

## **Factors concerning Successor/Predecessor relationship.**

Sections 28-43-10 and 28-43-35 of the TDI and UI Laws of Rhode Island.

When determining whether a successor predecessor relationship exists several factors are examined.

A: Chief among these considerations “are whether the purported successor purchased, leased, or **assumed** the

- (1) physical assets such machinery and manufacturing equipment,
- (2) office equipment,
- (3) corporate name,
- (4) inventories,
- (5) covenant not to compete,
- (6) possession of premises,
- (7) goodwill,
- (8) work in progress,
- (9) patent rights,
- (10) licenses including liquor,
- (11) trademarks,
- (12) trade names,
- (13) technical data,
- (14) lists of customers,
- (15) sales correspondence,
- (16) books of accounts and/or
- (17) employees

B. Is there common ownership or management and control

C. Is the address and or phone number the same?

D. Did the new entity use or have the right to the name or it doing business as (DBA)?

E. Is the new business continuing in a similar fashion to the old business?

Each situation is handled independently and 1 or more of these factors may be used in determining if a company is a successor under 28-43-10 and 28-43-35. In addition rather than being a full successor an entity may be determined to be a partial successor. This may occur if a segregable portion (such as a division) was transferred.

Once the determination is made the entity is made aware in writing. If the entity disagrees employer tax generally asks for more information such as a letter of explanation and a purchase and sale agreement. If employer tax still determines there is a successor/predecessor relationship and the entity **DISAGREES** – Employer Tax will forward to the Board of Review for a hearing.

**Assumed** – took control or using