

2017 Rhode Island General Laws
Title 44 - Taxation
Chapter 44-11 - Business Corporation Tax
Section 44-11-11 - "Net income" defined.

Universal Citation: RI Gen L § 44-11-11 (2017)

§ 44-11-11. "Net income" defined.

(a)(1) "Net income" means, for any taxable year and for any corporate taxpayer, the taxable income of the taxpayer for that taxable year under the laws of the United States, plus:

- (i) Any interest not included in the taxable income;
- (ii) Any specific exemptions;
- (iii) The tax imposed by this chapter; and minus
- (iv) Interest on obligations of the United States or its possessions, and other interest exempt from taxation by this state; and
- (v) The federal net operating loss deduction.

(2) All binding federal elections made by or on behalf of the taxpayer applicable either directly or indirectly to the determination of taxable income shall be binding on the taxpayer except where this chapter or its attendant regulations specifically modify or provide otherwise. Rhode Island taxable income shall not include the "gross-up of dividends" required by the federal Internal Revenue Code to be taken into taxable income in connection with the taxpayer's election of the foreign tax credit.

(b) A net operating loss deduction shall be allowed which shall be the same as the net operating loss deduction allowed under 26 U.S.C. § 172, except that:

(1) Any net operating loss included in determining the deduction shall be adjusted to reflect the inclusions and exclusions from entire net income required by subsection (a) of this section and § 44-11-11.1;

(2) The deduction shall not include any net operating loss sustained during any taxable year in which the taxpayer was not subject to the tax imposed by this chapter; and

(3) The deduction shall not exceed the deduction for the taxable year allowable under 26 U.S.C. § 172; provided, that the deduction for a taxable year may not be carried back to any other taxable year for Rhode Island purposes but shall only be allowable on a carry forward basis for the five (5) succeeding taxable years.

(c) "Domestic international sales corporations" (referred to as DISCs), for the purposes of this chapter, will be treated as they are under federal income tax law and shall not pay the amount of the tax computed under § 44-11-2(a). Any income to shareholders of DISCs is to be treated in the same manner as it is treated under federal income tax law as it exists on December 31, 1984.

(d) A corporation which qualifies as a "foreign sales corporation" (FSC) under the provisions of subchapter N, 26 U.S.C. § 861 et seq., and which has in effect for the entire taxable year a valid election under federal law to be treated as a FSC, shall not pay the amount of the tax computed under § 44-11-2(a). Any income to shareholders of FSCs is to be treated in the same manner as it is treated under federal income tax law as it exists on January 1, 1985.

History of Section.

(G.L. 1938, ch. 37, § 5; P.L. 1947, ch. 1887, art. 1, § 1; G.L. 1956, § 44-11-11; P.L. 1974, ch. 200, art. 2, § 1; P.L. 1975, ch. 188, art. 1, § 2(a); P.L. 1977, ch. 133, § 3; P.L. 1983, ch. 95, § 1; P.L. 1984, ch. 206, art. II, § 1; P.L. 1984 (s.s.), ch. 450, § 2; P.L. 1985, ch. 485, § 1; P.L. 1992, ch. 15, art. 3, § 1; P.L. 2007, ch. 73, art. 7, § 2; P.L. 2007, ch. 73, art. 7, § 14; P.L. 2014, ch. 145, art. 12, § 17.)