIPIENT’S identification number	3 Box 2 amount is for tax year	4 Federal income tax withheld \$	<b>Copy B For Recipient</b>  This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT’S name		5 ATAA/RTAA payments \$	6 Taxable grants \$	
Street address (including apt. no.)		7 Agriculture payments \$	8 If checked, box 2 is trade or business income <input type="checkbox"/>	
City, state, and ZIP code		9 Market gain \$		
Account number (see instructions)		10a State	10b State identification no.	
Form 1099-G		(keep for your records)		Department of the Treasury - Internal Revenue Service

## ESTIMATED TAX COUPONS SET FOR MAILING FOR 2012



The Tax Division has finalized the form many taxpayers use to make quarterly estimated payments of personal income tax.

Thus, in early 2012, the agency plans to mail about 40,000 copies of the 2012 Form RI-1040ES, “Rhode Island Resident and Nonresident Estimated Payment Coupons.”

Taxpayers use the coupons to make quarterly estimated payments, and the coupons serve as a handy reminder.

### A helpful tool

What’s more, each coupon packet also has a table on which you can keep a record of your payments. That can be a helpful tool when it comes time to filing your

annual income tax return. After all, it may not be easy in April to recall with precision the payments you made nearly a year before.

### Download copy

If you haven’t received your copy of the coupons yet, and don’t want to wait, you may [download a copy from the Tax Division website.](#)

# TAX ADMINISTRATOR WINS AWARD

Rhode Island Tax Administrator David M. Sullivan has been chosen winner of the Rhode Island Public Expenditure Council's Gary S. Sasse award.

The award, given for distinguished public service, was formally bestowed upon Sullivan during a ceremony before more than 500 business and government leaders at a meeting at the Rhode Island Convention Center in Providence in November.

Presenting the award was John C. Simmons, who is executive director of RIPEC, a nonprofit public policy research organization. "In his time at the Division of Taxation, David consistently demonstrates a clear command of the issues at hand, and he is able to provide creative, insightful and forward-looking analyses of the major taxation issues facing the state," Simmons said in his speech. "David



## Award winner

*Rhode Island Tax Administrator David M. Sullivan (above) was presented with the Gary S. Sasse award by the Rhode Island Public Expenditure Council (RIPEC) at a recent ceremony at the Rhode Island Convention Center in Providence.*

(Photo courtesy of Rhode Island Public Expenditure Council)

has also cultivated longstanding relationships with members of both the private and public sector, enabling him to build consensus around complex issues. These relationships are a testament to both his leadership skills and his sensitivity to the economic issues facing the state," Simmons stated.

"It's been said that tax administration is tax policy – and as Tax Administrator, David has worked tirelessly to move Rhode Island's tax policy forward," Simmons

told the crowd. "Whether it is his behind-the-scenes work, providing information and guidance to the legislature and staff, or in his role as the public face of the Division of Taxation, David has consistently shown his deep knowledge of tax policy and his commitment to thoughtful reform," Simmons said.

RIPEC said it presents the state-level award each year to a career public employee who makes "a sustained, superior

contribution in the service of the Rhode Island taxpayer." It is given to "an outstanding state employee," RIPEC said. The award is named in honor of Gary S. Sasse, former RIPEC executive director, under whose leadership RIPEC produced more than 75 major studies for governors, mayors, the legislature, and nonprofit groups on state and local policy, government operations, and fiscal and economic issues. Sasse is a former director of the state Department of Revenue and Department of Administration.

Sullivan, formerly Delaware deputy director of revenue, has a master's degree in taxation from Widener University and a bachelor's degree from Lebanon Valley College.

He oversees an agency with about 200 employees and is responsible for administering sales, income, and other taxes, which together bring in about \$2.5 billion in annual revenue.

## SULLIVAN NAMED TO NATIONAL 'TOP TEN' LIST

Rhode Island Tax Administrator David M. Sullivan has been named one of [the top 10 tax administrators in the country by \*State Tax Notes\*](#), an influential weekly tax publication that covers state tax news nationwide.

*State Tax Notes*, published

by the nonprofit Tax Analysts, in Virginia, issued its first annual awards edition in December.

The magazine's staff compiled a list of "the very best in our profession in four categories," including tax administrator. Award re-

cipients were selected based on interviews, polling, and input from the *State Tax Notes* editorial staff.

The magazine named Margaret "Missy" Fulton, assistant commissioner of the New Hampshire Department of Revenue, as its tax

administrator of the year. At the same time, *State Tax Notes* named nine others to its list of the top 10 tax administrators nationwide. (The nine selections were not ranked.) Besides Fulton, Sullivan was the only tax administrator in New England to have been named to the list.

# NATIONAL HONOR GIVEN TO EMPLOYER TAX

The Rhode Island Division of Taxation's Employer Tax section has won a national award for excellence from the U.S. Department of Labor (DOL).

