



**The Chamber of Commerce of
Puerto Rico and its Committee of
Tax Matters present:**



**Kevane
Grant Thornton**

Tax Update and New Forms of Doing Business in Puerto Rico

Presenters:

José Erba, CPA – Director, Tax

Víctor Pizarro, CPA, Esq. – Senior Manager, Tax

Madeleine Tubéns, CPA, Esq. – Manager, Tax

Samira Yassin Hernández, CPA, Esq. – Manager, Tax



#camaristaenaccion

Tax Update and New Forms of Doing Business in Puerto Rico

DISCLAIMER: This presentation and its content do not constitute advice. Attendants should not act solely on the basis of the material contained in this publication. It is intended for information purposes only and should not be regarded as specific advice. In addition, advice from proper consultant should be obtained prior to taking action on any issue dealt with in this presentation.

Tax Update and New Forms of Doing Business in Puerto Rico

Agenda

- ① Background
- ② Pass-through Entity Tax Treatment Election
- ③ Disregarded Entity Tax Treatment Election
- ④ Uncertainties Arising From The Election
- ⑤ Amendments to the Puerto Rico Internal Revenue Code (PRIRC)
 - Relevant Changes to the PRIRC
 - New Concepts Introduced to the PRIRC
- ⑥ A Quick review of Relevant Amendments to the Puerto Rico Incentives Code
- ⑦ Advisory Group to the Governor to simplify and improve the Puerto Rico Tax System



Tax Update and New Forms of Doing Business in Puerto Rico

Background

Tax Update and New Forms of Doing Business in Puerto Rico

Organizing a Business in Puerto Rico

Default Tax Treatment

Corporation - Corporations in Puerto Rico are subject to income tax separately from their owners. However, as of the taxable year 2022, they may choose to be treated as Pass-Through Entities.

Partnerships - As of the taxable year 2022, these entities will be considered as Pass-Through Entities.

Limited liability companies - are subject to income tax in the same way as corporations, unless they choose to be treated as a Pass-Through Entities or disregarded entity.

DBA

**Disregarded
Entity**

Corporation

**Pass-
Through
Entity**

Tax Update and New Forms of Doing Business in Puerto Rico

General Concepts & Definitions

Special Partnership

A special partnership is one which meets certain requirements and has elected not to pay any income tax on its income, but, instead, to have the partners pay the tax on it, even though the corresponding income is not distributed. Pursuant to the provisions of Section 1114.01 of the Code, a “Special Partnership” needs to comply with certain requirement including having, for each tax year, at least 70% of their gross income from sources within Puerto Rico; and at least 70% of said income is derived from the following business activities: constructions (including operation or maintenance of public roads & facilities), land development, substantial rehabilitation of buildings or structures (excluding leasing of residential property to related persons), tourism (including casinos), agricultural, export of goods and services, feature film production and green energy.

Tax Update and New Forms of Doing Business in Puerto Rico

General Concepts & Definitions

Corporation of Individuals

Pursuant to the provisions of Section 1115.01 of the Code, a “Corporation of Individuals” is a domestic or US corporation or partnership solely engaged in a trade or business in PR that meets certain requirements of eligibility and has made an election to be treated as such. As a general rule a Corporation of Individuals isn't taxed at the corporate level, instead, its items of income, loss, deduction and credit are passed through to, and taken into account by, its shareholders or partners in computing their individual tax liabilities

Tax Update and New Forms of Doing Business in Puerto Rico

General Concepts & Definitions

Partnership

- The term “partnership” includes civil, business, industrial, agricultural and professional partnerships or of any other kind, whether or not its constitution is set forth by public deed or private document; and it shall include, furthermore, two or more persons, under a common name or not, engaged in a joint venture for profit except as provided with regard to special partnerships. The term “partnership” includes any other unincorporated organization engaged in any trade or business.
- Pursuant to the provisions of Section 1070.01 of the Code, a “Partnership” includes a syndicate, group, mutual fund, joint venture or any other unincorporated organization through or by means of which any business, financial operation or venture is carried on, and which is not a corporation, a trust or estate. It also includes Limited Liability Companies (LLCs) that have elected to be treated as Partnerships.

