

Income/Franchise:

Rhode Island: Duration of Emergency Withholding Rules for Pandemic-Related Telecommuting Extended

Regulation 280-RICR-20-55-14 "Withholding for Employees Working Remotely During the COVID-19 State of Emergency," R.I. Div. of Tax. (3/21). Once again, the Rhode Island Division of Taxation (Division) extended the duration of its emergency regulation that first came into effect on May 23, 2020, and which provides tax withholding guidance for employers that have employees who are temporarily working remotely due to the COVID-19 pandemic, through to May 18, 2021 (originally, this emergency regulation was scheduled to expire on November 18, 2020, and subsequently was extended through to January 18, 2021 and then March 19, 2021). According to the Division's corresponding advisory guidance [see *Advisory 2020-22 (5/26/20)*], this emergency regulation "temporarily simplifies the tax withholding process with regard to remote working." Under the emergency regulation, the income of employees who are nonresidents temporarily working outside of Rhode Island solely due to the pandemic generally will continue to be treated as Rhode Island-source income for Rhode Island withholding tax purposes. Additionally, under the emergency regulation, Rhode Island generally will not require employers located outside of Rhode Island to withhold Rhode Island income taxes from the wages of employees who are Rhode Island residents temporarily working within Rhode Island solely due to the COVID-19 pandemic.

URL: <https://rules.sos.ri.gov/regulations/part/280-20-55-14>

URL: http://www.tax.ri.gov/Advisory/ADV_2020_22.pdf

Note that the Division previously issued guidance on the effect of COVID-19 pandemic-related telecommuting on nexus for Rhode Island corporate income and sales and use tax purposes [see *Advisory 2020-24 (5/28/20)*, and *State Tax Matters*, Issue 2020-22, for more details on this guidance] – generally providing that "for the duration of Rhode Island's coronavirus state of emergency," it will not seek to establish nexus for Rhode Island corporate income or sales and use tax purposes solely because an employee is temporarily working from home during the state of emergency, or because an employee is temporarily working from home during the state of emergency and is using property to allow the employee to work from home (e.g., computers, computer equipment, or similar property) temporarily during the state of emergency. Please contact us with any questions.

URL: http://www.tax.ri.gov/Advisory/ADV_2020_24.pdf

URL: https://newsletters.usdbriefs.com/2020/Tax/STM/200605_4.html

— Mike Degulis (Boston)
Principal
Deloitte Tax LLP
mdegulis@deloitte.com

Zsuzsanna Goodman (Boston)
Senior Manager
Deloitte Tax LLP
zgoodman@deloitte.com

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