The award was presented at the National Unemployment Insurance Directors Conference and IT/Legal Issues Forum, held at the Biltmore hotel in Providence in October. The award was for "performance excellence in tax operations" for small states during fiscal year 2011.

The Tax Division's Employer Tax section works closely with the Department of Labor and Training and is involved in the administration and collection of taxes involving unemployment insurance, Temporary Disability Insurance (TDI), and the Job Development Fund.

Receiving the honor on the Tax Division's behalf

was Philip D'Ambra, chief revenue agent and head of the Tax Division's Employer Tax section.

The DOL's Employment and Training Administration, Office of Unemployment Insurance, annually reviews performance against core measures established for the unemployment insurance program. Awards go to states that have excelled in surpassing the acceptable levels of performance in various categories.

The award was presented by Gay Gilbert, administrator for the DOL's Office of Unemployment Insurance. A gathering commemorating receipt of the award included D'Ambra and Raymond A. Filippone, assistant director at the DLT who oversees unemployment insurance and TDI programs.

"We're all very proud of the accomplishments of Phil and our entire em-



## National honors

Accepting a national award from the U.S. Department of Labor during a conference in Providence was Philip D'Ambra (center), chief of employer tax at the Rhode Island Division of Taxation. Also present were Raymond A. Filippone (left), assistant director at the Rhode Island Department of Labor and Training who oversees unemployment insurance, and Gay Gilbert (right), administrator, U.S. Office of Unemployment Insurance.

(Photo courtesy of U.S. Department of Labor)

ployer tax section," said Rhode Island Tax Administrator David M. Sullivan. "The award recognizes the high standards that Phil and his team have, and the hard work they all do.

Their work reflects well on the state as a whole," Sullivan said. Director of Labor and Training Charles J. Fogarty commented, "We were delighted but not surprised that our colleagues at the

Division of Taxation were chosen to receive an award for excellence. Their work relating to Unemployment Insurance and Temporary Disability Insurance continues to be exemplary."

# INTEREST RATES SET FOR UNDERPAYMENTS, OVERPAYMENTS

The Rhode Island Division of Taxation has set interest rates — for delinquencies and for overpayments — for 2012.

The interest rate on delinquent tax payments is at the rate of

18% per annum. It will be in effect for calendar year 2012. The interest rate for overpayments is at the rate of 3.25% per annum. It will be in effect for calendar year 2012.

The rates for underpayments and overpayments are unchanged from calendar year 2011. The Tax Division has posted a [list of historical interest rates](#) on its website.



Interest rates:	2007	2008	2009	2010	2011	2012
Delinquencies	18%	18%	18%	18%	18%	18%
Overpayments	8.25%	7.75%	5.00%	3.25%	3.25%	3.25%

# RHODE ISLAND WINS RECERTIFICATION

The Streamlined Sales Tax Governing Board has found Rhode Island to be in compliance with the Streamlined Sales and Use Tax Agreement.

As a result, Rhode Island has been recertified, which essentially means it can continue as a member of the agreement for 2012.

Rhode Island became a full member of the Agreement on January 1, 2007. There are 21 full members of the Agreement altogether.

The purpose of the agreement is to simplify and modernize sales and use tax administration in order to substantially reduce the burden of tax compliance.

The agreement focuses on improving sales and use tax administration systems for all sellers and for all types of commerce through the follow-



ing:

- state level administration of sales and use tax collections;
- uniformity in the state and local tax bases;
- uniformity of major tax base definitions;
- central, electronic registration system for all member states;
- simplification of state and local tax rates;
- uniform sourcing rules for all taxable transactions;
- simplified administration of exemptions;
- simplified tax returns;
- simplification of tax re-

mittances; and

- protection of consumer privacy.

Rhode Island's membership in the agreement has some far-reaching effects. For example, certain out-of-state retailers have no physical presence in a given state and are therefore not required to collect that state's sales tax and remit it to that state.

But because Rhode Island is a member of the Streamlined Sales and Use Tax Agreement, some of those out-of-state retailers have voluntarily agreed to collect and remit Rhode Island sales tax – generating about \$1.8 mil-

lion in annual revenue that Rhode Island might not otherwise receive.

Rhode Island is one of 24 states that have adopted the simplification measures in the Streamlined Sales and Use Tax Agreement. But recertification is not a slam dunk; member states must pass muster before their membership can be renewed. Some states are found to be out of compliance, and must take steps before they can proceed.

Peter McVay, associate director of revenue services, led Rhode Island's successful effort in 2011 to obtain recertification for 2012.

[Click here](#) for more about Rhode Island's participation in the Streamlined Sales and Use Tax Agreement.



## Mark your calendar

There's a new tax-filing deadline, at least for this year:  
April 17, 2012

## REMINDER ON TAX-FILING DEADLINE

Don't forget that, for many taxpayers, this year's tax-filing deadline will be April 17 - for federal and Rhode Island returns.

