



# Rhode Island Department of Revenue Division of Taxation

ADV 2016-21  
WITHHOLDING

ADVISORY FOR TAX PROFESSIONALS  
NOVEMBER 3, 2016

## **Rhode Island adopts federal filing deadline for Form W-3**

*Employers must file Form W-3 and Form W-2 information returns by January 31*

PROVIDENCE, R.I. – The Rhode Island Division of Taxation has adopted the federal filing deadline for purposes of employer reporting of personal income tax withheld.

As a result, employers must now file the annual Form RI-W3, “Reconciliation of Personal Income Tax Withheld by Employers,” one month earlier than before -- by January 31, instead of by February 28. In addition, employers must file the related Form W-2 information with the Division of Taxation one month earlier than before -- by January 31, instead of by February 28.

The new Rhode Island deadlines are the same as the new federal deadlines and are also the same as the deadlines in many other states.<sup>1</sup> Having the same filing deadlines should serve as a convenience for many employers. The earlier deadline also should aid government agencies in fighting identity theft and refund fraud.

### **Background and discussion**

Employees must be issued Form W-2 by January 31 for the preceding calendar year. Employers then must file – with the federal government and with the Rhode Island Division of Taxation – information on tax withheld from employees.

Under former federal law, employers generally sent the required information to federal government agencies on or before February 28 of each year.

However, under legislation approved by Congress and signed into law by President Barack H. Obama on December 18, 2015, the filing due date has been accelerated to January 31.<sup>2</sup>

The change in federal statute applies to returns and statements relating to calendar years beginning after the date of enactment. Thus, the federal change applies for 2016, and its impact will first be seen in January 2017.

Even before the federal change, a number of states required the filing of withholding information returns by January 31. Since the federal change, a number of other states have moved -- administratively or by statute -- to conform to federal law. The new Rhode Island deadline applies for 2016 and later tax years. As a consequence, the employer filing deadline for Form

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<sup>1</sup> The new Rhode Island deadlines are identical to, or substantially the same as, those in more than 20 other states, including the neighboring states of Connecticut and Massachusetts.

<sup>2</sup> Public Law 114-13, also known as the “PATH Act”.

RI-W3 and related Form W-2 information for tax year 2016 will be January 31, 2017.<sup>3</sup> Other requirements applying to employers remain unchanged. A Form 1099 that shows Rhode Island withholding must be filed with the Rhode Island Division of Taxation on or before the applicable federal deadline for that form.

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### **Withholding tax – filing frequency**

In a review of its records, the Division determined that the withholding filings/payments for a certain number of employers did not match their account filing frequency. As a result, the Division has launched a communications effort to let these employers know, by mail, about their correct filing frequency. For example, an employer who originally filed and made payments quarterly may now be required to file and make payments monthly. To learn more, see: [http://www.tax.ri.gov/forms/2016/Withholding/2016\\_Withholding\\_Booklet.pdf](http://www.tax.ri.gov/forms/2016/Withholding/2016_Withholding_Booklet.pdf)

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### **Reminder: Computer conversion, limited service**

The third phase of the Rhode Island Division of Taxation's changeover to a new agency-wide computer system will start on November 7, 2016, and continue through November 14, 2016. The Division of Taxation, at One Capitol Hill in Providence, will remain open during normal business hours while the computer system conversion occurs, and many services will continue to be available.

For example, the agency's website and email system will remain fully functional, payments will be received, and electronically filed tax returns will be received and acknowledged.

However, a number of services will not be available during the conversion, mainly because the old computer systems and the new system will be tied up with the changeover. For example, during the changeover period, the Division will be unable to issue letters of good standing, unable to release license and registration blocks, and unable to check on a taxpayer's account balance.

Taxpayers and tax practitioners should plan ahead. For example, if someone is blocked from renewing a driver's license, professional license, or motor vehicle registration because that person owes back taxes, that person should pay the tax debt before the conversion period starts.

The Tax Division has begun mailing each person who is subject to a license or registration block, urging them to resolve their tax matter prior to the conversion period. (To make arrangements to pay tax debt before the conversion period starts, call the Division of Taxation at (401) 574-8941 from 8:30 a.m. to 3:30 p.m. business days.) All services will resume in full on November 15, 2016.

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<sup>3</sup> The Division intends to revise its official publications to reflect the deadline. Also, although the deadline is described as "new" in this Advisory, since the Rhode Island personal income tax was enacted in 1971, there has been a statutory requirement for employers to file their withholding reconciliation with the Division of Taxation on or before January 31 of each year. (See Rhode Island General Laws § 44-30-78.)

The following at-a-glance calendar shows when this phase of the conversion begins, when it ends, and the intervening period – including two regularly scheduled holidays.

Nov. 7	Nov. 8	Nov. 9	Nov. 10	Nov. 11
<b>Monday</b> Open: Limited service 8:30 a.m. to 3:30 p.m.	<b>Tuesday</b> Holiday: Closed (Election Day)	<b>Wednesday</b> Open: Limited service 8:30 a.m. to 3:30 p.m.	<b>Thursday</b> Open: Limited service 8:30 a.m. to 3:30 p.m.	<b>Friday</b> Holiday: Closed (Veterans Day)

Nov. 14	Nov. 15
<b>Monday</b> Open: Limited service 8:30 a.m. to 3:30 p.m.	<b>Tuesday</b> Open: Full service resumes 8:30 a.m. to 3:30 p.m.

The following table shows some of the services that will continue to be available, and some that will not be available, during the computer changeover period.

Division of Taxation services for computer conversion period Nov. 7 through Nov. 14	
Services available:	Services <u>not</u> available:
Office remains open, sections remain open	Issuing letters of good standing
Phones, emails answered (for general information only, not account-specific)	Releasing license blocks
Letters and other deliveries received by Division	Releasing registration blocks
Payments received by Division (credit card, debit card, ACH debit, ACH credit, checks)	Releasing Collections liens and levies
Employer Tax section (includes state unemployment insurance, TDI)	Checking on taxpayer account status, history
E-filed tax returns received, acknowledged	Answering taxpayer-specific inquiries
Paper-filed tax returns received	Issuing liquor license certificate of good standing
Requests for forms, instructions accepted	
General questions answered	
Website, including online services, open	
Audits and examinations continue	
Division accepting new business registrations (but not issuing permits or licenses)	
Hearings held, legal papers received	
<ul style="list-style-type: none"> <li>▪ Conversion period starts November 7, 2016. Office will be open, but services limited, on November 7, 9, 10, and 14, 2016</li> <li>▪ Requests to release estate tax liens will continue to be processed as usual.</li> <li>▪ Acknowledgements of discharges of liens related to sale of Rhode Island real estate by nonresidents will continue as usual.</li> <li>▪ Cashier window will be open and can accept payment by check or cash. Payments should be accompanied by appropriate payment coupon.</li> <li>▪ During conversion period, there will be general processing delays in areas including billing and refunds due to need to change over computer systems.</li> <li>▪ Office will be closed entirely for regularly scheduled holidays on November 8 (Election Day) and November 11 (Veterans Day).</li> <li>▪ All services resume in full on November 15, 2016.</li> <li>▪ The list above is not all-inclusive. For more information, call (401) 574-8829. Division is open to public from 8:30 a.m. to 3:30 p.m. business days.</li> </ul>	