

September 8, 2016

## Legal Update

### *Department of State issues Waiver on Penalties Resulting from Late Filing of Corporations' Annual Reports*

On September 6, 2016, the Secretary of State of Puerto Rico, Víctor Suárez, signed Administrative Order No. 2016-04, to waive penalties resulting from late filings of corporations' annual reports in the Electronic Registry of Business Entities of the Department of State until October 21<sup>st</sup>, 2016.

### **Who must file an annual report?**

Every corporation (profit and nonprofit) must complete the Annual Report and pay the annual filing fee online, except for Nonprofit Religious Corporations. Please note that Limited Liability Companies are only required to pay the annual fee and are not required to file the annual report.

### **What is an annual report?**

A report, required to be filed on or before April 15<sup>th</sup> of each year with the Corporate Registry in the Department of State, which shall contain the following information:

- Name and registration number;
- Physical and postal address of the designated office;
- Name and physical address of the resident agent;
- Name and postal address of at least 2 officers of the corporation who are in office at the date of the filing of the report, including the officer signing the report, and expiration dates of their respective positions;
- The report must contain a balance sheet of the financial condition of the corporation at the close of its operations;
- If the business volume of the corporation exceeds three million (3,000,000), the report should be audited by a Certified Public Accountant (CPA), licensed by the Commonwealth of Puerto Rico;
- The report must be signed by an authorized officer, director or incorporator.

### **Which penalties are being waived?**

Administrative Order 2011-04 provides a late filing penalty of \$75.00 for nonprofit corporations and, in the case of for profit corporations a late filing penalty of \$750.00.

Please note that the waiver issued by Administrative Order No. 2016-04 is only available for penalties on late filings of annual reports of corporations and is not applicable to penalties imposed on limited liability companies.



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