The reason has to do with a series of events on the calendar.

It turns out that April 15 falls on a Sunday this year.

[The following day is Emancipation Day in Washington, D.C., which the](#)

[IRS will observe.](#) As a result, the federal filing deadline will be midnight on Tuesday,

April 17, and Rhode Island will follow suit.

### REFUNDS INCREASE

Rhode Island personal income tax refunds were averaging \$612 early this filing season, up from \$394 at the same point last year, according to figures as of February 3, when the filing season was just over two weeks old.

The aggregate amount of refunds issued jumped 71 percent, to \$30.4 million.



## NEW CHIEF TAKES REINS IN COLLECTIONS

Rhode Island Tax Administrator David M. Sullivan has appointed a new chief for the Division of Taxation's Compliance & Collections section.

Jacques Moreau, a long-time Tax Division employee who most recently served in the agency's Excise Tax section, took over as chief of Compliance & Collections in December. He replaced Tax Division veteran Paul H. Guertin, who retired after working for the agency for more than 35 years.

"Paul had a distinguished career and we thank him for his many, many years of service," Sullivan said.

"We are delighted that Jacques will move into this critical role for the Tax



### Change in command

*Jacques Moreau (left), formerly a principal revenue agent in the Rhode Island Division of Taxation's Excise Tax unit, has been promoted to chief of the agency's Compliance & Collections section. He succeeds Paul H. Guertin (right), who retired in December.*

Division. We're confident of his leadership, and we know that the entire staff of our Compliance & Collections section will continue to perform their vital functions while serving the citizens of Rhode

Island," Sullivan said.

Moreau will oversee more than 30 people in one of the Tax Division's largest and highest-profile units. The section's areas of responsibil-

ity include the following:

- ◆ sales permit block program;
- ◆ license block program;
- ◆ two lists of the "Top 100" tax delinquents;
- ◆ refund offsets;
- ◆ offers in compromise; and
- ◆ installment agreements.

Moreau, a Bryant University graduate, began his nearly 14-year Tax Division career with the Compliance & Collections section. He later worked in Field Audit and in Excise Tax, where he most recently was a principal and helped lead a team involved in a multi-state investigation of contraband cigarette smuggling.

## FEDERAL, RHODE ISLAND LAWS DIFFER ON REFUNDS

How long do you get to claim a refund?

In other words, well after a particular tax year ends – and after the tax return for that year is due, how much time do you get to file a claim for a refund? And how much -- if anything -- might you be eligible to receive?

Federal and Rhode Island law differ in this regard -- and the difference sometimes catches taxpayers (and their preparers) by surprise.

Federal law is more expansive. For example, in general, federal law allows for both a two-year and a three-year look-back provision; Rhode Island law allows only a two-year look-back.

It's not some oversight or mere technicality. Rhode Island law on this topic has been in force for 40 years, state hearing officer Catherine R. Warren wrote in a recent Administrative Deci-

sion on tax refunds. "Indeed, when reviewing the statute in its entirety and applying the plain meaning of the language, it is clear that the legislature intended to strictly limit the time to claim a refund and amounts of refunds," she wrote.

"The [Rhode Island] statute has not been amended for 40 years, contains clear differences from the federal statute, and is clear and unambiguous regarding its differing time limits," she wrote.

The problem is that some taxpayers file claims for refunds well after the allow-

able time period has elapsed -- then go through a lengthy and potentially costly appeal -- based on the faulty assumption that federal and state refund laws are the same.

*To find out more about how Rhode Island refund laws work, see the following Administrative decisions:*

[Decision 2011-20](#)

[Decision 2011-15](#)

*Details are in Rhode Island General Laws § [44-30-87](#).*

§ § §



**CONTRABAND:****SMUGGLING RING SHUT DOWN** (CONTINUED FROM PAGE 1)

Galvin sniffed out a smuggling ring in the Providence area, focusing on the sale of contraband cigarettes.

Galvin's dogged efforts – along with the diligent work of others in the Excise Tax section, including Chief Revenue Agent Donald Englert and Principal Revenue Agent Jacques Moreau (now chief of compliance) – sparked a far-reaching and complex case.

Eventually, the case included not just Tax Division personnel, but also state and federal law enforcement authorities in a multi-state operation.

**Tax background**

In Rhode Island, as in many states, each pack of cigarettes must be stamped with a special state tax stamp. It shows that tax has been paid on the cigarettes, as required by law.

In the case developed by Galvin and others in the Tax Division's Excise Tax section, a Massachusetts man drove rented cargo vans to Virginia and certain other states in that region, loaded up on cigarettes from those locations, then drove the cigarettes to a storage facility just off Route 95 in Warwick. From there, he illegally distributed the contraband cigarettes to a number of local retailers.

