



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

TAX ALERT 2015-16
September 22, 2015
www.vgmmcpa.com



A PUBLICATION FROM THE TAX DIVISION

GETTING READY FOR YEAR-END CHRISTMAS BONUS AND INFORMATIVE RETURNS



Please contact your account service partner should you have any questions or comments or if you need additional information regarding these matters.

Tel. (787) 725-1600

Ramón Marín
rmarin@vgmmcpa.com

Lucy Martínez
lmartinez@vgmmcpa.com

Idsa Ramos
iramos@vgmmcpa.com

Sofía Benítez Arraiza
sbenitez@vgmmcpa.com

This **Tax Alert** covers topics which are of special interest and may require immediate action.

Christmas Bonus

Act No. 148 of June 30, 1968, as amended, requires that every employer who employs more than one employee shall pay a Christmas bonus to all employees who worked a minimum of 700 hours in the preceding 12-month period commenced on October 1st and ended on September 30th. The bonus must be paid between December 1st and December 15th unless the employee and its employer agree on a different date.

For those employers with 15 employees or less, the bonus shall be 3% of the employee's salary, up to \$10,000. For those employers with more than 15 employees, the bonus shall be 6% of the employee's salary up to \$10,000. The total bonus obligation may be limited to a 15% of the employer's net income earned in the period mentioned above.

Employers experiencing financial difficulties may request a partial or complete exemption from the Christmas bonus payment. Such request must be filed on or before November 30th and must be accompanied by a balance sheet and an income statement with the results of the employer's operations for the 12-month period ending on September 30th. These financial statements must be reviewed by a Certified Public Accountant duly licensed in the Commonwealth of Puerto Rico.

INFORMATIVE RETURNS

Informative Returns (Forms 480.6A, 480.6B, etc)

In general, most of the business payments made during the normal course of business exceeding \$500 must be informed to the Puerto Rico Treasury Department ("PRTD"). Some of the reportable payments are those made for:

- » Services rendered by individuals and businesses;
- » Judicial and extrajudicial indemnification;
- » Dividends and partnership distributions;
- » Interest;
- » Dividends from industrial development income and pension plan distributions;
- » Rents;
- » Salaries or wages not otherwise reported;
- » Premiums, annuities, compensations, remuneration, or other fixed or determinable gains; and
- » Profits and income.

Most of the payments are reported to the PRTD and informed to the payee by using one of two forms: Form 480.6A is used for payments which are not subject to any type of income tax withholding, and Form 480.6B, for payments that are subject to income tax withholding. These forms must be filed with the PRTD, with a copy to the payee on or before February 28th of the year following the reported period. Those taxpayers required to prepare one of these forms shall also file an Annual Reconciliation Statement (Form 480.6B.1) and a Summary of Annual Information Return (Form 480.5), which are also due on February 28th.

If you would like to subscribe or unsubscribe from these publications please contact us at:

☎ (787) 725-1600
✉ fsosa@vgmmcpa.com

Follow us:



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 **Tax Alert** has been prepared for informative purposes. It is not intended to provide and does not constitute tax advice.

©2015 Valdés, García, Marín & Martínez, LLP. All rights reserved. www.vgmmcpa.com