

April 29, 2015

Tax Update

Voluntary Disclosure Program under the Tax Amnesty Established Pursuant to Act 44-2015

Further to our Legal Updates regarding Act 44-2015, which extended the previously enacted tax prepayment provisions and established a tax amnesty program, we now focus on the voluntary disclosure program (the "Program") that will be in effect until June 30, 2015, as part of the tax amnesty program.

Administrative Determination No. 15-07

On April 20, 2015, the Puerto Rico Treasury Department ("Treasury") issued Administrative Determination No. 15-07 ("AD 15-07") to establish the procedures related to the voluntary disclosure of income and the payment of the corresponding taxes under the Program.

The following taxpayers can enjoy the benefits of the Program by voluntarily disclosing gross income subject to taxes under the Puerto Rico Internal Revenue Code of 2011, as amended (the "2011 Code"), or the Puerto Rico Internal Revenue Code of 1994, as amended (the "1994 Code"), for taxable years beginning and ending on or before December 31, 2013:

1. Taxpayers that did not file the corresponding tax returns; and
2. Taxpayers that filed the corresponding tax returns, but failed to report the correct amount of income or claimed excess deductions.

Taxpayers that participate in the Program will be subject to an income tax rate of 20% on the income that they failed to report or on the excess deductions. For other types of taxes, including but not limited to, excise tax, income tax withholding at source in the case of wages and services rendered, sales and use tax, and gifts and estate tax, taxpayers shall be subject to the tax rates established in the 2011 Code and the 1994 Code.

Under the Program, taxpayers will pay only the principal amount of the corresponding tax. Applicable interest, surcharges and penalties will be waived.

To be eligible for the Program:

- i. the taxpayer must show that the voluntary disclosure is timely, sincere and complete;
- ii. the income must be from legitimate sources;
- iii. the taxpayer must pay the total tax due on or before June 30, 2015, as established in AD 15-07; and
- iv. the taxpayer cannot have enjoyed the benefits of previous voluntary disclosure programs.

To take advantage of the benefits of the Program, taxpayers must, on or before June 30, 2015:



For more information on this Legal Update, please contact:

Carlos E. Serrano

cserrano@reichardescalera.com
787.777.8815

Alba I. Joubert Pereira

ajoubert@reichardescalera.com
787.777.8825

Bibiana A. Cruz

bcruz@reichardescalera.com
787.777.8813

1. File Forms SC 3252 (Voluntary Disclosure) and SC 3253 (Declaration – Voluntary Disclosure), together with the paper forms of the corresponding tax returns, with the Treasury’s Voluntary Disclosure Unit. Such forms can be found at Treasury’s website at the following links: [Form SC 3252](#) and [Form SC 3253](#); and
2. Make the corresponding tax payment *via* certified check or money order payable to the Secretary of the Treasury.

Treasury’s Voluntary Disclosure Unit will only evaluate requests that comply with the provisions of Act 44-2015 and the procedures established in AD 15-07 and summarized herein.

AD 15-07 is available (in Spanish) [here](#).

This communication is for information purposes only and does not constitute legal advice. This communication may be based on authorities that are subject to change and is not a substitute for professional advice or services. You should consult a qualified professional advisor before taking any action based on the information herein. This communication does not create an attorney-client relationship between Reichard & Escalera and the recipient.

[Unsubscribe](#).