

State of Rhode Island - Division of Taxation

Sale of Real Property by NonResidents

Regulation NRW 95-03

Limited Liability Companies

A limited liability company is required by law to declare in its articles of organization whether it is to be treated as a corporation or as a partnership for purposes of taxation.

TAXED AS CORPORATION

If a limited liability company has declared to be taxed as a corporation, and either (a) the limited liability company is formed pursuant to Chapter 7-16 of the Rhode Island General Laws; or (b) the limited liability company is registered with this state as a foreign limited liability company pursuant to R.I.G.L. 7-16-49, the limited liability is considered a resident limited liability company and no withholding is required and a buyer may accept a residency affidavit from the limited liability company.

If a limited liability company is deemed to be a nonresident the buyer must withhold (at 9%) unless the nonresident limited liability company produces a letter of good standing issued by the Division of Taxation for purposes of the sale. See Regulation NRW 91-01, Section III, B.

TAXED AS PARTNERSHIP

If a limited liability company has declared to be taxed as a partnership, the regulation regarding partnerships (Regulation NRW 91-01, Section III, C) applies whether or not the limited liability company is formed pursuant to Chapter 7-16 of the Rhode Island General Laws or is registered with this state pursuant to R.I.G.L. 7-16-49.

R. GARY CLARK TAX ADMINISTRATOR

EFFECTIVE DATE: JANUARY 1, 1995