Tax Update and New Forms of Doing Business in Puerto Rico

General Concepts & Definitions

Disregarded Entity

Pursuant to the provisions of Section 1010.01(a)(41) of the Code, as amended by Act 52-2022, a “Disregarded Entity” is an entity that is ignored as a separate entity from its owner solely for purposes of computing the income tax established in Subtitle A of the Code.

The owner of the Disregarded Entity will recognize its activity on his income tax return as if the entity did not exist. However, the Disregarded Entity must comply with the provisions of Subchapter B and C of Chapter 6, as well as any other provision not related to the computation of income tax from the economic activity that it carries out.

For the purposes of this election, spouses under a community property estate will be treated as a single owner.

Tax Update and New Forms of Doing Business in Puerto Rico

General Concepts & Definitions

Pass-through Entity

Pursuant to the provisions of Section 1010.01(a)(43) of the Code, as amended by Act 52-2022, a “Pass-through Entity” is an entity organized under Act No. 164 of December 16, 2009, as amended, known as the “General Corporations Act” or entities organized under similar laws of any states of the United States of America or of a foreign country whose income and expenses are attributed to their owners, partners or members for income tax purposes.

Any corporation, partnership or limited liability company may choose to pay taxes as a Pass-Through Entity even if they only have one owner.

Pass-Through Entities shall be subject to the rules set forth in Subchapter H of Chapter 7.

Tax Update and New Forms of Doing Business in Puerto Rico

Pass-through Entity Tax Treatment Election

Tax Update and New Forms of Doing Business in Puerto Rico

Pass-through Entity Tax Treatment

Rules for electing to be treated and pay taxes as a Pass-through Entity

Act 52-2022 grouped under the term **Pass-Through Entities** all entities whose income and expenses are attributed to their owners, partners or members for income tax purposes. Partnerships, Special Partnerships and Corporations of Individuals meet said definition.

Section 1010.01(a)(43) of the Code provides that any Corporation, Partnership or Limited Liability Company may choose to pay taxes as a Pass-Through Entity, even when it has only one owner.

Therefore, both Corporations and Limited Liability Companies, that are created after January 1, 2022, or those Corporations, Partnerships or Limited Liability Companies that for their last taxable year beginning before said date, were taxed as corporations, may choose to be treated as Pass-Through Entities as of taxable year 2022, even when they have only one owner.

Tax Update and New Forms of Doing Business in Puerto Rico

Pass-through Entity Tax Treatment

Exception for Foreign LLCs

Foreign limited liability companies, if they by choice or by provision of law, are treated as a Pass-Through Entity or Disregarded Entity under the Federal Internal Revenue Code of 1986 or a similar law of a foreign country, they cannot be treated as a corporation in Puerto Rico.

Act 52-2022 introduced an amendment to the said provision to indicate that, as of the first taxable year beginning after December 31, 2022, they will be treated as Pass-Through Entities or, when there is only one member, as Disregarded Entities.

Tax Update and New Forms of Doing Business in Puerto Rico

Pass-through Entity Tax Treatment

How to Elect Pass-through Entity Tax Treatment

The election is made by filing the revised Model SC 6045 together with the income tax return corresponding to the taxable year in which the said choice becomes effective and no later than the due date established to file the said return, including extensions.

Tax Update and New Forms of Doing Business in Puerto Rico

Pass-through Entity Tax Treatment

Effects of the Conversion

The conversion of a corporation to a Pass-Through Entity it will be understood that, on the last day of the taxable year prior to the choice, the corporation was liquidated, subject to the provisions of Section 1034.04(q) of the Code. It will be understood that immediately after the liquidation, the owner or owners of the entity contributed all the assets and debts of the “old corporation” to the “new Pass-Through Entity” in a transaction covered by Section 1072.01 of the Code, including any overpayment of taxes and credits that are transferable to the owner.

