

280-RICR-20-75-1

TITLE 280 – DEPARTMENT OF REVENUE

CHAPTER 20 – DIVISION OF TAXATION

SUBCHAPTER 75 – NON-OWNER OCCUPIED PROPERTY TAX

PART 1 – NON-OWNER OCCUPIED PROPERTY TAX

1.1 Purpose

A. The purpose of this regulation is to implement R.I. Gen. Laws Chapter 44-72, which imposes a statewide tax upon non-owner occupied residential property assessed at a value of one million dollars (\$1,000,000) or more.

1.2 Authority

A. These rules and regulations are promulgated pursuant to R.I. Gen. Laws §§ 44-1-4 and 44-72-14. The rules and regulations have been prepared in accordance with the requirements of R.I. Gen. Laws §§ 42-35-1 et seq. of the Rhode Island Administrative Procedures Act.

1.3 Application

A. These rules and regulations shall be liberally construed so as to permit the Division of Taxation the authority to effectuate the purposes of R.I. Gen. Laws Chapter 44-72 and other applicable state laws and regulations.

1.4 Severability

A. If any provision of these rules and regulations, or the application thereof to any person or circumstances, is held invalid by a court of competent jurisdiction, the validity of the remainder of the rules and regulations shall not be impaired or affected thereby.

1.5 Definitions

- A. "Assessed value" means the assessed value of the residential property by the city or town in which the property is located as of December 31 prior to the beginning of the privilege year pursuant to R.I. Gen. Laws § 44-5-12.
- B. "Non-owner occupied" means that the residential property does not serve as the owner's primary residence, which means the property is not occupied by the owner of the property for one hundred eighty-three (183) days or more during the privilege year.

- C. "Non-owner occupied tax" or "tax" means the tax owed by the owner of a non-owner occupied residential property with an assessed value in excess of the statutory threshold pursuant to R.I. Gen. Laws Chapter 44-72 and as adjusted pursuant to R.I. Gen. Laws § 44-72-6, as amended.
- D. "Person" means any individual, partnership, association, corporation, estate, trust, fiduciary, limited liability company, limited liability partnership, or any other legal entity.
- E. "Privilege year" means the July 1 through June 30 period directly preceding the tax year. Also known as "taxable year" as defined in R.I. Gen. Laws § 44-72-3.
- F. "Residential property" means a property classified as residential by the city or town in which the property is located and assessed as such.
- G. "Statutory threshold" means the assessed value of the residential property of one million dollars (\$1,000,000) or more for the tax year beginning on July 1, 2026. For subsequent tax years, the statutory threshold is calculated pursuant to R.I. Gen. Laws Chapter 44-72 and is adjusted pursuant to R.I. Gen. Laws § 44-72-6, as amended. The Division of Taxation will publish the annual statutory threshold amount.
- H. "Tax year" means the year in which the tax is due and payable.
- I. "Transfer" means the grant, transfer, assignment or conveyance of residential property in accordance with R.I. Gen. Laws § 44-25-1.

1.6 Tax Imposed

- A. For tax years beginning on or after July 1, 2026, a non-owner occupied tax is imposed upon property owner(s) of non-owner occupied residential properties with an assessed value in excess of the statutory threshold.
 - 1. Example: For a home owned by a limited liability company, each member of the limited liability company is jointly and severally responsible for the entire tax obligation.
- B. The rate of the tax is two dollars and fifty cents (\$2.50) for each five hundred dollars (\$500), or fractional part thereof, of the real estate's assessed value in excess of the statutory threshold for the tax year beginning on July 1, 2026. For subsequent tax years, the rate of the tax is calculated pursuant to R.I. Gen. Laws § 44-72-6, as amended.
 - 1. Example:

<u>Examples- Rhode Island Non-Owner Occupied Property Tax -</u>			
<u>Tax Year Beginning July 1, 2026</u>			
<u>Assessed value</u>	<u>Assessed value over \$1M</u>	<u>Tax due at the rate of \$2.50/\$500 in excess of \$1M</u>	<u>Quarterly payment</u>
<u>\$ 1,200,000.00</u>	<u>\$ 200,000.00</u>	<u>\$ 1,000.00</u>	<u>\$ 250.00</u>
<u>\$ 2,000,000.00</u>	<u>\$ 1,000,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 1,250.00</u>
<u>\$ 3,200,000.00</u>	<u>\$ 2,200,000.00</u>	<u>\$ 11,000.00</u>	<u>\$ 2,750.00</u>

- C. For tax years beginning on or after July 1, 2027, the statutory threshold shall be adjusted by the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics determined as of September 30 of the prior calendar year.
- D. For purposes of this tax, the basis for the tax is the assessed value of the property as assessed by the city or town in which the property is located.
- E. The 183-day occupancy requirement is based on the privilege year of July 1 through June 30. For example, the first tax year is July 1, 2026 through June 30, 2027. Therefore, the privilege year is July 1, 2025 through June 30, 2026. The assessed value of the real estate is based on the value as of December 31, 2024.

1. Example:

<u>Value assessed as of</u>	<u>Privilege Year</u>	<u>Tax Year</u>	<u>Payments due</u>
<u>December 31, 2024</u>	<u>July 1, 2025 - June 30, 2026</u>	<u>July 1, 2026 - June 30, 2027</u>	<u>September 15, 2026</u>
			<u>December 15, 2026</u>
			<u>March 15, 2027</u>
			<u>June 15, 2027</u>
<u>December 31, 2025</u>	<u>July 1, 2026 - June 30, 2027</u>	<u>July 1, 2027 - June 30, 2028</u>	<u>September 15, 2027</u>
			<u>December 15, 2027</u>
			<u>March 15, 2028</u>
			<u>June 15, 2028</u>

<u>December 31, 2026</u>	<u>July 1, 2027 - June 30, 2028</u>	<u>July 1, 2028 - June 30, 2029</u>	<u>September 15, 2028</u> <u>December 15, 2028</u> <u>March 15, 2029</u> <u>June 15, 2029</u>
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1.7 Notice and Payment

- A. Each tax year, a notice with the amount of tax due will be mailed to the property owner(s) responsible for the non-owner occupied tax based on the best available data.
- B. The tax may be paid in full or in four (4) equal installment payments. The four (4) installment payments are due September 15, December 15, March 15, and June 15 of the tax year.
- C. It is the responsibility of the property owner on July 1 of the tax year to ensure that any tax due for this tax year is paid. If a property transfer occurs during a privilege year, please see § 1.9 of this Part.

<u>Privilege Year</u>	<u>Tax Year</u>	<u>Transfer Date</u>	<u>Tax Responsibility</u>
<u>July 1, 2025 - June 30, 2026</u>	<u>July 1, 2026 - June 30, 2027</u>	<u>July 14, 2026</u>	<u>Seller</u>
<u>July 1, 2026 - June 30, 2027</u>	<u>July 1, 2027 - June 30, 2028</u>	<u>May 8, 2028</u>	<u>Seller</u>
<u>July 1, 2027 - June 30, 2028</u>	<u>July 1, 2028 - June 30, 2029</u>	<u>December 6, 2028</u>	<u>Seller</u>

1.8 Interest and Penalties

- A. If the tax has not been paid on or before the date when it is due and payable, interest at the rate as determined by R.I. Gen. Laws § 44-1-7(b) shall be added as part of the tax or portion of deficiency.
- B. In addition to interest on delinquent payments, if any part of the tax not paid is due to negligence or intentional disregard of the provisions of R.I. Gen. Laws Chapter 44-72, a penalty of ten percent (10%) of the amount of the determination, pursuant to R.I. Gen. Laws § 44-72-9, shall be added as part of the tax or portion of deficiency.
- C. If a taxpayer fails to pay the tax within thirty (30) days of its due date, the tax administrator may offset the delinquency with funds owed to the taxpayer from any other state agency.

