



40
years
GROWING
TOGETHER

VALDES, GARCIA, MARIN & MARTINEZ, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Summer 2017
vgmmcpa.com

FOCUS



A PUBLICATION FROM THE
BUSINESS SOLUTIONS DIVISION

In this issue, we look at the latest changes regarding **Workmen's Compensation and Sales & Use Tax.**

or occupational diseases that occurred to their workers or employees in their workplace.

NEW REQUIREMENT WHEN FILING THIS YEAR'S WORKMENS' COMPENSATION PAYROLL STATEMENT

The Act requires every employer to file, **not later than July 20** of each year, a Payroll Statement showing the number of workers employed, the kind of occupation or industry of said workers, and the total amount of wages paid during the preceding fiscal year.

The Administrator of Puerto Rico's State Insurance Fund Corporation ("CFSE" by its Spanish acronym), informed employers of a **new requirement** when submitting this year's Payroll Statement.

In order to corroborate the payroll informed this year, every employer must **also** provide with the Payroll Statement one of the following documents:

Act No. 45 of April 18, 1935 as amended, known as The Workers' Accident Compensation Act, provides an insurance policy to cover employers for the accidents

- ▶ **Quarterly Unemployment & Disability Insurance Tax Report** submitted to the Department of Labor and Human Resources corresponding to the quarters of September 2016, December 2016, March 2017, and June 2017; or

CONTENTS

New requirements from the CFSE 1

Modifications to Sales & Use Tax Penalties.....2

Contact your account service partner or our Business Solutions Division to arrange for a consultation in the implementation of these provisions.

María Martínez
Business Solutions Supervisor

☎ Office (787) 725-1600

☎ Direct (787) 303-3274

✉ mmartinez@vgmmcpa.com

Olga M. Vega, MBA
Business & Management Support Supervisor

☎ Office (787) 721-4179

✉ ovega@vgmmcpa.com

- ▶ **Employer's Quarterly Return of Income Tax Withheld** corresponding to the quarters of July-September 2016, October-December 2016, January-March 2017, and April-June 2017; or
- ▶ **Employer's Quarterly Federal Tax Return (Form 941)** corresponding to the quarters of July-September 2016, October-December 2016, January-March 2017, and April-June 2017.

Those employers that file the Payroll Statement electronically will be able to upload the additional required information. If the information requested is not provided, the CFSE could make the necessary arrangements to obtain the information and make any adjustment in the calculation and collection of the insurance premium.

This new requirement does **not** apply to employers:

- ▶ whose policies only cover domestic activities and house maintenance, nor
- ▶ that only have in their policies the self-employers classifications (8811, 8812, 8813, 8814, 8815, 8816, and 8817).

MODIFICATIONS TO SALES & USE TAX ("SUT") PENALTIES

The Puerto Rico Treasury Department released Administrative Determination No. 17-01 ("AD 17-01") to modify the procedures for the imposition of penalties for failing to comply with the filing and/or remittance of the SUT.

Penalty for Late Filing

2011-PRIRC Section 6043.05(a) imposes a penalty of the higher of \$100 or 10% of the tax liability.

AD 17-01 eliminated the \$100 minimum penalty and established a 10% fixed penalty of the tax liability for any person or merchant that fails to file, or files after the deadline any of the SUT returns.

Penalty for Late Payment

2011-PRIRC Section 6043.04 provides that any person who fails to pay the SUT in the required form and time will be subject to a penalty of not less than 25% nor more than 50% of the insufficiency.

In the case of repeat offenders the penalty is 100% of the insufficiency.

AD 17-01 provides that, as a general rule, a late penalty of 5% of the insufficiency will be imposed if the delay does not exceed 30 days, plus an additional 5% for each 30-day period or fraction thereof, up to 50% of the insufficiency (100% in the case of repeated offenders).¹

Valdés, García, Marín & Martínez, LLP is a Puerto Rico based firm of Certified Public Accountants and Consultants organized as a partnership for the practice of public accounting since 1975. Our 40 years of experience in public accounting support our commitment to excellence and professionalism.

This publication has been prepared for informative purposes. It is not intended to provide and does not constitute advice.

www.vgmmcpa.com

©2017 Valdés, García, Marín & Martínez, LLP

All rights reserved.

¹ Repeated offenders are those that have failed to pay the SUT in two or more occasions within the same 12-month period.