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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO TAXATION -- PERSONAL INCOME TAX

Introduced By: Senators Gallo, DiPalma, Tikoian, LaMountain, Murray, and Lawson

Date Introduced: February 07, 2025

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is hereby
2 amended by adding thereto the following section:

3 **44-30-71.5. Voluntary withholding of tax from mutual fund individual retirement**
4 **accounts.**

5 (a) The tax administrator may enter into agreements with mutual fund companies to allow
6 for the deduction and withholding of taxes that may be due to the state from required minimum
7 distributions that are subject to Rhode Island personal income tax. The amount to be deducted,
8 withheld and paid to the state by a mutual fund company shall be in an amount substantially
9 equivalent to the tax reasonably estimated to be due as a result of the inclusion of the distribution
10 in the taxpayer's Rhode Island income that is received during any calendar year beginning on or
11 after January 1, 2026.

12 (b) The method of determining the amount to be withheld shall be prescribed by regulations
13 of the tax administrator, with due regard to the withholding exemptions of the taxpayer.

14 (c) The provisions of this section shall apply only to a taxpayer who so elects to have the
15 withholding made and withholding shall not be required under this section. A taxpayer's election
16 to have a withholding made, or choice to not have withholding made, or a failure to make an
17 election under this section shall not have any effect on the computation of tax due before credits
18 and payments or of interest or penalties that may be due to the state under other sections of this
19 chapter.

1 (d) In the event that a mutual fund company has not entered into an agreement with the tax
2 administrator and the taxpayer makes an election for taxes to be deducted and withheld by the
3 mutual fund company and paid over to the state and if payment is made by the mutual fund company
4 in accordance with the taxpayer's election to the state then the state shall accept such payment and
5 credit the taxpayer's account for the amount of the payment.

6 SECTION 2. This act shall take effect on January 1, 2026.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION -- PERSONAL INCOME TAX

- 1 This act would allow a resident taxpayer to elect to have state taxes withheld from
- 2 distributions from a mutual fund individual retirement account.
- 3 This act would take effect on January 1, 2026.

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