

State of Rhode Island - Division of Taxation

Business Corporation Tax

Regulation CT 88-08

DISC'S/FSC'S

Domestic International Sales Corporations (DISC'S) and Foreign Sales Corporations (FSC'S) shall be treated as they are under Federal income tax law and shall not pay the amount of the tax computed under 44-11-2(1). Any income to shareholders of DISC'S or FSC'S is to be treated in the same manner as it is treated under the appropriate provisions of Federal income tax laws as they existed on December 31, 1984 and January 1, 1985, respectively. (See Section 44-11-11(c) and 44-11-11(d) of the Rhode Island General Laws.)

A DISC refers to a domestic international sales corporation as defined in Section 992(a) of the Internal Revenue Code.

A FSC refers to a foreign sales corporation as defined in Section 922 of the Internal Revenue Code.

A DISC or FSC is not liable for the taxes in Chapter 44-11 of the Rhode Island General Laws (business corporation income taxes). However, a DISC chartered in this state will be subject to the franchise tax under chapter 44-12. Any DISC or FSC deriving income from sources within this state or engaging in any activities or transactions within this state for the purpose of profit or gain, whether or not an office or place of business is maintained in this state, or whether or not such income activities or transactions are connected with intrastate, interstate or foreign commerce, shall file the appropriate tax return with the Tax Administrator whether or not any tax is due under chapters 44-11 or 44-12.

A DISC or FSC may not join in the filing of a Rhode Island consolidated tax return with any other corporation, nor are its dividends eligible for any dividend received exclusion or deduction.

**R. GARY CLARK
TAX ADMINISTRATOR**

**DATE FILED: DECEMBER 9, 1988
EFFECTIVE: JANUARY 1, 1999**

**THIS REGULATION AMENDS AND SUPERCEDES THE REGULATION ENTITLED
"DISC'S" PROMULGATED JANUARY 20, 1977.**