



## THE POWER OF BEING UNDERSTOOD

# REQUIREMENT OF ELECTRONIC NOTIFICATION ON THE HOLDING OF TAX CREDITS, CIRCULAR LETTER #17-07

Year 2017 Issue #2

### **Background**

The Secretary of the Puerto Rico Treasury Department ("PRTD") published Internal Revenue Circular Letter No. 17-07 (CL 17-07), dated April 12, 2017, to establish a new requirement applicable to all tax credit holders (hereinafter, "Transferors") and acquirers of said tax credits (hereinafter, "Transferees"), to electronically complete and file the new Form 480.71 – Informative Return for Tax Credits Holders.

### **What needs to be included?**

In general, a tax credit holder needs to include the following information on Form 480.71: (i) the total or partial amount of the tax credit that was claimed or will be claimed against the tax liability for the taxable year 2016, and (ii) any remaining balance of the credit that is available for sale or to be claimed against future tax liability.

Transferors need to file Form 480.71, including the following information:	Transferees need to file Form 480.71, including the following information:
<ul style="list-style-type: none"><li>⇒ Act under which the credit was granted;</li><li>⇒ Total amount of the original tax credit granted;</li><li>⇒ Total amount of the original tax credit granted that was sold as of April 19, 2017 and/or claimed by the Transferor on its income tax returns for taxable years prior to 2016; and</li><li>⇒ Total amount of the original tax credit granted that is being claimed or will be claimed by the Transferor on its income tax return for the taxable year 2016.</li></ul>	<ul style="list-style-type: none"><li>⇒ Act under which the credit was granted;</li><li>⇒ Balance of the tax credit acquired as of April 19, 2017 that has been claimed or is available to be claimed on its income tax return for the taxable year 2016 and/or subsequent years;</li><li>⇒ Amount of the tax credit acquired as of April 19, 2017 that has been claimed or will be claimed on its income tax return for taxable year 2016.</li></ul>

### **How to file?**

Form 480.71 needs to be electronically completed and filed through the system established by the PRTD for this purpose on or before May 15, 2017. The CL 17-07 also provides that if the taxpayer fails to comply with the electronic filing of Form 480.71 the Transferor will lose the right to sell or claim the credit on its income tax return for taxable year 2016 and subsequent years.

At RSM Puerto Rico we are ready to help you with these matters. If you have any questions or comments related to the content of this Tax Alert, please feel free to contact your Tax Advisor at RSM Puerto Rico.

• Telephone: 787-751-6164

• Fax: 787-751-6865

• Email: [tax@rsm.pr](mailto:tax@rsm.pr)

• Webpage: [www.rsm.pr](http://www.rsm.pr)