

2019 -- S 0134

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

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A N A C T

RELATING TO TAXATION - WITHHOLDING OF TAX

Introduced By: Senators DiPalma, Pearson, Felag, Seveney, and Cano

Date Introduced: January 24, 2019

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-30-71.3 of the General Laws in Chapter 44-30 entitled "Personal
2 Income Tax" is hereby amended to read as follows:

3 **44-30-71.3. Sale of real property by nonresidents -- Withholding requirements.**

4 (a) In a sale of real property and associated tangible personal property owned by a
5 nonresident, the buyer shall deduct and withhold on the payments an amount equal to six percent
6 (6%) of the total payment to nonresident individuals, estates, partnerships or trusts, and ~~nine~~
7 ~~percent (9%)~~ seven percent (7%) of the total payment to nonresident corporations. For purposes
8 of this section a "nonresident corporation" is a corporation that is neither incorporated in this state
9 nor authorized by the secretary of state or board of bank incorporation to do business in this state.

10 (b) "Total payment" means the net proceeds of the sale actually paid to the nonresident
11 seller including the fair market value of any property to be transferred to the seller.

12 (c) Every buyer subject to the withholding, deduction and payment provisions of this
13 section shall be liable for all amounts withheld or required to be withheld and the amount
14 required to be withheld under the provisions of this section shall, until remitted, constitute a lien
15 upon the property of the owner.

16 (d) The buyer shall remit all monies deducted and withheld pursuant to subsection (a) of
17 this section to the tax administrator within three (3) banking days of the date of closing on forms
18 prescribed by the tax administrator. Interest provisions of § 44-1-7 shall be applicable to this
19 section.

1 (e) Payments upon which monies were deducted and withheld pursuant to subsection (a)
2 of this section shall be deemed to have been paid to the tax administrator on behalf of the person
3 from whom it was withheld and the person shall be credited with having paid that amount for the
4 taxable year beginning in that calendar year.

5 (f) The closing attorney, lending institution, and real estate agent or broker in any
6 transaction governed by the provisions of this section is not subject to the withholding, deduction,
7 or payment provisions of this section.

8 (g) All forms prescribed by the tax administrator which require recording in the land
9 evidence records shall include the name of the sellers and the street address of the property.

10 (h) Notwithstanding any other provision of this section to the contrary, a lien created by
11 the provisions of this section shall cease to be a lien upon or enforceable against real estate upon
12 the expiration of a period of ten (10) years from and after the date of the sale of real property and
13 associated tangible personal property which gave rise to the lien.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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- 1 This act would provide that the non-resident withholding requirement for a corporation
- 2 that sells real estate be consistent with the seven percent (7%) corporate income tax rate.
- 3 This act would take effect upon passage.

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