

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

## **Business Corporation Tax**

### **Regulation CT 98-14**

#### **Limited Liability Companies**

##### **I. Filing of Returns**

A. Every limited liability company ("LLC") which has elected to be treated as a corporation for federal income taxation purposes shall file a return with the Division of Taxation annually as follows:

If the fiscal year of the LLC is the calendar year, the return shall be filed on or before the fifteenth day of March in the year following the close of the fiscal year.

If the fiscal year of the LLC is not the calendar year, the return shall be filed on or before the fifteenth day of the third month following the close of the fiscal year.

B. Every limited liability company ("LLC") which has elected to be treated as a partnership for federal income taxation purposes shall file a return with the Division of Taxation on or before the fifteenth day of the fourth month following the close of the fiscal year.

C. When filing the annual return the LLC shall attach a copy of its Federal return for that fiscal year.

##### **II. Annual Charge**

An annual charge shall be due upon the filing of the LLC's return with the Division of Taxation. The charge shall be determined as follows:

a. If the LLC is treated as a corporation for purposes of Federal income taxation, it shall pay as an annual charge the taxes as provided in Chapters 11 and 12 of Title 44.

b. If the LLC is treated as a partnership for purposes of Federal income taxation, it shall pay as an annual charge a fee in an amount equal to the minimum tax imposed upon a corporation under section 44-11-2(e).

c. If the LLC is formed by one person and is treated as a sole proprietorship for purposes of Federal income taxation, it shall pay as an annual charge a fee in an amount equal to the minimum tax imposed upon a corporation under section 44-11-2(e).

##### **III. Filing Requirements Under the Personal Income Tax**

If a domestic or foreign LLC is treated as a partnership or sole proprietorship for purposes of Federal income taxation:

a. Any member of the limited liability company during any part of the limited liability

company's taxable year shall file a Rhode Island income tax return and shall include in Rhode Island gross income that portion of the limited liability company's Rhode Island income allocable to such member's interest in the limited liability company.

b. Any member of the limited liability company who is a nonresident shall execute and forward to the limited liability company before the original due date of the Rhode Island limited liability company return an agreement which states that such member will file a Rhode Island income tax return and pay income tax on the nonresident member's share of the limited liability company's income which was derived from or attributable to sources within this state, and the agreement shall be attached to the limited liability company's Rhode Island return for the taxable year.

c. In the event that the nonresident member's executed agreement is not attached to the Rhode Island limited liability company return or the agreement set forth above is attached to the limited liability company return and thereafter the nonresident member fails to file a timely income tax return, then within thirty (30) days of the date of notice by the Tax Administrator to the limited liability company, the limited liability company shall remit to the Tax Administrator the nonresident member's tax on such member's share of the limited liability company's income which was derived from or attributable to sources within this state, which tax shall be computed at the statutory rate applicable to corporations.

d. A nonresident member is required to file a Rhode Island income tax return even though the member's only source of Rhode Island income was such member's share of the limited liability company's income which was derived from or attributable to sources within this state, and the amount of remittance by the limited liability company on behalf of the nonresident member shall be allowed as a credit against such member's Rhode Island income tax liability.

R. GARY CLARK

TAX ADMINISTRATOR

EFFECTIVE DATE: May 1, 1998