However, those entities (that otherwise would qualify as a Corporation of Individuals) that, on the first day of the choice, meet the requirements established in Section 1115.01(c)(1) of the Code, may choose to have the provisions of subsections (d), (e), (f), (g) and (h) of Section 1115.03 and Section 1115.08 of the Code applied, instead of the provisions set forth in Section 1034.04(q) of the Code.

Tax Update and New Forms of Doing Business in Puerto Rico

Pass-through Entity Tax Treatment

Automatic Conversion to a Pass-through Entity

Any entity that for its last taxable year beginning before January 1, 2022 was taxed as a **Partnership** (under Chapter 7 of Subtitle A of the Code), **Special Partnership** (under Subchapter D of Chapter 11 of Subtitle A of the Code) or **Corporation of Individuals** (under Subchapter E of Chapter 11 of Subtitle A of the Code) will be taxed as a Pass-Through Entity under Subchapter H of Chapter 7 of Subtitle A of the Code for its first taxable year beginning after December 31, 2021.

It will not be necessary for the taxpayer to report the conversion from either Partnership, Special Partnership or Corporation of Individuals to Pass-through Entity to the Department as this election will be made automatically.

Tax Update and New Forms of Doing Business in Puerto Rico

Pass-through Entity Tax Treatment

Effects of the automatic conversion to Pass-through Entity

The automatic conversion from a Partnership, Special Partnership or Corporation of Individual to a Pass-Through Entity will not affect, in any way, any benefits that the entities currently enjoy under a tax exemption decree, even when said entities are now subject to the new provisions of Subchapter H of Chapter 7 of Subtitle A of the Code.

The new Pass-Through Entity will receive the assets and liabilities with the same tax bases, period of possession of the said assets and tax attributes, in a tax-exempt transaction. However, the said entity will maintain any conversion costs that it had pending before the conversion to a Pass-Through Entity, under the terms and conditions to which it was subject immediately before the conversion, which include, but are not limited to: (i) the tax imposed on certain built-in gains; (ii) the recovery of benefits from the “Last In, First Out” (“LIFO”) method; and (iii) the payment on profits and benefits considered as distributed, among others.

Tax Update and New Forms of Doing Business in Puerto Rico

Pass-through Entity Tax Treatment

Electing out of the Automatic Conversion

Any Partnership, Special Partnership or Corporation of Individual subject to the automatic conversion who are eligible and prefer to pay taxes as a **corporation or disregarded entity**, can choose the said tax treatment. For these purposes, the taxpayer must file Model SC 6045 together with the income tax return corresponding to the taxable year in which the election becomes effective and no later than the due date established to file the said return, including extensions.

Tax Update and New Forms of Doing Business in Puerto Rico

Disregarded Entity Tax Treatment Election

Tax Update and New Forms of Doing Business in Puerto Rico

Disregarded Entity Tax Treatment

Rules for electing to be treated and pay taxes as a Disregarded Entity

Administrative Determination 22-10 (“DA 22-10”) provides that the treatment as Disregarded Entity is an election exclusively available for **Limited Liability Companies** that have a single owner who is an American Citizen or Foreign Resident of Puerto Rico.

For such purposes, Section 1010.01(a)(3) establishes that couples married under the legal partnership regime of community property shall be considered as a single owner for these purposes.

Tax Update and New Forms of Doing Business in Puerto Rico

Disregarded Entity Tax Treatment

Electing treatment as a Disregarded Entity

The election to be treated as a Disregarded Entity **will always be optional**, (with some exceptions) and any limited liability company, as a general rule, may choose to be treated as a Pass-Through Entity, or maintain its default treatment as a corporation, even when it has only one owner.

For these purposes, a Disregarded Entity may be owned by another Disregarded Entity, if the last owner of the chain of Disregarded Entities is an American Citizen or Foreign Resident of Puerto Rico. An entity that pays taxes as a Pass-Through Entity or that is required to file an income tax return may never be the owner of a Disregarded Entity.

