

State of Rhode Island - Division of Taxation

Business Corporation Tax

Exclusion of Distributive Share of Public Service Income

Regulation CT 10-12

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RULE 1. PURPOSE

These rules and regulations implement chapter 44-11-12 (2) of the Rhode Island General Laws. That chapter allows a deduction of the distributive share of the taxable income of any public service corporation or company liable for the tax imposed under Chapter 13 (Public Service Corporation Tax).

RULE 2. AUTHORITY

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

RULE 3. APPLICATION

These rules and regulations shall be liberally construed so as to permit the Division of Taxation to effectuate the purpose of Chapter 11 of Title 44 and other applicable state laws and regulations.

RULE 4. SEVERABILITY

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 affected thereby.

RULE 5. DESCRIPTION

To the extent that the income derived from a public service corporation is subject to tax, the exclusion will apply. To the extent that the income from a public service corporation is not subject to tax, the exclusion will not apply.

RULE 6. EXAMPLES

EXAMPLE 1: A utility company sells tangible, intangible or real property not devoted to its utility operation. Such net gain distribution is a taxable transaction for Chapter 13 purposes and therefore is excludable for Chapter 11 purposes.

EXAMPLE 2: A utility company sells tangible, intangible or real property devoted to its utility operation. Such net gain distribution is a nontaxable transaction for Chapter 13 purposes and therefore is not excludable for Chapter 11 purposes.

RULE 7. EFFECTIVE DATE

This Regulation shall take effect January 1, 2011 and shall amend and supersede Regulation CT 96-12

David M. Sullivan
TAX ADMINISTRATOR