



THE POWER
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TAX AMNESTY AND ADDITIONAL PERIOD FOR PREPAYING CERTAIN TAXES

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Recently the Governor of Puerto Rico signed into Act 44 of 2015 with the purpose of, among other things, establishing an amnesty period where taxpayers will be granted the benefit of paying past due taxes without the applicable interest, surcharges and penalties.

The amnesty will apply to the following types of taxes:

- Corporate and Individual Income Taxes for years commenced before December 31, 2013, including businesses that benefit from incentives under several Acts.
- Excise Tax and Gift Tax.
- Sales and Use Tax for periods ended before July 1, 2014.
- Income tax withheld on salaries and payments for services rendered, among others, for periods ended before January 1, 2015.

It is very important that in order to benefit from this amnesty, the taxpayer must pay all outstanding assessments before June 30, 2015 and be up to date on all filings.

This Act also establishes the following:

- New period for electing prepayment of income tax at reduced rates on Individual Retirement Accounts, certain annuities and capital assets until April 30, 2015.
- New special rate on distributions and/or accumulated earnings and profits by corporations of 5% if paid between January 1, 2015 and April 30, 2015, or 8% if paid between May 1, 2015 and June 30, 2015. The accumulated earnings and profits prepaid under this special rate do not have to be distributed.
- Voluntary disclosure program for reporting any amounts not reported, or underreported, for periods commenced and ended before December 31, 2013. Any amounts subject to tax under this program will be subject to a flat 20% income tax rate.

Please contact us here at RSM where we are prepared and committed to answer all your inquiries related to these new rules.

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