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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO TAXATION - FRANCHISE TAX

Introduced By: Senators Bates, DiPalma, Walaska, Lombardo, and Ruggerio

Date Introduced: January 16, 2013

Referred To: Senate Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-12-1 of the General Laws in Chapter 44-12 entitled "Franchise
2 Tax" is hereby amended to read as follows:

3 **44-12-1. Tax imposed -- Corporations liable -- Credit for tax on income -- Reduced**
4 **rate where no business done. --** (a) Every corporation, joint-stock company, or association
5 incorporated in this state or qualified to do business in this state, whether or not doing business
6 for profit, all referred to in this section under the term "corporation", except those enumerated in
7 section 44-12-11, shall pay an annual franchise tax to the state upon its authorized capital stock of
8 two dollars fifty cents (\$2.50) for each ten thousand dollars (\$10,000) or fractional part, or the
9 sum of five hundred dollars (\$500), whichever is greater; reduced however, by a credit, not to
10 exceed four hundred dollars (\$400), of one hundred dollars (\$100) for each employee of such
11 entity as of the last day of its preceding tax year.

12 (b) In the case of corporations liable to a tax under chapter 11 of this title, only the
13 amount by which the franchise tax exceeds the tax payable under that chapter shall be assessed.

14 (c) If a corporation shall show by supplemental affidavit attached to the prescribed return
15 and signed in the manner provided for each return that it has not, at any time during its preceding
16 taxable year, been engaged within the state in any business activities, it shall only pay an annual
17 franchise tax upon its authorized capital stock at the following rates: five hundred dollars (\$500)
18 where the stock does not exceed one million dollars (\$1,000,000); and the further sum of twelve
19 dollars fifty cents (\$12.50) for each additional one million dollars (\$1,000,000) or fractional part

1 of the stock.

2 [\(d\) Notwithstanding any other provisions of this section or the general or public laws to](#)
3 [the contrary, no entity liable for the tax set forth in this section shall be required to pay such tax](#)
4 [for the tax year in which it was formed, or for the two \(2\) tax years immediately following.](#)

5 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 each corporation with a credit against the franchise tax, not to
2 exceed four hundred dollars (\$400), of one hundred dollars (\$100) for each employee of such
3 entity as of the last day of its preceding tax year. It would further exempt any corporation from
4 the payment of the franchise tax in the first three (3) years of its incorporation.

5 This act would take effect upon passage.

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