

TITLE 280 – DEPARTMENT OF REVENUE

CHAPTER 20 – DIVISION OF TAXATION

SUBCHAPTER 55 – PERSONAL INCOME TAX

PART 13 – Modification of Certain Income of Writers, Composers and Artists

13.1 General

- A. The profit or gain realized by a writer, composer or artist derived from the publication, production or sale of a "work" shall be a modification reducing federal adjusted gross income under R.I. Gen. Laws § 44-30-1.1(c)(1), provided that the writer, composer or artist derived said profit or gain from a work while residing in the economic development zone ("zone"); and the profit or gain is received while the writer, composer or artist is a resident of the zone.

13.2 Definitions

- A. "Consumable" means capable of being consumed.
- B. "Consumed" means destroyed, used up, or worn out to the degree or extent that the property cannot be repaired, reconditioned, or rendered fit for future use.
- C. "Economic Development Zone" or "zone" means the statutory defined area designated in R.I. Gen. Laws § 44-30-1.1.
- D. "Limited edition" means the creation of a solitary work, conceived and produced by the artist or author under their direction, which is intended for limited reproduction, totaling no more than three hundred (300) copies, physically signed and numbered by the artist.
- E. "One of a kind" means the creation of a solitary work, conceived and produced by the artist or author or under their direction, not intended for multiple or mass production.
- F. "Work" means:
 - 1. An original and creative work, whether written, composed, created or executed for "one-of-a-kind" or "limited edition" production, before or after the passing of this section, which falls into one (1) of the following categories:
 - a. a book or other writing;

- b. a play or the performance of said play;
 - c. a musical composition or the performance of said composition;
 - d. a painting or other like picture;
 - e. a sculpture;
 - f. traditional and fine crafts;
 - g. the creation of a film or the acting of said film;
 - h. the creation of a dance or the performance of said dance;
2. For purposes of this section, a "work" does not apply to any piece or performance created or executed for industry-oriented, commercial or related production, to an otherwise-qualified work sold in excess of three hundred (300) signed and numbered copies, and to any piece sold through an online marketplace.
- a. Example 1. The hiring of a photographer to take photographs of a wedding.
 - b. Example 2. A technical manual produced for the purpose of running industrial machines.
3. "Work" also includes any product generated as a result of any of the above categories. A work may qualify for the exemption regardless of whether it is fiction or nonfiction.
4. "Traditional and fine crafts" means art objects, either utilitarian or decorative, that are made by hand, but are not consumable. "Traditional and fine crafts" includes textile art, woodwork, baskets, jewelry, furniture, metals, ceramics, and pottery. "Traditional and fine crafts" does not include soap, candles, and other items that are traditionally intended to be consumed.

13.3 Residing in the Zone

- A. A writer, composer or artist shall be deemed to be residing in the zone if he/she:
- 1. is domiciled in the state, or
 - 2. is not domiciled in the state but maintains a permanent place of abode in this state and is in the state for an aggregate of more than one-hundred eighty-three (183) days of the taxable year, and

3. meets the requirements of either §§ 13.3(A)(1) or (2) of this Part and physically occupies a place of abode within the Economic Development Zone.

13.4 Filing of Returns

- A. Any individual seeking a modification reducing federal adjusted gross income pursuant to R.I. Gen. Laws § 44-30-1.1(c) shall file a Rhode Island personal income tax return for the year in which the modification is claimed. The individual must attach a statement to the return describing the "work," the party to whom it was sold, and the amount received for the "work". If the "work" is an item of tangible personal property for which a certificate of exemption was issued, a copy of said certificate must be attached to the individual's personal income tax return.

13.5 Records

- A. The tax administrator may require any individual seeking a modification pursuant to R.I. Gen. Laws § 44-30-1.1 to make available all books, accounts or other documents relating to the publication, production or sale of a work. In determining the amount of modification allowed, the tax administrator may make such apportionment of receipts and expenses as may be necessary.

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