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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**FLASH ALERT 2020-02**

**March 4, 2020**

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

### **INFORMATIVE STATEMENTS LATEST DEVELOPMENTS**



#### **Period Without Penalties for the Electronic Filing of the Informative Statements of Year 2019**

On Monday, March 2, 2020, the Department of the Treasury (“Treasury”) issued Informative Bulletin No. 20-05 announcing the non-applicability of penalties regarding filings of Informative Statements (480 Forms) corresponding to the year 2019 whose original filing date was postponed until March 3, 2020 by BI RI No. 20-02. Penalties will be waived provided that the filing is completed in the Internal Revenue Unified System (“SURI”, by its Spanish acronym) no later than **Tuesday, March 31, 2020**.

On the other hand, Treasury indicated that, according to current Regulations, if the person who made the withholding does not provide the taxpayer with the informative statement corresponding to the payments subject to withholding for a particular year, the taxpayer will have the right to claim the credit for the amounts withheld. The taxpayer must provide Treasury, together with his income tax return, with an affidavit indicating the following:

- Name, address, employer account number and telephone number of the person who made the payment,
- Amount of the payments,
- Concept for which payments were made and the amount withheld, including copy of the contract, judgment, stipulation or any other document evidencing the amount withheld, which was not informed to the taxpayer.

In these cases, the taxpayer may claim as a credit the tax withheld during the year in his income tax return for the tax year.

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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## **Court of Appeals Issues Judgment on Case Related to Informative Form 480.7E**

Last Friday, the Court of Appeals issued its Judgment in the case initiated by the House of Representatives against the Department of the Treasury in relation to Administrative Determination No. 19-08 (AD 19-08). It confirms the determination of the Court of First Instance declaring the AD 19-08 unconstitutional for violating the doctrine of separation of powers established by the Constitution of Puerto Rico.

AD 19-08 required payors to file 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

As a result of this Judgment, the person required to submit Form 480.7E is the **service provider**.

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**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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