The Massachusetts man and several others were arrested and charged in early Novem-

**Smugglers' loot**

*Rhode Island State Police displayed some of the smuggled cigarettes and cash seized during a sweep that shut down a multi-state smuggling ring that was based in Rhode Island. Among the items taken was a heating iron (far right) that investigators allege was used to press counterfeit state tax stamps onto the bottom of contraband cigarette packages.*

ber. Contraband cigarettes, cash, and other items – including the iron – were seized by investigators and set aside as evidence in the case, which continues to work its way through the court system.

**A special agent**

When Galvin and the Excise Tax team uncovered the scam, they did the initial spade work that led to the broader investigation.

From Rhode Island, it spread out across multiple states, and even included the undercover surveillance

work of a special agent with the U.S. Department of Homeland Security: Joseph A. Sullivan.

Rhode Island's cigarette tax – totaling \$3.46 a pack – is one of the highest such taxes in the country. Some areas, especially certain states in the mid-Atlantic and South, levy little or no tax on cigarettes.

At the time of the arrests in November, for example, the tax was 30 cents a pack in Virginia, 45 cents a pack in North Carolina, 57 cents in South Carolina.

As a result, illegally smuggling cigarettes into Rhode Island may appear to offer a quick way to profit – at least until the smuggler is caught.

**Affidavit**

According to an affidavit filed by Special Agent Sullivan, the smuggling enterprise generally worked like this:

The chief culprit in the case traveled to North Carolina, South Carolina, and Virginia to obtain cigarettes for sale in Rhode Island.

*(Please turn to page 11)*

**CONTRABAND:****INVESTIGATORS NAB SMUGGLERS** (CONTINUED FROM PAGE 10)

He purchased Marlboro, Newport, Winston, Seneca, and other brand-name cigarettes from convenience stores and other locations in those states.

He would then haul the stash back to Rhode Island in cargo vans, then drive to the storage unit he rented off Jefferson Boulevard in Warwick, where he stored the cigarettes.

**The wee hours**

He returned to the storage unit, usually during the late evening and early morning hours, to retrieve supplies of the contraband cigarettes. Then he delivered them to various convenience stores and other retailers in the Providence area.

Sometimes he went to the stores themselves; other times he made drop-offs at the homes of store owners or operators.

The smuggling enterprise finally ran aground on Tuesday, November 8, 2011. On a mild and sunny day in Warwick, more than 50 members of the Tax Division staff gathered in a parking lot off Jefferson Boulevard shortly after 7 a.m.

From there, teams of agents fanned out across the state. Included in the sweep were searches of some retail locations, storage facilities, and homes and businesses.

Overall, more than 100 agents and others were involved, including the Rhode Island State Police; local police; the U.S. Treasury's Bureau of Alcohol, Tobacco, Firearms and Explosives; and the U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI) Department.

**Top investigator**

*Jim Galvin, Special Investigation Unit Supervisor at the Rhode Island Division of Taxation, met with other law enforcement personnel at Rhode Island State Police headquarters in Scituate after they helped smash a smuggling ring.*

**Search warrants**

The day marked the simultaneous execution of state search warrants, under the direction of the Rhode Island State Police, at six Rhode Island locations. At the same time, more than two dozen teams of state troopers, local law enforcement officers, federal agents, and Rhode Island Division of Taxation agents executed administrative inspections at retail outlets where the contraband cigarettes were resold.

Meanwhile, federal search warrants executed under the direction of ICE-HSI were conducted that same day at storage facilities in Warwick, Rhode Island; Richmond, Virginia; and at the chief suspect's residence, in Cambridge, Mass.

Altogether, agents seized

about 121,200 packs of contraband cigarettes. Some packs had no tax stamps; others had counterfeit tax stamps; others had tax stamps from other states.

**High praise**

Some of the seized items were placed on display for a news conference at the Colonel Walter E. Stone Conference-Training Center, at Rhode Island State Police headquarters in Scituate. During the news conference, Rhode Island State Police Colonel Steven G. O'Donnell singled out Galvin for his passion in the case, and praised the Tax Division's effort.

"It's a priority for them, and therefore it became a priority for us," O'Donnell said.

*(Please turn to page 12)*

**Team leaders**

*Donald Englert (right), chief of the Rhode Island Division of Taxation's Excise Tax section, and Jacques Moreau (left), then a principal revenue agent in Excise, played key roles in the contraband case. They also took part in a series of raids, and gathered at Rhode Island State Police headquarters in Scituate afterward.*

**CONTRABAND:****SMUGGLING CASE YIELDS RESULTS** (CONTINUED FROM PAGE 11)

Rosemary Booth Gallogly, director of the Rhode Island Department of Revenue, was among those who attended the news conference. She later offered her congratulations to Tax Administrator David M. Sullivan and other agency staff members.

**Illegal profits**

Before authorities brought the curtain down on the illegal enterprise, those involved in the smuggling ring made a lot of money, while Rhode Island lost a lot.

