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FLASH ALERT 2020-01

February 24, 2020

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A PUBLICATION FROM THE TAX DIVISION

Ongoing Judicial Procedures Will
Determine Entity Responsible for
Preparing

Form 480.7E for Year 2019



Form 480.7E includes payments for:

- ⇒ Property, contingency and public liability insurance and bonds;
- ⇒ Contributions to health or accident plans;
- ⇒ Telecommunication services;
- ⇒ Advertising;
- ⇒ Internet and cable services;
- ⇒ Satellite television services; and
- ⇒ Other payments

On February 4, 2020, PR's Court of First Instance ruled the Department of the Treasury's ("Treasury") Administrative Determination No. 19-08 ("AD 19-08") unconstitutional. AD 19-08 required payors to file Form 480.7E for year 2019. As a result, this obligation was reverted to the service providers (payees).

On February 18, Treasury filed an Urgent Motion in Support of Jurisdiction before the Court of Appeals to paralyze the effects of the Judgment. On February 20, the House of Representatives presented an Opposition to the Urgent Motion in Support of Jurisdiction presented by Treasury. On February 21, the Court of Appeals issued a Resolution which gives rise to the request made by Treasury and where it is established that **the parties involved in this case have until Wednesday, February 26, 2020 to present their respective positions.**

Last Friday, the Secretary of the Treasury expressed in a press interview that "...we are going to be very flexible with the filings." And according to press sources, Treasury could be envisioning the possibility of not issuing fines to those who do not file the information within the deadline established (March 3).

We are monitoring the situation very closely and will let you know of further developments.

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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Tel. (787) 725-1600

Lucy Martínez

Partner

lmartinez@vgmmcpa.com

Idsa Ramos

Partner

iramoss@vgmmcpa.com

Sofía Benítez Arraiza

Partner

sbenitez@vgmmcpa.com

Yahaira Feliciano Ramos

Partner

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.