

May 16, 2025

Tax Update

Puerto Rico Department of the Treasury Implements Expedited Procedure for Tax Exemption for Nonprofit Entities Certified under Section 501(c)(3) of the U.S. Internal Revenue Code

On May 13, 2025, the Puerto Rico Department of the Treasury ("Department") issued [Internal Revenue Circular Letter No. 25-11](#) ("CL 25-11"), establishing an expedited process for evaluating applications for tax-exempt status requests under Section 1101.01 of the Puerto Rico Internal Revenue Code of 2011, as amended ("PR Code"). This procedure applies to nonprofit entities certified as tax-exempt under Section 501(c)(3) of the U.S. Internal Revenue Code.

Procedural Overview

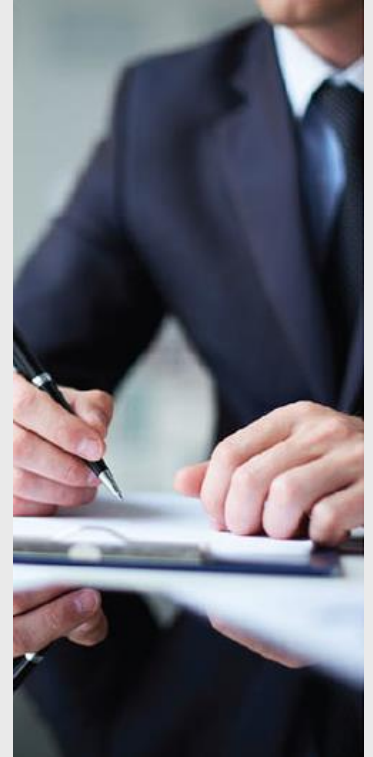
Eligible nonprofit organizations that have not yet submitted their tax exemption application under Section 1101.01 of the PR Code must file Form SC 2645 through their SURI account. To qualify for expedited review, applicants must include the following:

- IRS Determination Letter 947 or 5048 confirming 501(c)(3) status, issued within 180 days prior to filing. If the letter is older than 180 days, an IRS LTR 4168C confirming continued exempt status must also be included.
- Details on the composition of the board of directors, confirming that it includes at least 3 members and that less than 50% of the board members belongs to the family nucleus of the principal officer or board president.
- A certification from the board of directors confirming that services are rendered to Puerto Rico residents, accompanied by a board resolution authorizing the signatory to act on behalf of the entity.
- Certificate of Incorporation or Organization, or Certificate of Authorization to do business in Puerto Rico.
- Good Standing Certificate from the Puerto Rico Department of State (if the entity has existed for more than two years as of the application filing date).
- Organization's bylaws.
- Financial statements or projected income and expense report.

Entities submitting complete documentation will receive a Certificate of Approval within 60 calendar days of filing.

Pending Applications

For applications submitted before the issuance of CL 25-11, the Department will review cases where the applicant marked "Yes" indicating that the entity holds 501(c)(3) status on Part I, Question 2 of the application, and will verify whether the Federal Determination Letter confirming 501(c)(3) status was submitted. If the required supporting documents are missing, a request for additional information will be issued through SURI. The 60-day review window begins upon receipt of the complete documentation.



For more information on this Legal Update, please contact:

Carlos E. Serrano

cserrano@reichardescalera.com

787.777.8815

787.406.5257

Alba I. Joubert Pereira

ajoubert@reichardescalera.com

787.777.8825

787.432.8356

Sergio Pérez

sperez@reichardescalera.com

787.777.8813

Omar Oquendo Claudio

okuendo@reichardescalera.com

787.777.8888

Applications lacking required documentation will be evaluated under the standard review process, unless the applicant opts to follow the procedure outlined in [Internal Revenue Circular Letter No. 18-08](#).

Compliance Requirements

To qualify, entities must also be current with their tax and filing obligations. This includes:

- Filing all required income tax returns or submitting Form 480.2 for the past five years.
- Filing all withholding statements and informative returns required by the PR Code from employers or withholding agents.
- Having no outstanding tax debt or being on an approved payment plan.
- Being current with annual filings with the Department of State.

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