At convenience stores and other retail sites, unsuspecting customers bought the contraband cigarettes at the usual price. But the outfits that were selling the cigarettes had purchased the contraband cigarettes dirt cheap – because they were illegally evading the tax. The packs that were seized on the day of the sweep represented lost revenue to the state of

around \$485,000 (including \$3.46 in Rhode Island excise tax, and 54 cents in Rhode Island sales tax, per pack).

Thus, three groups suffered from the acts of the smuggling ring:

- ◆ Smokers, who unwittingly paid full price for counterfeit smokes;
- ◆ Honest retailers, who found it hard to compete with stores that were illegally undercutting their prices; and
- ◆ Taxpayers, who have suffered through reductions in services and increases in taxes partly because of smugglers and others who fail to pay their fair share.

**Charges brought**

Those arrested in the case face federal and state criminal charges, as well as some civil and administrative actions.

The chief culprit, a native of Syria who resides in Massachusetts, admitted in a plea agreement to being in posses-

**Seizure**

*Investigators seized cash, cigarettes and other items while smashing a smuggling ring. Items were displayed by Rhode Island State Police.*

sion of 2.9 million contraband cigarettes in November.

Charges originally brought against him included possession of fraudulent state tax stamps; money laundering; the illegal transportation, possession, sale and distribution of contraband cigarettes; and travel in interstate commerce with intent to distribute proceeds of an unlawful activity.

On February 9 he pleaded guilty to a single count of trafficking in contraband cigarettes. Sentencing was to be held at a later date.

**A summing up**

After all the search warrants had been executed, and all the arrests had been made, Tax Administrator Sullivan invited all Tax Division personnel to a late-morning assembly in a ground-floor meeting room at the Powers

Building in Providence, where the agency is based. There, he congratulated members of the Excise Tax staff for their efforts. The case appeared to have been the largest such operation in Tax Division history, he said. “It was pretty huge,” he told the staff. “I don’t think we’ve had anything this large.”

**Team effort**

Later, in a letter that he sent to all of the Tax Division’s employees, Tax Administrator Sullivan said, “I am extremely proud of our Excise Tax team for developing this case and following it through to its successful conclusion.

“But I am also extremely proud of the effort made by everyone else in the Tax Division – including those employees who took part in Tuesday’s sweep, and all those who remained behind, efficiently and effectively performing the day-to-day tasks that keep the Tax Division running smoothly and that make such sweeps possible,” he wrote.

Sullivan added, “We have just made a huge dent in the illegal sale of cigarettes. Credit for that goes to every single one of you. And so, to every member of the Rhode Island Division of Taxation staff, I extend my sincerest appreciation. It is an honor and privilege to work with such talented and dedicated professionals.”

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**INVESTIGATION PARTICIPANTS**

**T**he investigation and arrests in this case were announced on November 9, 2011, by Colonel Steven G. O’Donnell, Superintendent of the Rhode Island State Police and Commissioner/Director of the Department of Public Safety; Peter F. Neronha, United States Attorney for the District of Rhode Island; Bruce M. Foucart, Special Agent-in-Charge of ICE-Homeland Security Investigations (ICE-HSI) in New England; Guy N. Thomas, Special Agent-in-Charge of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Boston Field Office, and Rhode Island Tax Administrator David M. Sullivan.

## NEW ESTATE TAX THRESHOLD FOR 2012

The Rhode Island Division of Taxation has established a new estate tax threshold for 2012. It is \$892,865, up 3.9% from \$859,350 for 2011.

For many years, the Rhode Island estate tax threshold was \$675,000.

But a state law enacted in

2009 raised the taxable threshold to \$850,000, effective for decedents dying in 2010.

The same law also required that the threshold amount be adjusted each January thereafter, based on annual inflation, compounded annually, and

rounded to the nearest \$5 increment.

### Estate tax details

For more information about the Rhode Island estate tax, please see [RIGL Chapter 44-22](#) and [this advisory](#), or call the Tax Division's Estate Tax section at (401) 574-8900.

### Estate tax at a glance

Year	Estate tax threshold
2010	\$ 850,000
2011	\$ 859,350
2012	\$ 892,865

## NEW INCOME TAX SCHEDULE FOR TRUSTS, ESTATES

The Tax Division has issued an updated tax rate schedule for 2012 for most estates and trusts.

The schedule will generally be used by fiduciaries to calculate the Rhode Island income tax owed on taxable income earned by trusts and estates in tax year 2011.

The tax rates in the schedule are the same as for 2011, but dollar ranges in each tax bracket have been increased about 3 percent, reflecting inflation.

A state law enacted in 2010 established new rates and brackets for the taxable income of most estates and trusts. The law also required that the brackets be adjusted for inflation.

### Trusts and estates: Tax rate schedule for 2012

Taxable income

Over	But not over	pay this, plus % on excess	of amount over
\$ 0	\$ 2,300	-- 3.75%	\$ 0
\$ 2,300	\$ 7,250	\$ 86.25 4.75%	\$ 2,300
\$ 7,250	.....	\$ 321.38 5.99%	\$ 7,250

Schedule applies to most trusts and estates.

