



# TaxNewsFlash

## United States

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### **Puerto Rico: Updated guidance on tax deadlines, following Hurricane Maria**

Recognizing the significance of the damage caused by Hurricane Maria, the Puerto Rico Treasury Department published an information bulletin (BI RI 17-25 (October 19, 2017)) that provides guidance concerning the approaching tax deadlines.

#### **BI RI 17-25 of October 19, 2017**

The information bulletin (BI RI 17-25) provides guidance about new tax deadlines for some tax returns and payments.

#### **Returns and payments for taxpayers that do not meet the “large taxpayer” definition**

- Monthly imports returns (Form SC 2915 D) corresponding to the months of August, September, and October 2017 are automatically postponed to Monday, December 11, 2017.
- Monthly sales and use tax returns (Form SC 2915) corresponding to the months of August, September, and October 2017 are automatically postponed to Wednesday, December 20, 2017.
- Deposit of income tax withheld to employees (including bi-weekly deposits) corresponding to the months of September and October 2017 are automatically postponed to Wednesday, November 15, 2017.
- Deposit of income tax withheld on professional services corresponding to the months of September and October 2017 are automatically postponed to Friday, November 10, 2017.

- Payment of the second installment of the income tax of individuals determined on the 2016 filed return will be automatically postponed to Monday, January 15, 2018.
- Employer's quarterly return of income tax withheld (Form 499-R-1B) corresponding to the third quarter of 2017 is automatically postponed to Wednesday, January 31, 2018.
- Monthly excise tax returns (Forms SC 2225 and 2225 A) for the months of September and October 2017 are automatically postponed to Monday, December 11, 2017.
- In the case of taxpayers whose annual accounting period is based on a calendar year, the payment of the third installment of the estimated tax is postponed until Friday, December 15, 2017.
- Other payments or tax deposits, not included above, having due dates during the months of September and October are postponed until Friday, December 15, 2017.
- Regardless of the postponement listed above, merchants can file or pay the monthly sales and use tax return at any time through SURI.

### **Large taxpayers**

The following filing dates will apply to the returns and payments with due dates during the months of September and October 2017.

- Transactions normally required to be made through SURI with respect to sales and use tax (IVU) and that have due dates within the months of September or October 2017 are postponed for a period of seven additional days, as those established in CC RI 17-13, BI RI 17-17 and BI RI 17-18, including but limited to: monthly import tax Form SC 2915 D; monthly IVU Form SC 2915; and bi-monthly IVU payments.
- As disposed on BI RI 17-21, the excise tax due on the acquisition of certain personal property and services pursuant to section 3070.01 for the months of August and September 2017, are postponed to Friday October 6, 2017, and Friday October 20, 2017, respectively.
- As noted by BI RI 17-21, monthly excise tax returns (Forms SC 2225 and 2225 A) for the months of August and September 2017, are postponed to October 8, 2017, and October 30, 2017, respectively.
- Employer's quarterly return of income tax withheld (Form 499-R-1B) corresponding to the third quarter of 2017 is automatically postponed to Wednesday, January 31, 2018.

- Deposit of income tax withheld to employees (including bi-weekly deposits) corresponding to the months of September and October 2017 are automatically postponed to Wednesday, November 15, 2017.
- Deposit of income tax withheld on professional services corresponding to the months of September and October 2017 are automatically postponed to Friday, November 10, 2017.
- In the case of taxpayers whose annual accounting period is based on a calendar year, the payment of the third installment of the estimated tax is postponed until October 31, 2017.
- Other payments or tax deposits, not included above, whose due dates are during the months of September and October are postponed until November 15, 2017.
- For the convenience of large taxpayers, the Puerto Rico Treasury Department has established a temporary collection's office at Evertec facilities on Road #176, kilometer 1.3 Cupey Bajo, Rio Piedras, Puerto Rico to receive tax payments. Additionally, the tax authority has available for large taxpayers equipment necessary to make the electronic transactions, by visiting the temporary collection's office located at Evertec.

## **Income tax returns**

Income tax returns, including the informative income tax return pass-through entity, with a due date, including extensions, during the months of September, October, November or December 2017, are postponed to Monday, January 15, 2018. However, any tax due with such return must be paid to the Puerto Rico Treasury Department on the date established above, in Parts A subsection 9 and Part B subsection 8, applicable to taxpayers "other than large taxpayers" and to large taxpayers, respectively.

## **Department of Treasury information requests**

Except for requests for information related to Form SC 6048, information request on tax credits reported in Form 480.71, all information requests for regular audits and audit by correspondence are suspended until further notice. Once the audit process are reestablished, the Puerto Rico Treasury Department will issue new communications about the date, form and manner in which the taxpayers should submit the required information.

Documents requested through Form 6048 are postponed until Friday, December 15, 2017, regardless of the date provided in the notification, Administrative Determinations 17-10 and 17-11, and Informative Bulletin 17-21. This postponement will not apply to notifications issued after October 19, 2017.

