FREE REFERENCE

Rhode Island business taxes, explained for 2026

Small businesses in Rhode Island register with the state revenue agency for income tax withholding and sales tax, and with the Rhode Island Department of Labor and Training for unemployment tax. Rhode Island has income tax rates from 3.75% to 5.99%, a 7% state sales tax and a $30,800 unemployment wage base for 2026.

QUICK FACTS

- **Income tax.** Income tax rates from 3.75% to 5.99% for 2026
- **Sales tax.** 7% state rate, about 7% combined with local
- **Unemployment.** Employers pay Rhode Island unemployment tax on the first $30,800 of each worker's 2026 wages

What taxes does a small business pay in Rhode Island?

Most Rhode Island businesses deal with four: federal and state payroll taxes once they hire, sales tax if they sell taxable items, income tax on profit, and the state's annual report or franchise filing for an LLC or corporation, filed with the Secretary of State.

How do I register for payroll taxes in Rhode Island?

Before your first payroll in Rhode Island:

1. Get a federal EIN and enroll in EFTPS for federal deposits.
2. Open a Rhode Island withholding account with the Rhode Island revenue agency, so you can withhold and pay state income tax.
3. Register for unemployment insurance with the Rhode Island Department of Labor and Training. For 2026, the tax applies to the first $30,800 of each employee's wages, at a rate the state sets for new employers and then adjusts to your history.
4. Report each new hire to Rhode Island's new hire registry, usually within 20 days.

Employees in Rhode Island also pay temporary disability insurance (TDI) at 1.1% of wages up to $100,000.

Our state payroll registration guide explains each step, and our payroll service handles it for you.

General information, not tax advice for your situation.

Do I need a Rhode Island sales tax permit?

If you sell taxable goods or services in Rhode Island, yes. Register with the Rhode Island revenue agency before your first taxable sale. Out-of-state sellers need one once they pass Rhode Island's economic nexus threshold.

SALES TAX IN RHODE ISLAND, MIDYEAR 2026	RATE
State rate	7%
Average local rate	0%
Average combined rate	7%
Highest local rate	0%

The state sets how often you file. Our sales tax permit guide covers what to have ready, and the sales tax calculator adds tax to a price.

How does Rhode Island tax business owners?

Profit from a sole proprietorship, LLC, partnership or S-Corp passes through to the owners, who pay Rhode Island income tax on it at the personal rates: income tax rates from 3.75% to 5.99%. Rhode Island allows a standard deduction of $11,200 single and $22,400 joint, a personal exemption of $5,250 single and $10,500 joint and $5,250 for each dependent.

Estimate yours with the Rhode Island income tax calculator.

Where are Rhode Island's tax forms and refund status?

- Rhode Island tax forms
- Rhode Island revenue agency
- Rhode Island refund status
- Rhode Island Department of Labor and Training

Every state's links are on our state tax forms page.

Which calculators work for Rhode Island?

- Rhode Island paycheck calculator: take-home pay after every deduction
- Rhode Island income tax calculator: your 2026 state income tax
- Payroll cost calculator: what a hire costs you, with Rhode Island unemployment

Common questions

Do I need a sales tax permit in Rhode Island?
Yes, if you sell taxable goods or services there. Register with the Rhode Island revenue agency before your first taxable sale.

What is the Rhode Island unemployment wage base for 2026?

$30,800. Employers pay Rhode Island unemployment tax on that much of each employee's wages, at a rate the state assigns.

Does Rhode Island have a state income tax?

Yes. Rhode Island has income tax rates from 3.75% to 5.99% for 2026.

Who runs payroll taxes in Rhode Island?

The Rhode Island revenue agency handles income tax withholding, and the Rhode Island Department of Labor and Training handles unemployment tax.

Want payroll handled?

We set it up, run it and file the returns. Book a free 30-minute call at eminenttax.com/contact or call (972) 347-4590.

eminenttax.com