For bankruptcy estates and grantor trusts, use personal income tax schedule.

## MASSACHUSETTS ISSUES DRAFT DIRECTIVE ON TDI

The Massachusetts Department of Revenue on January 25 [issued a draft directive](#) that deals with the treatment of tax paid by workers into [Rhode Island's Temporary Disability Insurance \(TDI\) program](#).

[Massachusetts General Laws c. 62, § 6\(a\)](#) allows a credit against Massachusetts personal income tax for

taxes paid to another jurisdiction.

Does the amount a worker pays in Rhode Island TDI tax count as "taxes paid to another jurisdiction" for Massachusetts purposes?

In a [Letter Ruling in 1977](#), the Massachusetts Commissioner of Revenue ruled that payments made under [Rhode Island's TDI laws](#) were not

the type of taxes to be counted as "taxes paid to another jurisdiction."

However, in the new Draft Directive, the Mass. DOR rules that mandatory contributions imposed under Rhode Island's TDI law do, indeed, qualify as income taxes paid to Rhode Island for purposes of the credit allowed under Massachusetts law.

The Massachusetts DOR said that such a ruling is consistent with federal treatment where payments made under the Rhode Island TDI law have been held to constitute state income taxes and are allowed as a deduction [Internal Revenue Code § 164](#) provided the employee itemizes deductions in computing taxable income.

CORPORATE TAX UPDATECOMBINED REPORTING (*PRO FORMA*) BEGINS

Under a law enacted in June 2011, the Rhode Island Division of Taxation must study the possibility of implementing a different type of tax reporting for business, called combined reporting.

To ensure that the study is as thorough and as accurate as possible, the law requires that certain types of corporations, known as C corporations, provide additional information with their returns for tax years 2011 and 2012.

**Separate entity**

For Rhode Island tax purposes, a C corporation currently reports its income on a "separate entity" basis, as if it were a separate business – even if it is part of a group of businesses that have common ownership and operate in multiple states.

Under the new law, a C

corporation generally will have to file a special schedule, only for study purposes, that combines the income of all of the businesses in its group.

**Schedule CRS**

In general, the schedule, known as Schedule CRS, will be attached to the C corporation's Form RI-1120C for tax years 2011 and 2012. The Tax Division will use that information to put together a study in early 2014 showing what the tax results would be if Rhode Island were to adopt combined reporting.

Preparing and filing the Schedule CRS will mean that certain businesses will have to take some extra steps when filing their Rhode Island corporate income tax returns. The Tax Division's new regulation on combined reporting provides information that tax advisers may use in determin-

**On Capitol Hill**

*Patricia A. Thompson, chair of the American Institute of Certified Public Accountants' national tax executive committee, recently testified before Congress in Washington, D.C. Thompson, tax partner at Piccerelli Gilstein & Co. LLP, of Providence, also provided key input during the Tax Division's crafting of final regulations on pro forma combined reporting.*

(Photo courtesy of Piccerelli Gilstein & Co. and AICPA)

ing whether a client is subject to the new combined reporting requirement.

**Stakeholders**

A team from the Tax Division, led by Tax Administrator David M. Sullivan, put together the regulation. Sullivan also reached out to a number of stakeholders, inviting them early on in the months-long process to provide input.

Chief among them was the Rhode Island Society of Certified Public Accountants, the Rhode Island Public Expenditure Council (RIPEC), and the Economic Progress Institute (formerly known as the Poverty Institute). Sullivan publicly thanked these and other groups for contributing

their time and expertise. He also singled out the work of Patricia A. Thompson, one of the CPAs representing the Rhode Island Society of Certified Public Accountants.

"Pat provided detailed analysis of the regulation at every step of the way, from the time it was proposed to the time it was promulgated. The regulation is better because of the extraordinary efforts she made," Sullivan said of Thompson, who is also tax partner at Piccerelli Gilstein & Co. LLP, Providence.

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**Regulation online**

[Click here to view the Tax Division's Regulation CT 11-15, "Combined Reporting \(\*pro forma\*\)."](#)

**Business corporation tax filers**

<b>Total filers:</b>	38,951
<b>Minimum-tax filers:</b>	36,658
<b>Minimum-tax filers include:</b>	
<b>LLC filers:</b>	4,340
<b>S Corp filers:</b>	21,613
<b>C Corp filers:</b>	10,705

"Total filers" of 38,951 includes "minimum-tax filers" of 36,658

All data for tax year 2010 (through Oct. 27, 2011)

# LEGAL CORNER: RECENT STATE TAX CASES

Following is a summary of tax-related cases in which final decisions were made after administrative hearings. By law, decisions are public information, but taxpayer information cannot be disclosed.

