RHODE ISLAND GOVERNMENT REGISTER
AMENDED PUBLIC NOTICE OF PROPOSED RULEMAKING

DEPARTMENT OF REVENUE

Title of Rule: Employers' Withholding (280-RICR-20-55-10)

Rule Identifier: 280-RICR-20-55-10

Rulemaking Action: Direct Final Amendment

Important Dates:
Date of Public Notice: 01/30/2020
End of Public Comment: 03/02/2020

Authority for this Rulemaking:
RIGL 44-30-95(a), 44-1-4

Summary of Rulemaking Action:
The purpose of this regulation is to implement RIGL §§ 44-30-71, 44-30-75, 44-30-78, and 44-30-85.1 which outline employers' withholding.

The following changes have been made to this regulation:

-Section 10.1 - Added citation to RIGL § 44-30-85.1.

-Section 10.3 - Added citation to RIGL § 44-30-85.1.

-Section 10.5(B)(1) - Changed "is not" to "may be".

-Section 10.5(C)(1) - Added language that consolidates the former sections 1, 2, and 3. Former sections 1, 2, and 3 have been deleted.

-Section 10.6(D)(1) - Removed the "'s" attached to "Rhode Island".

-Section 10.6(D)(2) - Added "personal" in front of "income tax" and pluralized "tax" to "taxes".

-Section 10.6(D)(3) - Added "of Taxation" after "Division".

-Section 10.7(A) - Changed "Federal taxable income" to "wages for each payroll period".

-Section 10.7(B)(2) - Changed "Federal taxable income" to "wages for each payroll period".

-Section 10.8(A) - Added new subsection (A)(2) to refer to the withholding requirement of RIGL § 44-30-85.1 and amended language in 10.8(A) to reflect two subsections (A(1) and A(2)).

-Section 10.8(B) - Removed old section (B)(1) on daily withholding. Replaced old section (B)(2) on quarter-monthly withholding with new section (B)(1) on weekly withholding. Replaced old section (B(3) with new section (B)(2) on monthly withholding. Updated old section (B)(4) to become new section (B)(3) on quarterly withholding. Old section (B)(5) has been renumbered to new section (B)(4).

-Section 10.9(A) - Removed reference to specific periods for filing the annual reconciliation.

-Section 10.9(A)(1) - Removed the word "is" before "submitted with the W3 form."

-Section 10.10(A) - Removed "Rhode Island" before "Division of Taxation".

-Section 10.10(B) - Added the clause "or are required to file electronically". Added "of Taxation" after "Division". Changed "will" to "may". Changed "that" and "which" to "who".

Additional Information and Comments:
If no formal objection is received on or before March 2, 2020, Department of Revenue will file the Amendment without opportunity for public comment..

Objections should be addressed to:
Matthew Cate,
Department of Revenue
One Capitol Hill
Providence, RI 02908
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Regulatory Analysis Summary and Supporting Documentation:
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.

For full regulatory analysis or supporting documentation see agency contact person above.