1.9 Property Transfers

A. For properties transferred between July 1, 2025, through June 30, 2026, the responsible taxpayer is determined based on the date of transfer, subject to applicability of the tax and any applicable exemptions, as follows:

<u>Privilege Year</u>	<u>Sale/Transfer Period</u>	<u>Tax Responsibility</u>	<u>Notes</u>
<u>July 1, 2025 - June 30, 2026</u>	<u>July 1, 2025 - December 29, 2025</u>	<u>Buyer</u>	<u>Owner for 183 days or more</u>
<u>July 1, 2025 - June 30, 2026</u>	<u>December 30, 2025 - June 30, 2026</u>	<u>Seller</u>	<u>Owner for 183 days or more</u>

1. Example: For a property transferred on January 10, 2026 with an assessed value of \$5.4 million dollars, the seller may be responsible for the tax, if the property is subject to the tax and depending on the status of any applicable exemptions.
2. Example: For a property transferred on November 14, 2025, with an assessed value of \$1.3 million dollars, the buyer must occupy the property for at least 183 days during the privilege year beginning on July 1, 2025 or otherwise qualify for an exemption for the tax year beginning on July 1, 2026. Otherwise, the buyer is responsible for any tax due for the privilege year beginning on July 1, 2025.

B. When a property is transferred during the privilege years beginning on or after July 1, 2026:

1. If the transfer date falls on December 30 through June 30, the responsibility for any tax due for the respective privilege year of the transfer is on the seller of the property, to the extent any tax is due.
 - a. The seller shall, at least fifteen (15) business days prior to the transfer date, contact the Division of Taxation to request a Certificate of No Tax Due, which demonstrates that the non-owner occupied tax for the current tax year, all prior tax years, and the tax year corresponding to the privilege year of the transfer has been satisfied or no non-owner occupied tax is due.
 - b. Example: For a property transferred on May 22, 2027 with an assessed value of \$2.6 million dollars:
 - (1) The seller is responsible for any tax due for all applicable tax years through June 30, 2028. The seller should pay any tax

due in full, before the closing. A "Certificate of No Tax Due" is required.

(2) The buyer is responsible for any tax due for the tax year beginning on July 1, 2028.

<u>Transfer Date: May 22, 2027</u>			
<u>Privilege Year</u>	<u>Tax Year</u>	<u>Tax Responsibility</u>	<u>Notes</u>
<u>July 1, 2026 - June 30, 2027</u>	<u>July 1, 2027 - June 30, 2028 (and all prior tax years, as applicable)</u>	<u>Seller</u>	<u>Certificate of No Tax Due is required</u>
<u>July 1, 2027 - June 30, 2028</u>	<u>July 1, 2028 - June 30, 2029 (and future tax years, as applicable)</u>	<u>Buyer</u>	<u>-</u>

2. If the transfer date falls on July 1 through December 29:

a. The responsibility for any tax due for the respective privilege year of the transfer is on the buyer of the property, to the extent any tax is due.

b. The responsibility for any tax due for the prior and current tax years of the transfer is on the seller of the property, to the extent any tax is due.

c. Example: For a property transferred on October 13, 2027 with an assessed value of \$1.3 million dollars:

(1) The seller is responsible for any tax due for all applicable tax years through June 30, 2028. The seller should pay any tax due in full, before the closing. A "Certificate of No Tax Due" is required.

(2) The buyer is responsible for any tax due for the tax year beginning on July 1, 2028.

<u>Transfer Date: October 13, 2027</u>			
<u>Privilege Year</u>	<u>Tax Year</u>	<u>Tax Responsibility</u>	<u>Notes</u>
<u>July 1, 2026 - June 30, 2027</u>	<u>July 1, 2027 - June 30, 2028 (and all prior tax years)</u>	<u>Seller</u>	<u>The seller should pay tax due in full before the closing.</u>
<u>July 1, 2027 - June 30, 2028</u>	<u>July 1, 2028 - June 30, 2029 (and future tax years)</u>	<u>Buyer</u>	-

1.10 Exemptions

A. There are two exemptions to the non-owner occupied tax. The tax will not be imposed upon non-owner occupied property owners if the property fits into one or a combination of the following categories:

1. A property or building that is rented for one hundred eighty-three (183) days or more during the privilege year, whether continuous or not, and is subject to the Residential Landlord and Tenant Act (R.I. Gen. Laws §§ 34-18-1 et seq.) under a written lease or rental agreement.
 - a. Example: A beach house rented to college students with a written rental agreement from September 1 through June 1 during a privilege year would qualify for an exemption to the tax.
2. A short-term rental rented for one hundred eighty-three (183) days or more during the privilege year that is subject to sales tax, hotel tax, and/or whole home short-term rental tax under R.I. Gen. Laws §§ 44-18-1 et seq.
 - a. Example: A Newport home that is rented weekly to host weddings during a privilege year. The home is rented during a privilege year for a total of 200 days. Therefore, the property would qualify for an exemption to the tax.

B. A property that combines the above exemptions and is rented for a total of one hundred eighty-three (183) days or more during the privilege year would qualify for an exemption to the tax.

1. Example: A seasonal short-term rental in Narragansett that is rented for sixty (60) days from July 1, 2025 to June 30, 2026 and is rented to tenants with a written rental agreement for one hundred twenty-three (123) days during the same privilege year. The home is rented during a privilege year

for a total of 183 days. Therefore, the property would qualify for an exemption to the tax.

2. Example: The owner of a Providence condominium unit resides at the property for one hundred sixty (160) days from July 1, 2025 to June 30, 2026. The owner then rents the unit as a short-term rental for twenty (20) days and to a tenant with a written rental agreement for sixty (60) days during the same privilege year. The property would not qualify for an exemption to the tax because the property must either be owner-occupied for 183 days or more or it must be rented for 183 days or more in order to be exempt from the tax.

1.11 Application for Exemption

A. It is the taxpayer's responsibility to provide sufficient support to establish their eligibility for an exemption. See Record Requirements under § 1.14 of this Part.

B. Documentation

1. Such documentation shall prove that the property is the taxpayer's primary residence and that the owner(s) resides at the property for more than one hundred eighty-three (183) days each year, or that the property qualifies for an exemption.
2. The Division will allow a period of time within which the taxpayer may supply documentation to the Division of Taxation to substantiate the applicability of an exemption. If the taxpayer fails to provide sufficient support, as determined by the Division of Taxation, prior to the issuance of the notice with the amount of tax due, then the documentation will not be considered unless there is a timely hearing request filed in relation to the notice.

1.12 Refund Claims

A. Filing Claims for Refund.

1. If a taxpayer has appealed the assessment of the property value with the municipality, the taxpayer is still responsible for paying the non-owner occupied tax at the current assessment value. The taxpayer must file a refund claim at the time they pay the non-owner occupied tax. If the claim for refund is due to an appeal at the municipal level, the Division will modify the tax due, as appropriate, for the property upon resolution of all appeals.
2. Any taxpayer requesting a refund of the tax must file a claim for refund within two (2) years after the tax has been paid.

1.13 Administrative Hearing

A. A taxpayer aggrieved by the action of the Tax Administrator under R.I. Gen. Laws §§ 44-72-1 et seq., as amended, may request an administrative hearing.

1. Hearings may only be requested on the non-owner occupied tax and not the property assessment value, property classification, nor registered owner on file with the municipality.
2. In order to request a hearing, the taxpayer must notify the Tax Administrator in writing within thirty (30) days from the date of the notice to the taxpayer of the non-owner occupied tax amount due for the tax year.

1.14 Record Requirements

A. Each taxpayer shall:

1. Keep in their possession records to determine the amount of their liability under R.I. Gen. Laws Chapter 44-72, including, but not limited to: written rental agreements, payments for rent, bank statements for payment of residential expenses, utility bills, and any other records establishing residency or non-residency.
2. Preserve said records for a period of three (3) years following the end of the tax year, or until any litigation or prosecution under R.I. Gen. Laws Chapter 44-72 is finally determined.
3. Make said records electronic and available for inspection by the Tax Administrator or their authorized agents, upon demand.

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