## Sales and use tax

After an audit by a senior revenue agent, the Tax Division found that the taxpayer had purchased furniture and clerical supplies, mostly from Massachusetts, but had not paid to Rhode Island the difference between Massachusetts and Rhode Island sales tax. (At the time, the sales tax rate was 5 percent in Massachusetts, 7 percent in Rhode Island.)

The Tax Division also found that the taxpayer had converted a residence to a place of business but had not informed the utility company of the change. Rhode Island does not

charge sales tax on residential use of utilities, but does on business or commercial use of utilities.

In this case, the taxpayer owed use tax on the portion of its utility usage related to the commercial activity (because the sales tax had not been charged).

The taxpayer requested a hearing, but chose not to appear at it. Hearing Officer Catherine R. Warren concluded after the hearing that the taxpayer owes Rhode Island use tax, plus interest and penalty. Sullivan on October 4, 2011, adopted the hearing officer's decision and recommendation.

- [Final Decision and Order No. 2011-18](#)

## Use tax on antique car

A Rhode Island state employee bought a car in New Hampshire and registered it

in New Hampshire. At issue is whether he owed use tax to Rhode Island related to the purchase.

Upon reviewing the situation, a senior revenue agent with the Tax Division found that the taxpayer did not qualify as a *bona fide* nonresident for tax purposes, mainly because the taxpayer had filed Rhode Island resident tax returns, worked for the State of Rhode Island, had a Rhode Island driver's license since 1972, owns a house in Cumberland, R.I., and votes in Rhode Island.

The taxpayer agreed that he is a Rhode Island resident and pays Rhode Island taxes, but said he does not owe Rhode Island use tax on the purchase. He said he bought the vehicle – an antique car – in New Hampshire, stores it there, insures it there, and pays an annual tax to New Hampshire on the vehicle.

Warren wrote that the taxpayer, by registering the car in New Hampshire, did not pay Rhode Island tax on the car. Under RIGL § 44-18-30, only a bona fide Rhode Island nonresident does not have to pay Rhode Island tax on vehicles.

In this case, Warren wrote, the taxpayer is not exempt from paying Rhode Island use tax on the car even if the physical purchase was made in New Hampshire and the vehicle is registered there.

(Please turn to page 16)

## Tax Hearings



Any taxpayer aggrieved by the action of the Tax Division in determining the amount of tax, surcharge, or penalty, may make written request for a formal hearing.

The taxpayer is first afforded an opportunity to have a preliminary review. Should the matter not be resolved, it may then proceed to formal hearing under the terms of the state Administrative Procedures Act (RIGL § 42-35-1 *et seq*) and Tax Division regulation [AHP 97-01](#).

If not satisfied with the outcome, the taxpayer may appeal to Sixth Division District Court (RIGL § 8-8-24 *et seq*).

## TAX DECISIONS ONLINE

The Rhode Island Division of Taxation now posts [Administrative Decisions online](#).

"Administrative Decisions have long been available for public review at Tax Division headquarters. But making them available online is an added convenience for practitioners and taxpayers," Rhode Island Tax Administrator David M. Sullivan said in a recent statement announcing the new service. "Harnessing technology to make more information available online is also in keeping with the Rhode Island Department of

Revenue's efforts to increase transparency," Sullivan said. All Administrative Decisions for 2012 and for 2011 are now on the Tax Division's website – listed by case number and by tax type.

No Administrative Decision has universal application; each is based on the facts and circumstances of a particular case. Nonetheless, the decisions offer helpful summaries of key statutes and case law as they relate to Rhode Island tax matters.

# LEGAL CORNER: CASES

(CONTINUED FROM PAGE 15)

“The issue is not the location of the purchase of a motor vehicle but rather whether the purchaser . . . was a resident of Rhode Island at the time of purchase.” Because the taxpayer in this case was a Rhode Island resident at the time, the taxpayer owes use tax to Rhode Island, plus interest and penalty, she said, citing RIGL § 44-18-20 and other statutes. Sullivan on October 11, 2011, adopted the hearing officer’s decision and recommendation.

- [Final Decision and Order No. 2011-19](#)

## Historic tax credit

This complex case involved Rhode Island’s historic tax credit under RIGL 44-22.3-4. At issue was whether costs incurred by a related business entity -- and marked up to fair market value in an intercompany transaction -- were allowable as qualified rehabilitation expense (QRE) under the law. If so, were there limits on how much such actual costs can be marked up?

The Tax Division argued that the QRE is determined on the basis of actual costs incurred, not on fair market value of the work performed. The Tax Division also argued that the project costs for a QRE must have some economic substance or reality. (In this case, related parties were involved in the work.)

The taxpayer argued that the QRE was justified under the law; there was no basis in law to question the transaction because of related parties; and that, anyway, the QRE in this case was based not on fair market value but on the actual cost to the taxpayer.

