

September 28, 2015

Tax Update

Creation of the Internal Revenue Administrator's Office

With the enactment of Act 156-2015, effective September 18, 2015, the Internal Revenue Administrator's Office of the Commonwealth of Puerto Rico (the "Office") has been created. Víctor Pizarro, CPA, Esq., current Assistant Secretary for Internal Revenue, has been appointed as Administrator.

The Office, similar to the U.S. Internal Revenue Service, is an entity under the Puerto Rico Treasury Department ("Treasury") that will exclusively manage and administer all matters related to the internal revenues of Puerto Rico.

Among the goals of the Office are: to facilitate taxpayers' obligations of paying taxes to the Government, oversight their compliance with such tax obligations, have advanced and efficient technology to facilitate all procedures related to the collection and payment processing, attend taxpayers' complaints promptly and expeditiously, provide free access to relevant tax information to the general public, and train employees of the Office to fully comply with their duties.

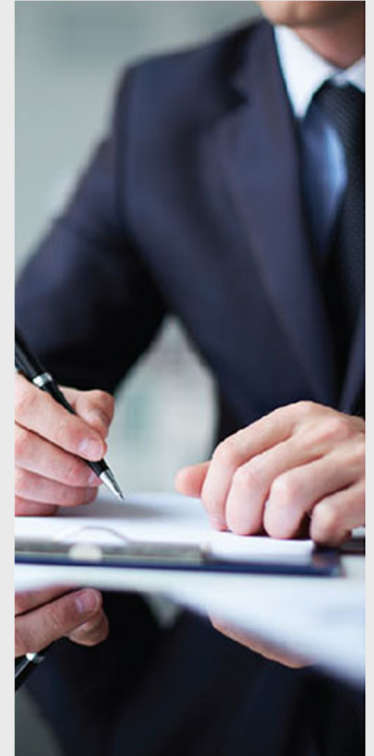
The powers, faculties and functions of the different operating and advisory units of Treasury related to the administration, management, order and supervision of the implementation and enforcement of the internal revenues laws of the Commonwealth of Puerto Rico will be transferred to the Office. Such transfer includes, among others:

1. the Internal Revenue Area and its operational components, which includes the Taxpayer Service Bureau, Returns Processing Bureau, Fiscal Audit Bureau, Collections Bureau, in addition to the operation and management of Treasury's collection offices, and the Tax Consumption Bureau;
2. the Intelligence and Tax Fraud Area and its operational components; and
3. the Taxpayer Rights Protection Area.

Changes to customary Treasury processes are expected as part of this administrative change.

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