Tax Update and New Forms of Doing Business in Puerto Rico

Disregarded Entity Tax Treatment

Foreign Limited Liability Companies exceptions

As we discussed previously, in the case of Foreign Limited Liability Companies, if they have an election or by provision of law are treated as a Pass-Through Entity or Disregarded Entity under the Federal Internal Revenue Code of 1986 or a similar law of a foreign country, they cannot be treated as a Corporation in Puerto Rico.

As of the first taxable year beginning **after December 31, 2022**, foreign limited liability companies may choose to be treated as Disregarded Entities when they have a single owner, regardless of whether the said owner is an individual or not, if at the federal level or from a foreign country it has a choice to be treated - or by provision of law - taxed as a Disregarded Entity.

Tax Update and New Forms of Doing Business in Puerto Rico

Disregarded Entity Tax Treatment

Other tax responsibilities

The choice to be treated as a Disregarded Entity does not exempt the entity from complying with other responsibilities set forth in the Code, including, but not limited to the filing of Withholding Vouchers, Informative Statements, registration in the Merchant's Registry, the collection and remission of Sales and Use Tax, among others. All these processes and filings must be carried out in the name of the Disregarded Entity using its employer identification number.

However, pursuant to the provisions of Section 1061.15 of the Code, disregarded entities will not be required to submit audited financial statements. The Department will shortly issue an Administrative Determination on compliance with the provisions of the said section when the individual is the owner of Disregarded Entities.

Tax Update and New Forms of Doing Business in Puerto Rico

Process of Tax Treatment Election

Election of Disregarded Entity

The election to be treated as a Disregarded Entity is made by completing Form SC 6045. This form must be submitted together with the income tax return corresponding to the taxable year in which the election begins to be effective and no later than the deadline established for the filing of said return, including extensions of time.

It will be understood that, for income tax purposes, the owner continued the business of the entity in a personal capacity.

Tax Update and New Forms of Doing Business in Puerto Rico

Effect of Electing Treatments

Partnerships, Special Partnerships and Corporations of Individuals to Disregarded Entity

Conversion of Limited Liability Companies that, for their last taxable year beginning before January 1, 2022, were taxed as Partnerships, Special Partnerships, or Corporations of Individuals and that, for their first taxable year beginning after December 31, 2021, choose to pay taxes as a Disregarded Entity, it will be understood that, as of the last day of their taxable year prior to the election, the entity was liquidated, subject to the provisions of Sections 1073.01, 1114.19 or 1115.06 of the Code, among others, as applicable.

Tax Update and New Forms of Doing Business in Puerto Rico

Effect of Electing Treatments

Entities that, before choosing to be treated as a Disregarded Entity, were taxed as a Corporation

It will be understood that, as of the last day of their taxable year prior to the election, the Corporation was liquidated, subject to the provisions of Section 1034.04(q) of the Code.

Tax Update and New Forms of Doing Business in Puerto Rico

Effect of Electing Treatments

Entities that, before choosing to be treated as a Disregarded Entity, were taxed as a Pass-through Entity

Pursuant to Section 1078.02(a)(2) of the Code, any Pass-Through Entity that chooses to change its election to pay taxes as a Disregarded Entity will be treated as if, on the last day of its taxable year as a Pass-Through Entity, it had distributed all its assets and liabilities to its owner in a liquidation subject to the provisions of Section 1073.01 of the Code.

Tax Update and New Forms of Doing Business in Puerto Rico

Uncertainties Arising from the elections discussed

Tax Update and New Forms of Doing Business in Puerto Rico

Potential Issues

- Audited Financial Statements.
- Retroactive effect of changes may affect transactions already executed.
- Underpayment of Estimated Taxes
- Not clear whether the losses and the expenses from different disregarded entities may be netted.
- Not clear how the losses limitations established on Section 1033.14(c)(2) will apply.
- Tax consequences of selling the participation vs selling assets
- Suspended partnership losses

Tax Update and New Forms of Doing Business in Puerto Rico

Background

Act 52-2022 Update

- Enacted on June 30, 2022, to amend a myriad of dispositions from the Puerto Rico Internal Revenue Code (PRIRC), Puerto Rico Incentives Code, Puerto Rico Municipal Code, Act 73-2008, Act 135-1997, and other laws.
- This presentation focuses on relevant amendments to the PRIRC certain, and amendments made to the PR Incentives Code that impact income tax and compliance requirements for all businesses.

