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TAX ALERT 2020-01

March 19, 2020

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A PUBLICATION FROM THE TAX DIVISION

Recent Publications from the Department of Treasury, the Department of State and the State Insurance Fund Corporation of Puerto Rico



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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On March 12, 2020 the Governor of Puerto Rico ("Governor") issued Executive Order No. 2020-020, to declare Puerto Rico ("PR") in an emergency state before the imminent impact of the COVID-19 in our island. The Order required all PR government agencies to establish the necessary measures to prevent and contain the COVID-19 spread. Subsequently, the Governor issued on March 15, 2020 Executive Order No. 2020-023 to establish a total lockdown for all governmental units and also for most businesses in PR (with certain specific exceptions including health services, pharmacies, bank and wholesale and retail of certain consumers' products) and a curfew from 9:00 pm to 5:00 am commencing on March 15th until March 30, 2020.

All offices of the Puerto Rico Treasury Department ("PRTD") were closed effective March 16, 2020, although the web-based platform known as SURI is available.

The PRTD has recently published the following communications:

Income Tax Returns and Tax Payments

Administrative Determination No. 20-03 was issued on March 13, 2020 to extend for an additional period of one month the deadline to file certain income tax returns for tax years 2018 and 2019 and to pay the corresponding income tax due with said returns and the first payment of the estimated tax for tax year 2020, as follows:

1. **Pass-Through Entities and Other Taxpayers** whose income tax returns filing date was March 15, 2020 may file their returns and make tax payments until **April 15, 2020**.
2. Taxpayers with calendar year (**Corporations and Individuals**) whose income tax returns are due on April 15, 2020 may file their tax returns and make tax payments until **May 15, 2020**.
3. **Estimated tax payments** for the calendar year 2020 of the entities mentioned in item 2 above originally due on April 15th may be paid until **May 15, 2020**.
4. **Estimated tax payments** for the calendar year 2020 of **Pass-Through Entities and Other Taxpayers** may be paid until **April 15, 2020**.

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Sales and Use Taxes (“SUT”) Returns and Payments

Administrative Determination No. 2020-05 was issued on March 16, 2020 to make more flexible the filing of certain tax returns and tax payments, as follows:

1. **SUT Returns and the Corresponding Tax Payments** - the filing date of the return of February 2020 (originally due on March 20, 2020) is extended until **April 20, 2020**.
2. **Any tax payable with the SUT tax return of February 2020** is also extended until **April 20, 2020**.
3. **Payments of the Fortnightly Installments for March 2020** - No penalties will be imposed by the PRTD for late payment of the required payments if the payments are made in full along with the filing of the SUT return of March 2020.
4. **Tax Returns, Declarations and Forms and Tax Payments** – regarding the income tax returns, requests for extension and payments of income tax, the extended periods established in the Administrative Determination No. 20-03, described above, continue in force. For “**Other Returns**”, the **PRTD extended the filing date for an additional period of one month from the original filing date**, without the need to request an extension. Likewise, the tax payments for Other Returns are extended and any deposits related to these taxes. The extension applies to Other Returns, payments and deposits with a due date between the period from March 15, 2020 and April 15, 2020.
5. **Bonds with the PRTD** - all bonds with a maturity date between March 15th and March 31st are automatically extended until **April 30, 2020**.
6. **Internal Revenue Licenses** - licenses with a maturity date between March 15th and March 31st are extended automatically until **April 30, 2020**.

Extension of other Administrative Terms

Internal Revenue Informative Bulletin No. 20-07 was issued on March 13, 2020 to inform taxpayers of the following:

1. Concession of an **additional term of 120 days** to the date established in **any** notification of mathematical error or adjustment in a return issued by the PRTD.
2. The term for filing administrative claims and all terms for the submission of information or documents required by the Office of Administrative Appeals of the Department (“OAAD”) with a due date from March 12, 2020 is extended for an **additional period of 90 days** from the due date.
3. All Administrative Hearings of the OAAD to be held from March 16, 2020 through June 15, 2020 are automatically **suspended until further notice of the OAAD**.
4. The PRTD also has granted **an additional period of 120 days to all tax debt revision notices** issued on or before March 12, 2020.

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Informative Statements (Forms 480)

Internal Revenue Informative Bulletin No. 20-08 was issued on March 16, 2020 to extend the period to file electronically the 2019 Forms 480 without penalties until **April 15, 2020**, if the filing of the informative statements is completed through the SURI platform not later than said date.

Payment Plans with the PRTD

Internal Revenue Circular Letter No. 20-20 was issued on March 16, 2020 to grant to all persons economically affected by the state of emergency declared before the imminent impact of the COVID-19 a moratory to the terms of their payment plans in force with the PRTD. The taxpayer will not be obliged to make the payments under the plan corresponding to the period from March 16, 2020 until April 30, 2020. The PRTD will not assess fines, interest and penalties for the lack of payment under the payment plan.

Department of State of Puerto Rico

The PR Department of State has extended the filing date of the Corporation Reports from April 15, 2020 to **May 15, 2020**. Nonetheless, extension periods will remain as June 15, 2020 for the first extension request, and July 15, 2020 for the additional extension request.

PR State Insurance Fund Corporation (“PRSIFC”)

The Administrator of the PRSIFC announced that workers’ insurance policies with maturity date in March 2020 will be extended until next **April 30, 2020**. Also, employers who have a contract with the Government and any other entity are **exempt from compliance with the policy formalizing and payment of the insurance premium for up to ten days after the PRSIFC reinitiates its full operations**. The Administrator informed that the **employees working at their homes will be covered by the insurance policy until April 30, 2020** or up to ten days after the employer reestablishes its operations without the need to make further changes to the existing insurance policy.

*If you have any questions or need additional assistance,
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