



**40**  
years  
**GROWING  
TOGETHER**

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

**TAX ALERT 2018-01**

**January 8, 2018**

**www.vgmmcpa.com**

AN INDEPENDENT MEMBER OF  
**BDO**  
ALLIANCE USA



## **A PUBLICATION FROM THE TAX DIVISION**

### **WAIVER CERTIFICATES ON PAYMENTS FOR SERVICES PROVIDED FOR THE YEAR 2018**



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**  
**sbenitez@vgmmcpa.com**

Please contact us at (787) 725-1600 or at [fsosa@vgmmcpa.com](mailto:fsosa@vgmmcpa.com) if you would like to subscribe or unsubscribe from these publications.

On January 2, 2018, the Treasury Department ("the Department") issued Internal Revenue Informative Bulletin No. 18-01 ("BI RI 18-01")<sup>1</sup> to notify the following:

- » Waivers issued for the year 2017, which expiration date was December 31, 2017, will continue in force until Wednesday, January 31, 2018; and
- » The process of sending the automatic waivers for the year 2018 took place during the last week of December 2017. Therefore, taxpayers should receive them at the beginning of January 2018.

Taxpayers who qualify with the requirements set forth to receive the automatic waiver for the year 2018 and cannot wait for the receipt of their waiver by mail, may request a duplicate, as follows:

- » Visiting any of the Department's Taxpayer Service Centers ("TSCs"). Information of these centers is available at [Treasury Service Centers](#). To facilitate the evaluation of the case, taxpayers should bring:
  - Copy of the 2016 Income Tax Return, and
  - Form 2745 Power of Attorney and Representation Statement duly completed and signed (in case the person requesting the waiver is not the taxpayer).
- » Sending an email to [infosac@hacienda.pr.gov](mailto:infosac@hacienda.pr.gov). Taxpayers should include the phrase "Waiver 2018" as the subject of the email. In addition, the message must include:
  - Full name of the taxpayer;
  - Social security or employer identification number; and
  - Copy of the 2016 Income Tax Return
- » Calling (787) 721-9090. Taxpayers must provide:
  - Full name;
  - Social security or employer identification number; and
  - Email address where the duplicate of the waiver would be sent.

## TAX ALERT 2018-01

### 2018 WAIVER CERTIFICATES

(continued)

Taxpayers who do not qualify to receive the automatic waiver but that meet the criteria established in Section 1062.03 (g) of the 2011 Puerto Rico Internal Revenue Code, as amended (the "Code") may visit a TSC or send an email to [infosac@hacienda.pr.gov](mailto:infosac@hacienda.pr.gov) to request the waiver for the year 2018. Taxpayers must provide a copy of the 2016 Income Tax Return and Form 2745 duly completed and signed (if applicable).

#### **New Businesses**

Section 1062.03 (b)(8) of the Code establishes that the 7% tax withholding will not apply to payments for services to individuals, corporations and companies during the first three (3) years of the beginning of an activity of provision of services ("waiver for new business"). On November 15, 2017, the Department issued Administrative Determination No. 17-30 ("DA 17-30")<sup>1</sup> to clarify the term "beginning of a service rendering activity" and the evaluation criteria used by the Department to consider that a business is a "new business" subject to the total withholding relief provided by Section 1062.03 (b)(8). Those taxpayers who qualify for the waiver for new businesses can request it (with the documents indicated in DA 17-30) at a TSC. However, the extension of the validity to January 31, 2018 of the waivers issued for the year 2017 **will not** be applicable for businesses that have obtained a waiver under Section 1062.03 (b)(8) to the extent that said businesses do not comply with the requirements established in DA 17-30.

#### **Payments Not Subject to Withholding**

As established in Circular Letter of Internal Revenue No. 17-02 ("CC RI 17-02")<sup>1</sup> and Internal Revenue Informative Bulletin No. 17-11 ("BI RI 17-11")<sup>1</sup>, the Department will not issue waivers to taxpayers who receive payments not subject to the 7% withholding pursuant to the provisions of paragraphs (1) to (7) and (9) to (14) of section (b) of Section 1062.03 of the Code. However, said taxpayers could be subject to the affidavit requirement established in CC RI 17-02 and BI RI 17-11.

The provisions of BI RI 18-01 have immediate effect.

<sup>1</sup> By its Spanish acronym.

**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.