Tax Update and New Forms of Doing Business in Puerto Rico

Amendments to the PRIRC

Tax Update and New Forms of Doing Business in Puerto Rico

Relevant Changes to the PRIRC

- Income Tax

- Special Sourcing Rule Governing the Sale of the Partner's Interest

- A modified version of Section 1035.08 is reintroduced to the PRIRC to classify as PR source-income any gains arising from the sale of a partnership interest of a partnership that is engaged in a trade or business in PR, subject to the following:
 - a. If the sale is made after December 31, 2018, but before July 1, 2022, the rule applies irrespective of the partner's residency
 - b. If the sale occurs on or after July 1, 2022, the special sourcing rule will apply to foreign partners

Tax Update and New Forms of Doing Business in Puerto Rico

Relevant Changes to the PRIRC (cont'd)

- Compliance Requirements
 - Audited Financial Statements (AFS) Requirements
 - General Rules for an Entity Non-Member of a Controlled Group

Volume of Business	Requirement (remained unchanged)
\$0 - \$999,999	<i>To Claim AMT or ABT:</i> Option to submit AFS, Agreed Upon Procedure (AUP) 1 or Due Diligence Checklist (only available to Individuals or Pass-through Entities)
\$1,000,000 - \$2,999,999	<i>To Claim AMT or ABT:</i> Option to submit AFS or AUP 1
\$3,000,000 - \$9,999,999	Required to submit AFS or AUP 2 (CC RI 20-39)
\$10,000,000 or more	Required to submit AFS

Tax Update and New Forms of Doing Business in Puerto Rico

Relevant Changes to the PRIRC (cont'd)

- General Rules for an Entity Member of a Controlled Group

Volume of Business	Requirement Pre-Act 52	Requirement Post-Act 52 (after 2019)
\$0 - \$999,999	Required to submit AUP 2 (CC RI 20-39) or option to submit AFS	<i>To Claim AMT or ABT:</i> Option to submit AFS, Agreed Upon Procedure (AUP) 1 or Due Diligence Checklist (only available to Individuals or Pass-through Entities)
\$1,000,000 - \$2,999,999	Required to submit AFS	<i>To Claim AMT or ABT:</i> Option to submit AFS or AUP 1
\$3,000,000 or more		Required to submit AFS

*After December 31, 2022, Supplementary Information requirements were eliminated, except for certain industries (construction, hospitals, and financial institutions that meet certain requirements)

Tax Update and New Forms of Doing Business in Puerto Rico

Relevant Changes to the PRIRC (cont'd)

➤ New Tax Credit Management System (MCC)

- New platform in SURI will be launched by the PR Treasury to administer tax credits (Jan 18, 2023)
- A 3-year transitory period after its implementation will apply to claim all tax credits prior to the MCC
- All tax credits Post MCC must be registered to be claimed
- Tax credits dispositions were amended to incorporate these limitations
- PR Treasury issued DA 22-11 to announce its implementation on January 2023
 - a. Transitory 3-year period taxable year 2023 to 2025 (Only Post MCC may be claimed starting in 2026)
 - b. Freeze Period from January 1 to January 17, 2023, for the government agencies to grant tax credits
- PR Treasury issued Circular Letter 23-02 to establish the rules for registering Post MCC Credits

Tax Update and New Forms of Doing Business in Puerto Rico

Relevant Changes to the PRIRC (cont'd)

- Estimated Tax Payments

Pre-Act 52

- Estimated tax payments were required notwithstanding the estimated tax liability
- Tax Exempt Corporations first estimated tax payment deadline was parallel to regular corporations (April 15)

