

Municipality of San Juan Approves Tax Amnesty for the Payment of Municipal License Taxes

The Municipal Legislature of the Autonomous Municipality of San Juan ("Municipality") approved Municipal Ordinance No. 15 Series 2014-2015 to enact a tax amnesty program for the payment of municipal license taxes ("Tax Amnesty"). The Tax Amnesty is effective from November 1, 2014 through February 28, 2015.

Payments under the Tax Amnesty

The following are the payment benefits under the Tax Amnesty:

Fiscal Years of Municipal License Tax Debts	Payment	Payment with Payment Plan
2010-2011 through 2013-2014	Principal amount due	Principal amount due plus 10% of the applicable interest, surcharges and penalties
2006-2007 through 2009-2010	65% of principal amount due	70% of principal amount due
2005-2006 and prior years	45% of principal amount due	50% of the principal amount due

Payment plans will not exceed 36 months. In order for a payment plan to be authorized, the taxpayer must pay an initial sum amounting to 10% of the tax due, based on the foregoing table. Financing charges will apply if the payment plan exceeds 12 months.

An administrative charge of 0.5% of the total tax due, which will not be less than \$25 nor greater than \$500, must be paid as a processing fee.

Tax Amnesty Requirements

To be eligible to participate in the Tax Amnesty, taxpayers must comply with the following requirements:

1. File any unfiled Volume of Business Declarations ("VOBD") for the periods for which relief is being requested under the Tax Amnesty;
2. Must have filed the VOBD for fiscal year 2014-2015 and paid the corresponding tax; and
3. Must commit to file and pay the municipal license taxes for the forthcoming years.



For more information on the above, please contact any of the following attorneys in the tax practice:

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Pending Judicial Proceedings or Administrative Investigations

Taxpayers in a judicial proceeding related to municipal license taxes or that are under an administrative investigation wherein a deficiency has been notified, may benefit from the Tax Amnesty. However, in addition to the payments mentioned above, the taxpayer must pay a charge of 10% of the amount due to cover costs and legal fees incurred by the Municipality.

Closing Agreement

Taxpayers shall enter into a Closing Agreement with the Municipality at the moment of making the municipal license tax payment. The Closing Agreement will be final and conclusive with respect to the periods comprised therein, except in cases of fraud, malfeasance, or misrepresentation of material facts.

Claims

If a taxpayer has any claim with regard to a notified deficiency, evidence supporting the claim must be presented along with the reconsideration request. The Municipal Finance Office will evaluate such information and will notify its determination. If such notification is received after February 28, 2015, the taxpayer will have 30 additional days as of the date in which the notification was sent to either make the municipal license tax payment or accept a payment plan under the Tax Amnesty.

You may access the Municipal Ordinance related to the Tax Amnesty (in Spanish) [here](#).

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