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**TAX ALERT 2019-04**

**October 23, 2019**

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

### **PR Department of Treasury Issues 2019 Withholding Statement and Informative Return Forms**



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

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The Puerto Rico Department of the Treasury (“the Department”) issued Informative Bulletin 19-09 (“IB 19-09”) to notify the publication of Withholding Statements and Informative Returns for the calendar year 2019 and to inform the changes made to these forms. It also provides the timetable on which the forms must be submitted. The most significant changes are mentioned below:

#### **Form 499R-2/W-2PR and 499R-2c/W-2cPR - Withholding Statement and Corrected Withholding Statement**

- Two boxes were added to report if income includes any payment to an employee for:
  - *Services rendered for agricultural work* (Option C); or
  - *Services rendered by a church minister or by a member of a religious order* (Option D).

#### **Form 480.6A - Informative Return – Other Income Not Subject to Withholding**

- The following boxes were eliminated, and related payments must be reported in new Form 480.6SP -*Informative Return-Services Rendered*:
  - Services rendered by individuals, corporations, and partnerships not subject to withholding
  - Special payments for professional and advisory services pursuant to Act 48-2013, as amended
  - Reimbursed expenses
  - Payments to health providers
- The boxes related to the following payments were also eliminated and such payments must be reported in new Form 480.7E- *Informative Return-Advertising, Insurance Premiums, Telecommunication Services, Internet Access and Cable or Satellite Television*:
  - Insurance premiums
  - Telecommunication services
  - Advertising
  - Internet and cable or satellite television services
- New boxes were added to report the total amount paid during the year for:
  - Electric power
  - Water and sewage
  - Professional associations fees
  - Continuing education for professions and trades
  - Homeowners associations fees

**TAX ALERT 2019-04**  
**CHANGES TO**  
**INFORMATIVE**  
**RETURNS**  
**(continued)**

**Forms 480.6B and 480.6B1 - Informative Return - Other Income Subject to Withholding and Annual Reconciliation Statement of Other Income Subject to Withholding**

- Boxes related to payments for services rendered by individuals, corporations, and partnerships subject to withholding, special payments for professional and advisory services pursuant to Act 48-2013, as amended, health providers, and reimbursed expenses were eliminated. These payments must be reported in new Form 480.6SP.

**Form 480.6C and 480.30 - Informative Return - Payments to Nonresidents or for Services from Sources Outside of Puerto Rico and Nonresident Annual Return for Income Tax Withheld at Source**

- A box was added for *Payments not Subject to Withholding* (Box 14) to report the total payments made to a nonresident person (natural or legal) who is not subject to withholding. Also, in the case that such payments are for services rendered outside of Puerto Rico, the corresponding box should be checked in Form 480.6C.

**Form 480.6D - Informative Return - Exempt and Excluded Income and Exempt Income Subject to Alternate Basic Tax**

- The following boxes were added:
  - *Interests on bonds, notes or other obligations under Section 6070.56(h) of Act 60-2019* (Box 9) to report the total exempt interest that comply with the requirements established in Section 6070.56(h) of Act 60-2019
  - *Dividends from Exempt Businesses under Act 60-2019 (Section 6070.56(e))* (Box 16) to report the distribution of dividends or benefits from net income from opportunity zones that are exempt under Section 6070.56(e) of Act 60-2019

**New Informative Returns:**

**a. Form 480.6SP - Informative Return - Services Rendered**

- To report payments for services rendered which were previously reported on Forms 480.6A and 480.6B.

**b. Form 480.6SP.2 - Annual Reconciliation Statement of Services Rendered**

- To summarize total payments and tax withholdings at source by category, as reported on all Forms 480.6SP filed during the year.

As established in Circular Letter No. 19-10 issued by the Department, the total tax withheld reported on Forms 480.6SP and 480.6SP.2 should be equal to the total tax withheld reported on Forms 480.6 SP-1, *Quarterly Return of Tax Withheld on Payments for Services Rendered*, that have been filed for the year.