Post-Act 52

- Estimated tax payments are required if there is a minimum tax liability (including alternative minimum tax) exceeding \$1,000
- For taxable years after December 31, 2022, Tax Exempt Corporations under Act 60 or former similar incentive laws may deposit their first estimated tax payment with their second installment (June 15)
- Special rules apply for tax exempt manufacturing businesses electing Alternate Tax Rate: require monthly deposits

Tax Update and New Forms of Doing Business in Puerto Rico

Relevant Changes to the PRIRC (cont'd)

- Foreign Account Reporting Requirements
 - For PR resident individuals
 - 10 x 10 rule
 - a. Max balances > \$10,000
 - For accounts outside of PR and US
 - b. Failure to file penalties: \$10,000
 - To be filed by the due date of the PR Individual Income Tax Return

Tax Update and New Forms of Doing Business in Puerto Rico

Relevant Changes to the PRIRC (cont'd)

➤ Foreign Account Reporting Requirements

- Financial accounts include:
 - Bank accounts, such as savings accounts, checking accounts, and term deposit accounts, among others;
 - Securities accounts, such as managed and derivative accounts or other financial instrument accounts;
 - Options or futures contract accounts;
 - Crypto asset accounts;
 - Insurance policies with a cash value (such as whole-life policies);
 - Accounts with investment companies or any similar accounts;
 - Any other type of account as determined by the Secretary

Tax Update and New Forms of Doing Business in Puerto Rico

Relevant Changes to the PRIRC (cont'd)

➤ Foreign Account Reporting Requirements

- Financial interest means that the PR resident individuals:
 - is the owner of record of the account
 - when the owner of record is an agent, attorney, or any other person acting on his behalf
 - legal entity in which the individual holds, directly or indirectly, at least 50% of the total shares or shares per vote or value
- grantor trust
- has authority (individually or with other persons) to control the disposition of the assets held in such account

Tax Update and New Forms of Doing Business in Puerto Rico

New Concepts Introduced to the PRIRC

- Long-Distance Worker (LDW)
 - In general
 - For taxable years commencing after December 31, 2021, individuals may be employed by foreign persons and work in PR soil without triggering such person to be engaged in a PR trade or business.
 - Eligibility Requirements for Foreign Employers:
 - cannot have an office or fixed place of business in PR;
 - cannot have an economic nexus in PR;
 - cannot be a merchant under the PRIRC;
 - cannot have the LDW be an official, director or majority stockholder of its business;

Tax Update and New Forms of Doing Business in Puerto Rico

New Concepts Introduced to the PRIRC (cont'd)

- services rendered by the LDW must be destined for a foreign person with no PR nexus; and
- payments to the LDW are reported in a Federal Form W-2 or Form 499R-2/W-2PR.
- Eligibility Requirements for Employees
 - services must be performed for a foreign recipient with no PR nexus; and
 - must deposit estimated tax payments to the PR Treasury.
- Benefits for Qualifying Employers
 - Waives registration requirements with the PR Treasury in connection to such LDW
 - a. Other business registrations may be required (e.g., State Insurance Fund, Department of Labor)

Tax Update and New Forms of Doing Business in Puerto Rico

Relevant Amendments to the PR Incentives Code

Tax Update and New Forms of Doing Business in Puerto Rico

Relevant Amendments to the Puerto Rico Incentives Code Eligibility Requirements

- The Governing Principles were amended to require that **all exempt business** applicants commit to contributing to the PR economy, measured by the following parameters:
 - foster the creation of employment;
 - harmonious integration;
 - the business was planned and designed considering, among others, the following aspects: the environment, geography, and physical resources availability.
 - commitment to the local economic activity;
 - commitment to purchase raw material and products manufactured in PR for the construction, maintenance, and expansion of physical facilities,
 - the Secretary of DDEC may waive this requirement through the issuance of a waiver.

