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TAX ALERT 2019-05

December 17, 2019

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A PUBLICATION FROM THE TAX DIVISION

**PR Department of Treasury
Issued Administrative
Determination No. 19-08**

Requirement to Prepare Form 480.7E



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

Lucy Martínez
lmartinez@vgmmcpa.com

Idsa Ramos
iramoss@vgmmcpa.com

Sofía Benítez Arraiza
sbenitez@vgmmcpa.com

Yahaira Feliciano Ramos
yfeliciano@vgmmcpa.com

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

Act No. 60 of July 1, 2019 (“Act 60”) added Section 1063.16 to the Puerto Rico Internal Revenue Code of 2011, as amended, (the “Code”), to require any entity engaged in providing telecommunications, internet access or cable or satellite television services in Puerto Rico, or receiving payments for advertisement or insurance premiums, (collectively “the Services”), to prepare an annual informative form to any commercial or residential customer starting on calendar year 2019 (*Form 480.7E - Informative Statement - Advertising, Insurance Premiums, Telecommunications, Internet Access and Cable or Satellite Television Services*, “Form 480.7E”).

In response to requests to postpone this requirement submitted by the insurance, advertising and telecommunications industries, among others, Treasury issued Administrative Determination No. 19-08 (“AD 19-08”) on December 9, 2019. AD 19-08 states that, **for the 2019 calendar year only**, the person responsible for the preparation and filing of Form 480.7E will not be the person or entity that received the payment, but the person or entity that made the payment for the Services.

Thus, a taxpayer dedicated to an industry or business that during the calendar year 2019 has made payments for the Services and wants to take a deduction for such payments to determine the net income subject to the alternate basic tax imposed by Section 1021.02 of the Code or the net income subject to the alternative minimum tax imposed in Section 1022.03 of the Code, as applicable, shall inform said payments by filing the Form 480.7E no later than **Friday, February 28, 2020**. Said form must be filed electronically through the Internal Revenue Unified System (“SURI”, by its Spanish acronym).

On the other hand, any natural or legal person that provides telecommunication, internet, cable, or satellite television services in Puerto Rico or that received payments for advertisement or insurance premiums during calendar year 2019 will be required to provide the following information to each one of its clients no later than **Thursday, January 30, 2020**:

- Full name, including the two surnames if it is a natural person, or legal name if it is a legal entity;
- Physical address and postal address; and
- Social security number or employer identification number.

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For calendar year 2020 onwards, the person or entity that provides the previously referred Services in Puerto Rico or that received payments for advertisement or insurance premiums will be responsible for preparing and filing Form 480.7E.

The provisions of DA 19-08 are effective immediately.

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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