

## Income/Franchise:

### Rhode Island: New Law Extends NOL Carryforward Period from 5 to 20 Years and Limits PTE Tax Credit

*H.B. 7225*, signed by gov. 6/17/24. Recently signed legislation contains several tax law changes, including revising Rhode Island's corporate income tax so that for any taxable year beginning on or after January 1, 2025, the net operating loss (NOL) deduction may be carried forward for twenty years rather than just five. Under the new law, the annual Rhode Island NOL deduction continues to be limited so that the amount "shall not exceed the deduction for the taxable year allowable under 26 USC. § 172," and may not be carried back to any other taxable year. For tax years beginning on or after January 1, 2025, the legislation also revises provisions related to Rhode Island's pass-through entity (PTE) tax by limiting the state tax credit passed through to owners (on a pro rata basis) for the amount of state income tax paid by the PTE to 90% of the amount of tax paid rather than 100%. Please contact us with any questions.

**URL:** <https://webservice.rilegislature.gov/BillText/BillText24/HouseText24/H7225Aaa.pdf>

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