

# **State of Rhode Island - Division of Taxation**

## **Business Corporation Tax**

### **Regulation CT 96-12**

#### **Exclusion of Distributive Share of Public Service Income**

Rhode Island General Law 44-11-12 excludes from taxation the distributive shares of the taxable income of any public service corporation or company liable to a tax imposed by Chapter 13 (Public Service Corporation Tax).

Accordingly, to the extent that the income derived from a public service corporation is subject to tax, the exclusion will apply. To the extent that the income from a public service corporation is not subject to tax, the exclusion will not apply.

EXAMPLE 1: A utility company sells tangible, intangible or real property not devoted to its utility operation. Such net gain distribution is a taxable transaction for Chapter 13 purposes and therefore is excludable for Chapter 11 purposes.

EXAMPLE 2: A utility company sells tangible, intangible or real property devoted to its utility operation. Such net gain distribution is a nontaxable transaction for Chapter 13 purposes and therefore is not excludable for Chapter 11 purposes.

R. GARY CLARK  
TAX ADMINISTRATOR

EFFECTIVE DATE: JANUARY 1, 1996