CONCISE EXPLANATORY STATEMENT

In accordance with the Administrative Procedures Act, R.I. Gen. Laws § 42-35-2.6, the following is a concise explanatory statement:

AGENCY: Rhode Island Department of Revenue

DIVISION: Division of Taxation

RULE IDENTIFIER: 280-RICR-20-55-10

RULE TITLE: Employers' Withholding

REASON FOR RULEMAKING: The purpose of this rulemaking is to implement R.I. Gen. Laws §§ 44-30-71, 44-30-75, 44-30-78, and 44-30-85.1 which outline employers' withholding.

ANY FINDING REQUIRED BY LAW AS A PREREQUISITE TO THE EFFECTIVENESS OF THE RULE: No findings were required.

TESTIMONY AND COMMENTS: No testimony or comments were provided for this rule.

CHANGE TO TEXT OF THE RULE: There are no changes between the text of the rule as proposed and the text of the final rule.

REGULATORY ANALYSIS: This amended regulation will provide more clarity to employers and reflect current developments in Rhode Island withholding law. The shift away from employers using federal taxable income to determine exemptions/ withholding reflects actual practice and current state law and therefore does not impose any costs or benefits on Rhode Island. Removing daily withholding aligns Rhode Island with the payment frequencies of the IRS and neighboring states. This process is expected to make it easier for taxpayers and payroll providers to follow. Furthermore, the removal of the daily requirement is expected to make filing easier and offset the minimal costs of switching to a new frequency. Additionally, the streamlining of the text will provide additional clarity for employers throughout the state, reducing the potential for noncompliance.