## **Other request or matters**

The Puerto Rico Treasury Department will grant taxpayers until Wednesday, January 31, 2018, time to submit any request for election of contributory treatment including, but not limited to:

- Partnership or limited liability company classification notification or election (Form SC 6045) with due date between September 5 and December 31, 2017;
- Election for corporations of individuals (Model SC 2640) with due date between September 5 and December 31, 2017;
- Request for the exclusion of certain expenses incurred or paid to a related person for the purpose of limiting the deduction of such expenses as provided in Section 1033.17 (a) (17) (D) of the Code and CC 13-23, filing date expiring during the period of September 5 and December 31, 2017;
- Administrative determination request (“ruling”), with filing date expiring during the period of September 5 and December 31, 2017;
- Request for change of tax year, with filing date expiring during the period of September 5 and December 31, 2017;
- Request for change of accounting method, with filing date expiring during the period of September 5 and December 31, 2017;
- Estate tax return, with original due dates, including extensions, are between the period of September 5, 2017, and January 31, 2018; and
- Donations return with filing date between the period from September 18, 2017, and January 31, 2018.

In addition, supplemental information pursuant to Section 1061.15 (b) of the Code, with due dates in September, October, November, and December 2017, is postponed until Wednesday, February 28, 2018.

## **Application to renew the registration as a returns, declarations or refund claims specialist**

The closing date for the renewal of the specialist registration number has been extended until Wednesday, January 31, 2018. Filing of Form SC 2887.1 and the required documentation on or before January 31, 2018, will be considered as filed on time and will not be subject to additional charges.

## **Sales and use tax merchant registration certificate, reseller certificate, and certificate of exemption to manufacturing plants renewal**

The PR Treasury Department has extended the validity of all (1) merchant registration certificate issued in accordance with the provisions of Section 4060.01 of the Code; (2) certificate of exemption to manufacturing plants, issued under Section 4030.02 of the Code; and (iii) reseller and municipal exemption certificate (Model SC 2963), issued in accordance with the provisions of Section 4050.04 (c) of the Code, whose expiration date is between September 5, 2017, and January 31, 2018, until January 31, 2018.

The merchant must complete the renewal of its certificate once the extended period ends in order to continue to benefit from it in transactions for the purchase of goods for resale made on or after February 1, 2018.

## **Bonded merchants and importers**

Bonded merchants and importers that as of September 1, 2017, have been in compliance with all the requirements of the Code and its regulations, and whose bond expires during the period beginning on September 1, 2017, and ending January 31, 2018, may continue to enjoy their classification of bonded merchant, importers or bonded dealers, as applicable, during such period without the need to renew their bond.

In addition, the PR Treasury Department will impose a moratorium on the provisions of Section 4042.03 (b) (3) of the Code until January 31, 2018. Merchants can complete the request to be considered a bonded merchant from February 2018. This moratorium will also apply to new applications to be considered Bonded Importers or Dealers.

## **Quarterly sales and use tax reports required by Act 25-2017**

Merchants considered a sales and use tax non-withholding agent pursuant to Section 4020.08 (e) of the Code (“non-withholding agent”) will not be required to file the quarterly sales and use tax report for the quarter ended September 30, 2017. However, non-withholding agents will be required to comply with Section 4041.03(b)(1)(B) of the Code for the quarter starting on October 1, 2017.

If a non-withholding agent is interested in voluntarily collect sales and use tax may submit the request for a closing agreement to [act25@hacienda.pr.gov](mailto:act25@hacienda.pr.gov).

## **Credit for persons age 65 or older and compensatory credit for low income pensioners return**

The filing date for Form 481.1 has been postponed until January 31, 2018.

## License rights

Any license rights whose deadline for renewal is in the months of September or October 2017 are considered valid for an additional term of 60 days (counted from the applicable deadline, as provided by BI RI 17-21). Once the term of provisional validity expires, all license holders must carry out the corresponding procedures for the renewal thereof, including, but not limited to, the corresponding payment. After completing the corresponding renewal process, such licenses will be effective retroactively to the original due date, to be granted by the Department based on the last digit of the social security number or employer identification number of the taxpayer, according to the Code.

Every person having submitted all the documentation for a license rights request and having not received an answer may obtain a provisional license without additional costs by sending the evidence of the submitted documents to [infosac@hacienda.pr.gov](mailto:infosac@hacienda.pr.gov). This email will be replied with a written communication of the PR Treasury Department's determination.

## Additional procedures

Any other document, requirement, payment, or procedure with the PR Treasury that has not been specifically mentioned in this BI RI and that has a due date is after September 5, 2017, will be automatically postponed until January 31, 2018.

## Penalties, fines, interests and surcharges

Filings, payments and other transactions mentioned on this information bulletin and for which taxpayers comply with the due dates established therein, will not be subject penalties, fines, interest, or surcharges. If the PR Treasury's system were to impose any of these sanctions, the PR Treasury Department would correct the record once normal operations reconvene. If the Treasury were not to correct these *motu proprio* within a "reasonable period," taxpayers are directed to notify the Taxpayers Service Center.

For more information, contact a tax professional with KPMG in Puerto Rico:

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