

State of Rhode Island - Division of Taxation

Bank Deposits Tax

Regulation BDT 95-01

I. DEFINITIONS

A. "Deposits" for institutions other than credit unions means:

(1) In the case of a national banking association, state bank, trust company, or savings bank: savings deposits, participation deposits, or time deposits of any kind which bear interest or which are entitled to dividends.

(2) In the case of a building and loan association or a savings and loan association: outstanding shares of stock of every class and howsoever designated plus dividend earnings applicable to such stock, or time deposits of any kind, but shall not include shares of stock and the dividend earnings applicable thereto, or time deposits of any kind pledged as collateral to secure mortgage loans on real estate.

(3) In the case of a loan and investment company: deposits or time deposits of any kind, which bear interest; also fully paid or partly paid certificates of investment not including, however, payments made on investment certificates hypothecated as collateral against loans.

(4) The terms "deposits" and "time deposits" as used in paragraphs numbered (1) through (3) mean and include deposits or savings made under any type of deposits or savings plan represented by certificates of deposit, savings bonds, or income certificates issued by any banking institution, or howsoever such or similar time deposits or savings plan may otherwise be designated.

B. "Deposits" for credit unions means shares of stock, either fully or partly paid, plus deposits, or time deposits of any kind which bear interest or which are entitled to dividends and also mean deposits or savings made under any type of deposits or savings plan represented by certificates of deposit, savings bonds, or income certificates issued by any institution, or howsoever such or similar time deposits or savings plan may otherwise be designated, provided however that deposits in Federally chartered credit unions are not included.

C. "International banking facility" means a facility, as defined in 12 C.F.R., Section 204.B (Regulation D, Reserve Requirements of Depository Institutions), of the taxpayer-institution filing the report/return.

D. "International credit union facility" means a facility, as defined in regulations of the National Credit Union Administration, of the taxpayer-credit union filing the report/return.

E. "Daily average" means a simple, unweighted average calculated each business day.

F. "Business day" shall mean a day in which the institution's deposits are available for

withdrawal from a facility that is owned and maintained by the institution as part of its overall business practice, which would include an automatic teller machine.

G. "Book value of investments in exempt obligations" means only such investments as are owned by the taxpayer-institution or credit union and includes the amortization or accretion for such investments as are reflected on the taxpayer's books, records and statements of condition for the same periods. Exemption for Federal obligations are only valid for instruments which are fully backed by an obligation of the United States.

H. "Book value of total assets" means only such assets are owned by the taxpayer-institution or credit union and includes such valuation accounts as are reflected on the taxpayer's books, records and statements of condition for the same periods.

I. The terms "deposits" or "time deposits" shown in A and B (above) do not include any deposits of a branch or office of any banking institution or credit union located outside of this state, whether it is established de novo or acquired pursuant to an interstate merger, consolidation or acquisition, provided that such deposits are made at a branch or office outside of this state, or an international banking facility or an international credit union facility, or which are payable only at an office located outside of the United States.

II. SPECIFIC EXCLUSIONS

A. A credit union may exclude from deposits an amount equal to the total portion of its deposits which are loaned to its members or which are deposited in other credit unions organized under Rhode Island laws. Deposits in Federally chartered credit unions are not eligible for this exclusion.

B. (1) Banking institutions and credit unions may exclude from taxation a percentage of deposits equal to the percentage of the daily average of book value of total assets of the taxpayer for the calendar year as are invested in the book value of obligations of the United States, its territories and possessions and of any authority, commission or instrumentality of the United States exempt from state taxation under the laws of the United States.

(2) The formula for this exclusion may be stated as follows:

EXCLUSION =

$$\frac{\text{Daily Average Book Value of Exempt Obligations}}{\text{Daily Average Book Value of Total Assets}} \times \frac{\text{DAILY AVERAGE OF DEPOSITS}}$$

III. CREDIT

A building and loan association or savings and loan association may claim a credit against the tax for Rhode Island corporate franchise tax (Chapter 44-12, R.I.G.L. as amended) paid by it during the same period.

IV. REPORTING

A. Institutions and credit unions are required to file proper returns/reports twice each year (January 15 and the following June 15). The January 15 filing requires no tax payment; the tax is

payable with the filing made on June 15 of the following year. The January 15 filing is not an estimate and the amounts reflected on it and those shown on the return filed on June 15 of the following year should be identical. In the case of mathematical or other errors or omissions which are discovered after the filing of the January report and discovered after the filing of the January report and prior to the filing of the June report, full and complete disclosure of differences must be submitted with the June report and payment.

B. Institutions and credit unions reducing deposits for amounts shown in II A or I H (above) must attach schedules to reports/returns filed showing the nature, extent of loans to numbers, deposits in other Rhode Island credit unions and the relationship and location of each branch, facility or office.

C. Calculations of daily averages of deposits, book values of investments and assets, and other data used in the preparation of reports/returns required by this Chapter should be easily traceable to the institution or credit union's books, records and statements of condition. Reports to the Federal Deposit Insurance Corporation of the branch or branches within the State of Rhode Island may be used to verify such books, records and statements of condition.

R. GARY CLARK

TAX ADMINISTRATOR

EFFECTIVE DATE: APRIL 1, 1995

THIS REGULATION AMENDS AND SUPERCEDES REGULATION BDT 95-1 EFFECTIVE JANUARY 1, 1995.