

2010 -- S 2624

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

RELATING TO TAXATION - SALE OF REAL PROPERTY BY NONRESIDENTS -
WITHHOLDING REQUIREMENTS

Introduced By: Senators Blais, and Maher

Date Introduced: March 04, 2010

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. --** (a)
4 In a sale of real property and associated tangible personal property owned by a nonresident, the
5 buyer shall deduct and withhold on the payments an amount equal to six percent (6%) of the total
6 payment to nonresident individuals, estates, partnerships or trusts, and nine percent (9%) of the
7 total payment to nonresident corporations. For purposes of this section a "nonresident
8 corporation" is a corporation that is neither incorporated in this state nor authorized by the
9 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 section 44-1-7 shall be applicable to

1 this section. Two percent (2%) of the withholding shall inure to the municipality or municipalities
2 in which the real property was situated, provided that if the municipality has created a municipal
3 land trust, one-half (1/2) of the municipality's share shall be paid to that municipal land trust.

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

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

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

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

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION - SALE OF REAL PROPERTY BY NONRESIDENTS -
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- 1 This act would devote half of the net proceeds of non-resident withholding to the
- 2 municipalities, with half of that half going to the municipal land trust if one exists.
- 3 This act would take effect upon passage.

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