The redacted version of the Administration Decision suggests the hearing officer recommended that the mark-up be reduced, to 10 percent. (It was originally claimed at 29 percent.)

Sullivan on December 1 adopted the hearing officer’s decision and recommendation.

- [Final Decision and Order No. 2011-21](#)

## Claim for refund

At issue was whether a claim for refund for 2006, filed by a married couple, was timely filed under RIGL 44-30-87.

On December 22, 2010, the taxpayers filed a nonresident 2006 personal income tax return. Through the return, the taxpayers sought a refund related to tax that had been withheld on their sales of real estate in 2006.

The Tax Division said that a refund can be claimed two years from the date of payment, which under the statute is deemed to be April 15 following the tax year. So in this matter, the claim would be limited to two years from April 15, 2007. (The statute

also allows for a three-year period from the point the return was filed -- in this case, December 22, 2010 -- but refund would be limited in such a situation to any payments made within the three-year period, and no such payments were made.)

The wife testified that she and her husband were both diagnosed with cancer in 2006, were treated in 2007 and 2008, and are still not cancer-free; they filed their returns late due to the illness, which consumed their time and energy and resulted in stress. The couple also suffered from deaths in the family during the time period in question.

The hearing officer ruled that, “While both taxpayers suffered serious health issues, there are no provisions in the statute that provide for any exemptions from the time limits set by statute.” And while the taxpayers argued for some human consideration, the law does not provide for such consideration in administrative proceedings. Accordingly, the refund request was denied; Sullivan on December 16 adopted the hearing officer’s recommendation.

- [Final Decision and Order No. 2011-22](#)

(see also refund case [No. 2011-20](#))

## Tax on car

At issue is whether the taxpayer owed use tax on a car. Under RIGL § 44-18-20, use tax is imposed on the



*Rhode Island Tax News provides only summaries of some recent tax-case decisions, which are based on specific facts and circumstances. Don't rely on them for legal advice; they are merely informative and provide general guidance. Consult your tax professional if you have a question or problem.*

“storage, use, or other consumption in this state” of personal property, including automobiles.

The taxpayer said that, when he bought the car in 2008, he was a resident of Maine, had a Maine homestead exemption, and votes in Maine.

The Tax Division argued that the taxpayer was not a bona fide nonresident because he owned Rhode Island property in 2008, paid for the car with Rhode Island checks, and filed Rhode Island resident returns for 2000 through 2009.

Only a bona fide Rhode Island nonresident who does not register the vehicle in-state does not have to pay Rhode Island tax on a vehicle, the hearing officer found, ruling that the taxpayer owed use tax, interest and penalty. Sullivan on December 16 adopted the recommendation.

- [Final Decision and Order No. 2011-23](#)



## NEWSLETTER POLICY

*Rhode Island Tax News* is a newsletter from the Rhode Island Department of Revenue's Division of Taxation. It is typically published each quarter. Its purpose is to provide taxpayers and tax professionals with general information regarding Rhode Island tax laws, regulations and procedures. It is neither designed nor intended to address complex issues in detail. Nothing contained in this newsletter in any way alters or otherwise changes any provisions of the Rhode Island General Laws, regulations of the Tax Division, or formal rulings. The Tax Division is at One Capitol Hill, Providence, RI 02908. Its website is [www.tax.ri.gov](http://www.tax.ri.gov).

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## COMMENTS AND SUGGESTIONS

If you have comments or suggestions for *Rhode Island Tax News*, please e-mail its editor, Neil Downing: [Neil.Downing@tax.ri.gov](mailto:Neil.Downing@tax.ri.gov)

## BACK ISSUES

Back issues of Rhode Island Tax News are archived on the Rhode Island Division of Taxation website:

<http://www.tax.ri.gov/newsletter/index.php>

## REGULATORY UPDATE

The Rhode Island Division of Taxation has taken a number of regulatory actions in recent months. For example, the Tax Division:

- ◆ Adopted a new rule, [Regulation CT 11-15, "Combined Reporting \(pro forma\)."](#) which essentially applies to the 2010 and 2011 tax years;
- ◆ Filed [Regulation SU 11-114, "Use Tax - Payment by Purchasers."](#) which took effect December 1, 2011, and amends and supersedes an identically named regulation, SU 95-114;
- ◆ Filed [Regulation SST 11-01, "Streamlined Sales and Use Tax Agreement,"](#) effective December 1, 2011;
- ◆ Filed [Regulation SU 11-91, "Records Requirements,"](#) which took effect December 1, 2011, and which amends and supersedes Regulation SU 89-91, "Records"; and
- ◆ Filed [Regulation SU 11-20, "Registration and Collection of Sales and Use Tax by Retailers."](#) which took effect December 1, 2011, amends and supersedes Regulation SU 90-20, "Out-of-State Retailers – Registration," and incorporates the contents of Regulation SU 87-21, "Collection of Tax by Retailers."

*All regulations are available [at the Tax Division's website](#).*



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