



TaxNewsFlash

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Puerto Rico: Additional extension of deadlines, tax relief relating to coronavirus (COVID-19)

The Puerto Rico Department of Treasury (PRTD) issued various communications extending the filing dates for tax returns and for tax payments in response to the coronavirus (COVID-19) pandemic. The communications described below supersede previous communications regarding extensions of time.

Administrative Determination 20-10 (AD 20-10) (March 24, 2020)

The PRTD issues this administrative determination to extend various returns and payments administered by the PRTD and pursuant to Executive Order 2020-023, as follows:

Sales and use tax

Monthly sales and use tax returns: The deadline for filing this return and the corresponding payment, for the periods of February, March, April, and May 2020 will be, respectively, as follows:

- February until April 20, 2020
- March until May 20, 2020
- April until June 22, 2020
- May until July 20, 2020

Monthly import tax return: The deadline for filing this return and the corresponding payment for the periods of March, April, and May, 2020 will be, respectively, as follows:

- March until May 10, 2020
- April until June 10, 2020
- May until July 10, 2020

Biweekly sales and use tax payments: The PRTD has determined that it will not impose penalties for non-compliance with the biweekly sales and use tax payments for the months of March, April, May, and June 2020, as long as the total of the sales and use tax owed for these months is paid in full with the filing of the monthly sales and use tax return for the periods.

Income tax returns

- Returns with an original or extended date of March 15, 2020: The deadline to submit the return without the imposition of interest, surcharges, and penalties will be June 15, 2020. This includes any return with a due date that was postponed to March 16, 2020, by PRTD Internal Revenue Informative Bulletin No. 20-02 and the PRTD Internal Revenue Circular Letter No. 20-02.
- Returns with an original or extended due date of April 15, 2020: The deadline to submit the return without the imposition of interest, surcharges and penalties will be July 15, 2020.
- Returns with an original or extended due date of May 15, 2020 or June 15, 2020: The deadline to submit the return without the imposition of interest, surcharges, and penalties will be July 15, 2020.

Information returns or declarations

The PRTD will not impose penalties regarding the filing of Informative Declarations corresponding to the year 2019, as long as the filing is completed in SURI (the electronic portal) no later than May 15, 2020.

Other returns, forms, and payments

Relief is provided with regard to other tax returns, forms, and tax payments that are not related to income tax, sales and use tax, or excise tax pursuant to Subtitle C of the Puerto Rico tax code, the taxes on alcoholic beverages established Subtitle E of the tax code, as well as the special tax on foreign corporations established under Law No. 154 of October 25, 2010 or information returns.

There will be no imposition of interest, surcharges, and penalties, as long as these “other tax returns” are filed by the deadlines set forth below:

- Original due dates during the months of March and April 2020—it will be understood the return is timely filed if it is submitted no later than the same due date, but during the month of June 2020. For example, if the original due date is March 15, 2020, the deadline to submit the return without the imposition of interest, surcharges, and penalties will be June 15, 2020.
- Other tax returns with due dates during the months of May and June 2020—it will be understood the return is timely filed if it is submitted no later than the same due date, but during the month of July 2020.
- In addition, the PRTD will determine not to impose interest, surcharges, and penalties for tax payments related to these “other returns” as long as the payments are made on the deadlines established on this determination.

Administrative Determination 20-09 (AD 20-09) (March 24, 2020)

This guidance concerns deadlines for filing of returns and payment of taxes administered by the PRTD as a consequence of Executive Order 2020-023.

Estimated tax payments for individuals and corporations

No penalties will be imposed for the lack or insufficiency of the first and second installment of the estimated tax payment applicable to individuals and corporations for tax year 2020. However, the amount of estimated payments that must be deposited in the first two installments of the 2020 tax year will be determined to have to be deposited, together with the amounts to be paid in the two

remaining installments of the estimated tax for the 2020 tax year, with the taxpayer paying 50% of the total estimated tax with the third and fourth installments.

Withholding of tax on payments for services rendered

The PRTD is waiving the income tax withholding requirement on payments covered by Section 1062.03 of the Puerto Rico tax code from Monday, March 23, 2020, through Tuesday, June 30, 2020. This total waiver will apply for all payments for services, regardless of whether the recipient of the payment currently has another withholding waiver. Note that the recipient of the payment may request the withholding agent to continue withholding the income tax as waived by this provision.

The relief provided in Administrative Determination (AD) 20-10 does not exempt the recipient from payment or remitting the tax with regard to the income tax return. The measure is intended to deal with cash-flow needs. In addition, the withholding agent must report the payments in an information return for services provided (Form 480.6SP) of the year 2020, as applicable.

Sales and use tax payment requirements on the importation and purchase of taxable items for resale

The PRTD has also determined to grant an exemption certificate to allow, from Monday, April 6, 2020, until Tuesday, June 30, 2020, the import or acquisition of taxable items for resale free of the sales and use tax payment (import tax) to all merchants who are "resellers" (as said term is defined in Section 4010.01 (www) of the tax code), and that, at the date of publication of AD 20-10, have a reseller certificate issued in accordance with the provisions of Section 4050.04 (c) of the tax code.

All reseller merchants that have an active and current reseller certificate will automatically receive, through their SURI account, a temporary exemption certificate. This will allow them to import or buy taxable items in Puerto Rico for resale during the "temporary exemption period" without the requirement to pay the sales and use tax for such transactions.

Any merchant who purchases taxable items for resale during the period of temporary exemption must submit a copy of the temporary exemption certificate together with Form SC 2916, *Certificate of Exempt Purchases and Services Subject to the IVU-Special 4%*, duly completed and signed from the seller, to be able to acquire the item free of sales and use tax payment. For these purposes, on Form SC 2916, Part II, Line 5, the buyer must check the box "a. Reseller."

Application of refunds and excess payments against other contributions

According to this guidance, the PRTD will establish procedures to allow all taxpayers that have pending refunds or an overpayment to apply these amounts as a credit against a future tax liability. The process will vary depending on which type of overpayment the taxpayer currently has and the type of liability to be offset.

Income tax installment payment agreements for tax year 2019

All taxpayers that have an obligation to file an income tax return for tax year 2019, and that, at the filing date established for that return, do not have the financial resources to pay the outstanding balance as reflected on that return, may request to pay the tax due in installments. This option will only be available to those taxpayers that have not filed an extension request to file the income tax return for the 2019 tax year. In addition, to be eligible, the taxpayer must be up to date with other tax responsibilities with the PRTD.

This option will allow taxpayers to pay the total amount due no later than March 31, 2021. Administratively, the system will issue a notification and accrue additions to the tax. However, once the taxpayer completes payment according to the installment payment plan, the PRTD will proceed to

eliminate the corresponding interest, surcharges, and penalties. The PRTD is to announce the rules, terms and conditions, and application process to be followed by all taxpayers under the installment payment program.

Read a [table](#) [PDF 54 KB] prepared by KPMG LLP that lists certain filing due dates (as extended) for 2019.

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