

December 8, 2020

## Tax Update

### ***Treasury Publishes Revised Withholding Statements and Informative Returns for the 2020 Tax Year***

The Puerto Rico Treasury Department (“Treasury”) issued Internal Revenue Informative Bulletin No. 20-20 (“BI RI 20-20”) notifying the publication of revised withholding statements (“Statements”) and informative returns (“Returns”) in relation to tax year 2020.

The most significant changes to the Statements and Returns include:

1. New lines on Form 499R-2/W-2PR for indicating if the reported remuneration includes payments for health services rendered by an employee considered an eligible healthcare professional.
2. A new exemption Code J was added for reporting exempt salaries to hard-to-fill professional under Section 2022.03(a) of the Puerto Rico Incentives Code, as amended.
3. The line for “Payments Not Subject to Withholding” on Forms 480.6C and 480.30 – Payments to Non Residents from Sources Without Puerto Rico and Annual Return for Income Taxes Withheld at Source, was divided in two separate lines for “Payments for Services Rendered Outside of Puerto Rico” and for “Other Payments Not Subject to Withholding”.
4. New lines were added to Form 480.6D – Informative Return for Exempt and Excluded Income and Exempt Income Subject to Alternative Basic Tax for reporting of “Qualified Payments for Disaster Relief Aid under Section 1031.01(b)(16) of the Puerto Rico Internal Revenue Code of 2011, as amended (“Code”)", pursuant to Internal Revenue Circular Letters No. 20-08 and 20-24, and for reporting of “Debt Cancellation and Receipt of Subsidies under Article 5(i) of Act 57-2020 regarding debt cancellation and grants received pursuant to the CARES Act and other federal or state laws with regards to COVID-19.
5. Form 480.7E - Advertising, Insurance Premiums, Telecommunication, Internet Access and Cable or Satellite Television Services’ Informative Return, was modified to establish that its filing is optional and to clarify that it must be used by any taxpayer that opts to file the informative return pursuant to Section 1063.16(a)(3) of the Code in order to deduct these costs when computing the net income tax subject to alternative minimum tax or alternative basic tax. Additionally, a new line for Combined Services (“bundles”) pursuant to Section 1063.16(a) of the Code and another line for the account number of the person making the payment. Other changes were made regarding the reporting of insurance payments and contributions to health/accident insurance.



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6. A clarification on Form 480.7F – Annual Return for Payments Received on Advertising, Insurance Premiums, Telecommunication, Internet Access and Cable or Satellite Television Services, was included providing that the temporary procedure established under Internal Revenue Circular Letter No. 20-17 for the filing of Form 480.7F only applied for tax year 2019. Therefore, for tax year 2020, Form 480.7F shall be filed in the same manner as any other Return mentioned in BI RI 20-20.

All Statements and Returns shall be electronically filed through the Unified Internal Revenue System (“SURI” for its Spanish acronym). Once filed, the employer or withholding agent shall provide a copy to the recipient within the 7 days from the due date for filing the corresponding form as indicated in BI RI 20-20.

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