

TITLE 280 – DEPARTMENT OF REVENUE

CHAPTER 20 – DIVISION OF TAXATION

SUBCHAPTER 25 – BUSINESS CORPORATION TAX

PART 11 – Ability to Apportion Net Income

11.1 Ability to Apportion Net Income

- A. In accordance with R.I. Gen. Laws § 44-11-13, the following types of corporate activity will require that a corporation apportion 100% of its net income to Rhode Island:
1. Deriving all its income sources within Rhode Island; or
 2. Engaging in activities or transactions wholly within Rhode Island for the purpose of profit or gain; or
 3. Not maintaining a regular place of business outside Rhode Island other than a statutory office.

11.2 Definitions

The term "place of business" means a regular place of business, which, in turn, means any bona fide office (other than a statutory office), factory, warehouse, or other space which is regularly used by the taxpayer in carrying on its business. Where, as a regular course of business, property of the taxpayer is stored by it in a public warehouse until it is shipped to customers, such warehouse is considered a regular place of business of the taxpayer and where, as a regular course of business, raw material or partially finished goods of a taxpayer are delivered to an independent contractor to be converted, processed, finished or improved, and the finished goods remain in the possession of the independent contractor until shipped to customers, the plant of such independent contractor is considered a regular place of business of the taxpayer. The mere consignment of goods by the taxpayer to an independent factor outside this state for sale at the consignee's discretion does not constitute the taxpayer as having a regular place of business outside this state.

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