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TAX ALERT 2020-02

March 26, 2020

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A PUBLICATION FROM THE TAX DIVISION

Recent Publications from the Puerto Rico Treasury Department



On March 24, 2020, the Puerto Rico Treasury Department ("PRTD") issued Administrative Determination No. 20-09 ("AD 20-09") and Administrative Determination No. 20-10 ("AD 20-10"), to further extend the filing deadlines of certain returns of the tax year 2019 and inform of measures that will ease the cash flow of certain taxpayers. Both determinations were issued in response to the most recent press conference of the Governor of Puerto Rico, related to the impact of COVID-19 in Puerto Rico and repeal previously issued Administrative Determination No. 20-03 and Administrative Determination No. 20-05. AD 20-09 and AD 20-10 provide that there will be no imposition of interest, surcharges and penalties, if the taxpayer complies with the filings, payments and deposits within the dates discussed below. The **new filing** dates are as follows:

A. Income Tax Returns and Payments Extensions

Income Tax			
Type of Return	Original Due Date	Extended Due Date of Returns, Extension Requests, and Payments	Extended Due Dates for First and Second Installments of Estimated Tax
All Income Tax Returns, or Extension of Tax Returns duly filed, with:	March 15, 2020	June 15, 2020	-
All Income Tax Returns, or Extension of Tax Returns duly filed, with:	April 15, 2020	July 15, 2020	For individuals and Corporations: The 1st & 2nd installments should be allocated and paid with 3rd & 4th installments.
All Income Tax Returns, or Extension of Tax Returns duly filed, with:	May 15, 2020 or June 15, 2020	July 15, 2020	For individuals and Corporations: The 1st & 2nd installments should be allocated and paid with 3rd & 4th installments.

B. Tax Withholdings at Source

Withholdings	Original Due Date	Extended Filing Date
2019 Informative Statements (Forms 480)	March 3, 2020	May 15, 2020

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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Withholding agents are relieved from making the withholding at source on payments to service providers made from March 23, 2020 until June 30, 2020. This provision, however, does not relieve the taxpayer who receives the payment from the obligation to pay tax on said income in his income tax return. In addition, the withholding agent must report said payments in the Informative Declaration for Services Provided (Form 480.6SP) of the year 2020, as applicable. Furthermore, taxpayers that obtained the 6% Partial Waiver for the Optional Tax, must fulfill their tax liability no later than the due date of the last estimate installment for the tax year 2020. Taxpayers that receive the payments may request the withholding agent to continue withholding the income tax at source instead of taking advantage of the above-mentioned provision.

C. Sales and Use Tax

Sales and Use Tax ("SUT")		
Type of Return	Period	Extended Filing and Payment Date
Monthly Sales & Use Tax Return (Form SC 2915)	February	April 20, 2020
	March	May 20, 2020
	April	June 22, 2020
	May	July 20, 2020
Imports Monthly Return (Form SC 2915D)	March	May 10, 2020
	April	June 10, 2020
	May	July 10, 2020
Monthly Deposits	Original Due Date	Extended Date for Tax Payment ²
Fortnightly Sales & Use Tax Deposits	March 15 and March 31	May 20, 2020
	April 15 and April 30	June 22, 2020
	May 15 and May 31	July 20, 2020
	June 15 and June 30	July 20, 2020

The PRTD determined to grant an exemption certificate (the "Temporary Exemption Certificate") to any merchant who is a Reseller¹ during a temporary period, (the "Temporary Exemption Period") to import or acquire taxable items for **resale only** without paying the corresponding sales and use tax. The Temporary Exemption Period starts on April 6, 2020 and ends on June 30, 2020. Resellers who have active and current Reseller Certificates will automatically receive the Temporary Certificate of Exemption through their "SURI" account.

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¹ As defined in Section 4010.01 of the 2011 Puerto Rico Internal Revenue Code, as amended. In addition, the Reseller must have a valid Reseller Certificate as of March 24, 2020.

² Both installments are payable with the monthly filing.

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D. Other Tax Returns and Payments Extensions

Other Tax Returns and Payments	Original Due Date	Extended Filing and Payment Date
Other Returns and Payments ³	Between March and April, 2020	Same filing day during June, 2020
	Between May and June, 2020	Same filing day during July, 2020
Bonds with the PR Treasury	Between March 15 and April 30, 2020	Automatically extended until May 31, 2020
Internal Revenue Licenses	Between March 15 and April 30, 2020	Automatically extended until May 31, 2020

E. Application of Refunds and Excess Payments Against Other Contributions

The PRTD will allow all taxpayers who have an overpayment and have not requested to apply said payment to a future tax, to request its application to another type of tax, subject to certain provisions.

F. Income Tax Installment Payment Agreements for Tax Year 2019

Taxpayers required to file an income tax return for the tax year 2019, and who, at the filing date, do not have the financial resources to remit the outstanding balance that is reflected in said return, may request to pay in installments to settle the balance of tax due (the "Payment Plan 2019"). The Payment Plan 2019 will only be available to taxpayers that have not filed an Extension Request to File the Income Tax Return (Form SC 2644) for the 2019 taxable year. In addition, to be eligible, taxpayers must be up to date in their other tax responsibilities before the PRTD.

Taxpayers who request the Payment Plan 2019 must commit to pay the tax due in monthly installments and pay the total amount due no later than March 31, 2021. Once the taxpayer pays the debt according to the Payment Plan 2019, the PRTD will eliminate the corresponding interest, surcharges and penalties.

The PRTD will issue the rules, terms and conditions and the application process to be followed by taxpayers who are interested in availing themselves of the Payment Plan 2019.

If you have any questions or need additional assistance, please contact any of the Partners.

³ Not related to Income Tax, Sales and Use Tax, Excise Tax, Alcoholic Beverages Tax and Special Tax on Foreign Entities.

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.

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