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FLASH ALERT 2020-04

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A PUBLICATION FROM THE TAX DIVISION

New Deadline for the Declaration of Volume of Business for Fiscal Year 2020-2021 and Publications Related to Property Tax



Postponement of the Date to File the Declaration of the Volume of Business for the Fiscal Year 2020-2021

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

Partner
lmartinez@vgmmcpa.com

Idsa Ramos

Partner
iramos@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.

The PR Office of Management and Budget issued Circular Letter No. 005-2020 ("CL 005-2020") to inform about the new due dates of fiscal year 2020-2021 Declaration of the Volume of Business (*"Patente Municipal"*). CL 005-2020 extends the deadline for filing the Declaration of the Volume of Business for the fiscal year 2020-2021 to **July 22, 2020**. In addition, it clarifies that the **extension request** must also be submitted no later than July 22, 2020. Those businesses that wish to benefit from the 5% discount for the total payment of the municipal license contribution with the filing of the Declaration or the extension request, will have until July 22, 2020.

Due dates for the calculation of interest and surcharges for failing to file Declaration are also extended as follows:

Period	Interest Rate
From July 23 thru August 21, 2020	5%
From August 22 thru September 20, 2020	10%
From September 21 thru October 20, 2020	15%
From October 21 thru November 19, 2020	20%
From November 20, 2020 onwards	25%

Furthermore, in accordance with the Regulation for the Municipal Administration of 2016, **it is the prerogative of each municipality to determine if it grants the extension** to the taxpayer who requests it and to notify to the taxpayer (in writing) the exact due date of extension granted. Considering that the deadline for requesting an extension is July 22, 2020, **if** the municipality grants the requested extension for the maximum period of six months, the due date for submitting the Declaration with all its appendixes and audited financial statements, (if applicable), will be Friday, January 22, 2021.

**NEW DEADLINE FOR THE
DECLARATION OF VOLUME OF
BUSINESS FOR FISCAL YEAR
2020-2021 AND
PUBLICATIONS RELATED TO
PROPERTY TAX
(continued)**

**Postponement of the Date to File the Tax Return on Personal Property for
the Fiscal Year 2019**

The Municipal Revenue Collection Center ("CRIM", by its Spanish acronym), issued Administrative Order No. 2020-03 to extend the due date for filing the Tax Return on Personal Property for fiscal year 2019 to **August 1st, 2020**. The automatic extension will end on November 1, 2020. Since November 1, 2020 falls on a Sunday, the term extends to the next business day, that is, Monday, November 2, 2020.

No interest, surcharges and penalties will be imposed on those payments made in full, which must be included with the filing of the return or extension request, if said payments are made on the deadline established in the previous paragraph. Taxpayers that pay in full the tax with the filing of the return or the extension request will be entitled to a 5% discount, regardless of whether they made all the estimated tax payments in accordance with Article 6.5 of Act No. 83-1991, as amended¹.

**Moratorium on Interests, Surcharges and Penalties on Real Property Tax
Payments**

The CRIM issued Administrative Order No. 2020-04 ("AO 2020-04") to declare a moratorium on the payment of interest, surcharges and penalties on tax payments of real property **until May 29, 2020**. Thus, taxpayers will be able to pay their real estate property tax for the second semester of fiscal year 2019-20 (January 2020), which are due on March 31, 2020, until May 29, 2020, without interest, surcharges or penalties.

In addition, AO 2020-04 automatically grants the benefits of this moratorium to taxpayers who are under clauses and conditions of a payment plan **until May 29, 2020**. That is, the month(s) covered by this moratorium will be added at the end of the payment plan's due date.

Supplements:

- a) Issued on January 1, 2020 - will pay principal and will not accrue interest, surcharges or penalties until **May 29, 2020**.
- b) Issued on February 1, 2020 - will retain their discount of five percent (5%) and not accrue interest, surcharges, or penalties until **May 29, 2020**.
- c) Issued on March 1, 2020 - will retain their discount of ten percent (10%) and not accrue interest, surcharges, or penalties until **May 29, 2020**.
- d) Term extension on requests of administrative review of supplements issued on March 1, 2020, through May 29, 2020. CRIM's 30-day term to determine if it accepts requests for administrative review will begin on the filing date of the request.

¹ Generally, the estimated personal property tax is paid in four equal installments on or before the fifteenth day of August, November, February and May.

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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