Tax Update and New Forms of Doing Business in Puerto Rico

Relevant Amendments to the Puerto Rico Incentives Code (cont'd) Eligibility Requirements

- commitment to agriculture;
 - commitment to purchase products manufactured in PR to be used in the business operations,
 - Secretary of DDEC may waive this requirement through the issuance of a waiver
- transfer of knowledge; and
 - employment of local professionals (entities or individuals)
 - surveying, construction, financial, consulting, security, and maintenance
- financial commitment
 - requiring a 10% deposit of all funds derived from the eligible activity made to PR financial institutions

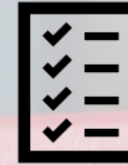
Tax Update and New Forms of Doing Business in Puerto Rico

Relevant Amendments to the Puerto Rico Incentives Code (cont'd) Eligibility Requirements

- The Bill of rights section was amended:
 - to require grantees to obtain a Compliance Certificate, as a condition for the Government to uphold the terms and conditions agreed upon in the tax decree;
 - to grant power to the DDEC to amend the tax grant if the grantee fails to obtain the Compliance Certificate, as well as to modify such Certificate if there is a partial breach of the dispositions of the grant
 - Notification and hearing process is required to preserve the due process

Tax Update and New Forms of Doing Business in Puerto Rico

Compliance Certificate



- validates that the exempt business is in good standing with its tax grant
- required to continue enjoying the benefits of the grant
- current for 2 years
- the Compliance Certificate will include the following information (not-all inclusive list):
 - name of the exempt business,
 - type of incentive or benefits,
 - property owned or used by the business,
 - Merchant's Registration Certificate, and
 - social security or employer identification number

Tax Update and New Forms of Doing Business in Puerto Rico

Compliance Professional

- CPA or lawyer with an active license to practice in PR that meets the parameters required by the DDEC under its regulations
- evaluates the operations of the exempt business, compliance with its tax grant, and issues the Compliance Certificate


Tax Update and New Forms of Doing Business in Puerto Rico

Exempt Annual Reports (EAR)

- must include employment data and details on investments in products or services manufactured or rendered in PR as well as PR banking activity
- the information will be used for statistical purposes and economic studies and will be subject to the evaluation of the Compliance Official to approve or deny the Compliance Certification

Tax Update and New Forms of Doing Business in Puerto Rico

R&D Credit

- **Use of Tax Credit may be delayed** 
 - For taxable years commencing on or before December 31, 2021, the R&D tax credit may be claimed in two installments:
 - 50% of the credit on the year the Special Eligible Investment was made, and
 - the balance of the credit in subsequent years until exhausted
 - For taxable years commencing after December 31, 2021, the R&D tax credit may be claimed in two installments:
 - 50% of the credit on the **year the DDEC issues the Accreditation Certificate**, and
 - the balance of the credit in subsequent years until exhausted

Tax Update and New Forms of Doing Business in Puerto Rico

Contact Information



Jose Erba, CPA,
Tax Director

D +1 787 754 9090
E jose.erba@pwc.com

304 Ponce de Leon Avenue,
Suite 800,
San Juan, PR 00918



Victor Pizarro , CPA, Esq.
Senior Tax Manager

D +1 787 754 9090
E samira.yassin@pr.gt.com

304 Ponce de Leon Avenue,
Suite 800,
San Juan, PR 00918

Tax Update and New Forms of Doing Business in Puerto Rico

Contact Information



Madeleine Tubéns, CPA, Esq.
Tax Manager

D +1 787 754 1915 x 264
E madeleine.tubens@pr.gt.com

33 Bolivia Street Suite 400
San Juan, Puerto Rico 00917



Samira Yassin, CPA, Esq.
Tax Manager

D +1 787 754 1915 x 238
E samira.yassin@pr.gt.com

33 Bolivia Street Suite 400
San Juan, Puerto Rico 00917

Tax Update and New Forms of Doing Business in Puerto Rico

Questions





¡GRACIAS!

Síguenos en:



www.camarapr.org

[#camaristaenaccion](https://twitter.com/camaristaenaccion)