

2022 -- H 8096

LC005688

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

A N A C T

RELATING TO TAXATION -- STATE TAX OFFICIALS

Introduced By: Representatives Phillips, McEntee, Hawkins, Costantino, Corvese,
Solomon, Cardillo, Cortvriend, Filippi, and Fenton-Fung

Date Introduced: April 06, 2022

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-1-7.1 of the General Laws in Chapter 44-1 entitled "State Tax
2 Officials" is hereby amended to read as follows:

3 **44-1-7.1. Interest on overpayments.**

4 (a) Each January 1 the tax administrator shall compute the rate of interest to be in effect
5 for that calendar year by reference to the prime rate, which was in effect on October 1 of the
6 preceding year. The term "prime rate" shall mean the predominant prime rate quoted by commercial
7 banks to large businesses as determined by the board of governors of the Federal Reserve System.

8 (b) Notwithstanding any general or specific statute to the contrary, overpayments of state
9 taxes or surcharges that are remitted to the tax division pursuant to § 39-21.1-14, shall bear interest
10 at the prime rate as defined in § 44-1-7.1(a) from the date the tax or the surcharge that is referenced
11 in this provision was paid, or from the date including any extensions of the date the tax became
12 due, whichever of the dates occurs later.

13 (c) If any overpayment of state tax is refunded within ninety (90) days after the last date
14 prescribed (or permitted by extension of time) for filing the return of the tax, or within ninety (90)
15 days after the return is in fact filed, no interest shall be allowed under this section on the
16 overpayment.

17 (d) For the purposes of this section, if any overpayment of state tax results from a carry-
18 back of a net operating loss, the overpayment is deemed not to have been made prior to the close
19 of the taxable year in which the net operating loss arises.

1 (e) If any overpayment of a surcharge referenced in subsection (b) of this section is
2 refunded within ninety (90) days after notification of overpayment of the surcharge, no interest
3 shall be allowed under this section on the overpayment.

4 (f) Notwithstanding any provisions of the general laws to the contrary, the tax administer
5 shall waive interest and penalties on the taxable portion of each Paycheck Protection Program loan
6 taxed pursuant to §§ 44-11-11(a)(1)(iv), 44-14-11 and 44-30-12(b)(8) and forgiven during tax years
7 2020 and 2021; provided that, the tax on the portion is paid in full by March 31, 2022 for tax year
8 2020, and by March 31, 2023 for tax year 2021. The tax administer shall make available suitable
9 forms with instructions for making tax payments on the taxable portion of such forgiven Paycheck
10 Protection Program loans. The state will offer an option to corporations on the taxable portion of
11 each Paycheck Protection Program loan to pay the tax on a quarterly basis. In the event the entity
12 has already paid the tax, the entity may apply to the tax administrator for a rebate less the first
13 quarter tax of the Paycheck Protection Program loans.

14 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
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1 This act would waive interest and penalties on the taxable portion of loans taxed or forgiven
2 under the Paycheck Protection Program during tax years 2020 and 2021, provided any tax due is
3 paid by March 31, 2022 and March 31, 2023, respectively.

4 This act would take effect upon passage.

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