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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO TAXATION - PERSONAL INCOME TAX

Introduced By: Senators Lombardi, Felag, McCaffrey, Cote, and Walaska

Date Introduced: January 13, 2015

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-30-83 of the General Laws in Chapter 44-30 entitled "Personal  
2 Income Tax" is hereby amended to read as follows:

3 **44-30-83. Limitations on assessment.** -- (a) General. - Except as otherwise provided in  
4 this section the amount of the Rhode Island personal income tax shall be assessed within three (3)  
5 years after the return was filed, whether or not the return was filed on or after the prescribed date.  
6 For this purpose a tax return filed before the due date shall be considered as filed on the due date;  
7 and a return of withholding tax for any period ending with or within a calendar year filed before  
8 April 15 of the succeeding calendar year shall be considered filed on April 15 of the succeeding  
9 calendar year.

10 (b) Exceptions.

11 (1) Assessment at any time. - The tax may be assessed at any time if:

12 (i) No return is filed;

13 (ii) A false or fraudulent return is filed with intent to evade tax; or

14 (iii) The taxpayer fails to file a report, pursuant to § 44-30-59, of a change, correction, or  
15 amended return, increasing his or her federal taxable income as reported on his or her federal  
16 income tax return or to report a change or correction which is treated in the same manner as if it  
17 were a deficiency for federal income tax purposes.

18 (2) Extension by agreement. - Where, before the expiration of the time prescribed in this  
19 section for the assessment of tax, or before the time as extended pursuant to this section, both the

1 tax administrator and the taxpayer have consented in writing to its assessment after that time, the  
2 tax may be assessed at any time prior to the expiration of the period agreed upon.

3 (3) Report of changed or corrected federal income. - If the taxpayer shall, pursuant to §  
4 44-30-59, file an amended return, or report a change or correction increasing his or her federal  
5 taxable income or report a change or correction which is treated in the same manner as if it were a  
6 deficiency for federal income tax purposes, an assessment may be made at any time prior to two  
7 (2) years after the report or amended return was filed. This assessment of Rhode Island personal  
8 income tax shall not exceed the amount of the increase attributable to the federal change,  
9 correction, or items amended on the taxpayer's amended federal income tax return. The  
10 provisions of this paragraph shall not affect the time within which or the amount for which an  
11 assessment may otherwise be made.

12 (4) Deficiency attributable to net operating loss carryback. - If a taxpayer's deficiency is  
13 attributable to an excessive net operating loss carryback allowance, it may be assessed at any time  
14 that a deficiency for the taxable year of the loss may be assessed.

15 (5) Recovery of erroneous refund. - An erroneous refund shall be considered to create an  
16 underpayment of tax on the date made. An assessment of a deficiency arising out of an erroneous  
17 refund may be made at any time within three (3) years thereafter, or at any time if it appears that  
18 any part of the refund was induced by fraud or misrepresentation of a material fact.

19 (6) Armed forces relief. - For purposes of this tax, the date appearing in 26 U.S.C. §  
20 692(a) shall be January 1, 1971.

21 (c) Omission of income on return. - Notwithstanding the foregoing provisions of this  
22 section, the tax may be assessed at any time within six (6) years after the return was filed if an  
23 individual omits from his or her Rhode Island income an amount properly includible therein  
24 which is in excess of twenty-five percent (25%) of the amount of Rhode Island income stated in  
25 the return. For this purpose there shall not be taken into account any amount which is omitted in  
26 the return if the amount is disclosed in the return, or in a statement attached to the return, in a  
27 manner adequate to apprise the tax administrator of the nature and amount of the item.

28 (d) Suspension of limitation. - The running of the period of limitations on assessment or  
29 collection of tax or other amount (or of a transferee's liability) shall, after the mailing of a notice  
30 of deficiency, be suspended for the period during which the tax administrator is prohibited under  
31 § 44-30-81(c) from making the assessment or from collecting by levy, and for sixty (60) days  
32 thereafter.

33 (e) Limitations exclusive. - [\(1\)](#) No period of limitations specified in any other law shall  
34 apply to the assessment or collection of Rhode Island personal income tax.

1           (2) Any collection action by the tax administrator for personal income tax due and  
2 payable must be commenced within ten (10) years of April 15 of the year the tax return was or  
3 should have been filed.

4           SECTION 2. This act shall take effect on January 1, 2016.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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RELATING TO TAXATION - PERSONAL INCOME TAX

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1           This act would require the tax administrator to commence any action for collection of  
2 personal income tax due and payable within ten (10) years of April 15 of the year the tax return  
3 was or should have been filed.

4           This act would take effect on January 1, 2016.

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