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**NEW INFORMATIVE**  
**RETURNS**  
**(continued)**

**c. Form 480.6E - Informative Return - Mail Order Sales**

- To report the total amount paid in a year for purchases of tangible personal property, pursuant to the provisions of Section 4041.03(b)(1)(C) of the Puerto Rico Internal Revenue Code of 2011("the Code"), as amended, by non-withholding agents of sales and use tax, as defined in Section 4020.08 of the Code. The Department will issue a publication with more details regarding this new form.

**d. Form 480.6G - Informative Return - Transactions Made by Electronic Means**

- This form is for entities engaged in the business of processing payments by electronic means, including credit and debit cards through a network, to report the total amount of payments processed and credited to the person receiving the services.

**e. Form 480.7E - Informative Return - Advertising, Insurance Premiums, Telecommunication, Internet Access and Cable or Satellite Television Services**

- This form is for entities engaged in the business of providing telecommunication services, access to the internet or cable or satellite television services or that receive payments for advertisement or insurance premiums to report the total amount of payments received during the year.

The version "*For Informative Purposes Only*" of the above-mentioned forms can be accessed through [www.hacienda.pr.gov](http://www.hacienda.pr.gov).

All the withholding statements and informative returns must be filed only by electronic means through SURI (the Spanish acronym for the Internal Revenue Unified System). The employer or withholding agent must deliver two (2) copies of the informative return to the person who received the payment.

Most of the changes made to the forms are related with several amendments to the Code introduced by Act 257-2018. This act imposes greater oversight and verification of the information reported in the income tax returns. Amounts claimed in the income tax return for services rendered, commissions, rent, medical plans, insurance, telecommunication services, internet and cable or satellite services, electric power, water and sewer services, among others, will only be allowed if reported on informative returns (Forms 480.6 and 480.7 series). In addition, the Department informed that effective January 1, 2020 it will impose a penalty of \$500 for each form filed late (W-2 or informative return) in accordance with Section 6041.11 of the Code.

**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.

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**TAX ALERT 2019-04**  
**WITHHOLDING**  
**STATEMENTS &**  
**INFORMATIVE RETURNS**  
**DUE DATES FOR 2020**

**Filing Dates:**

<b>FORM</b>	<b>FORM NAME</b>
<b>Due on January 31, 2020</b>	
499R-2/W-2PR	Withholding Statement
499 R-3	Reconciliation Statement of Income Tax Withheld
480.6E	Informative Return-Mail Order Sales
480.7A	Informative Return-Mortgage Interest
480.7D	Informative Return-Automobile Lease Payments
<b>Due on February 28, 2020</b>	
480.6A	Informative Return-Other Income Not Subject to Withholding
480.6B	Informative Return-Other Income Subject to Withholding
480.6B.1	Annual Reconciliation Statement of Other Income Subject to Withholding
480.6D	Informative Return-Exempt and Excluded Income and Exempt Income Subject to Alternate Basic Tax
480.6G	Informative Return-Transactions Made by Electronic Means
480.6SP	Informative Return-Services Rendered
480.6SP.2	Annual Reconciliation Statement of Services Rendered
480.7B.1	Annual Reconciliation Statement of Tax Withheld from Individual Retirement Accounts and Educational Contribution Accounts
480.7C.1	Annual Reconciliation Statement of Tax Withheld from Retirement Plans and Annuities
480.7E	Informative Return-Advertising, Insurance Premiums, Telecommunication, Internet Access and Cable or Satellite Television Services
<b>Due on April 15, 2020</b>	
480.6C	Informative Return-Payments to Nonresidents or for Services from Sources Outside of Puerto Rico
480.30	Nonresident Annual Return for Income Tax Withheld at Source
<b>Due on January 31, 2020, February 28, 2020, April 15, 2020 or August 31, 2020, as applicable</b>	
480.5	Summary of Informative Returns
480.7	Informative Return-Individual Retirement Account
480.7B	Informative Return-Educational Contribution Account
480.7C	Informative Return-Retirement Plans and Annuities

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