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# Global Tax Alert

News from EY Americas Tax

## Puerto Rico's Treasury Department announces additional extensions for various returns and payments and provides special cash flow tax relief measures because of COVID-19

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The Puerto Rico Treasury Department (PRTD) has announced (Administrative Determination (AD) 20-09 and AD 20-10) additional extensions for various returns, including sales and use tax returns, and payments because of COVID-19. AD 20-10 also provides various measures to try to improve cash flow for the taxpayers and merchants. AD 20-09 supersedes AD 20-03 and AD 20-05. The latter established the initial extended dates that are now mainly covered under AD 20-09 and AD 20-10.

#### Income tax returns

Taxpayers with income tax returns with an original or extended due date of 15 March 2020 (previously extended to 15 April 2020) have until 15 June 2020 to file those returns. Payments due with these returns are also extended to the new due date. For returns with original or extended due dates of 15 April 2020 (previously extended to 15 May 2020), the due date is extended to 15 July 2020. Payments due with these returns are also extended to the new due date. The 15 July 2020 due date also applies to returns due on 15 May or 15 June 2020.

The PRTD will not impose interest, surcharges or penalties if the tax payments are made with the returns.

AD 20-09 also provides that requests for extensions to file these returns can also be made if filed by the new extended due dates.

## Employers and withholding agents – informative returns filing

The PRTD extended the due date announced in IB 20-08 for informative returns. Under AD 20-09, the due date for filing informative returns for 2019 that originally were due on 31 March is extended from 15 April 2020 to 15 May 2020.

## Other tax returns, declarations, forms and payments

The PRTD is extending the due dates announced in AD 20-05 for all other returns, declarations and forms (Other Returns) due in March or April 2020. The PRTD extended the due date for those Other Returns to June 2020. For example, if the original due date was 15 March 2020, the extended due date is 15 June 2020.

For Other Returns due in May or June 2020, the extended due date is in July 2020. For example, if the original due date was 15 May 2020, the extended due date is 15 July 2020.

The PRTD will not impose interest, surcharges or penalties if the tax payments are made with the returns.

There are certain tax obligations, generally non-income tax related, that are not covered by these extended filing and payment dates and are due on their original dates.

## Bond and internal revenue licenses

Bonds and internal revenue licenses with a due date from 15 March to 30 April 2020, are automatically extended to 31 May 2020.

## Sales and use tax (SUT)

AD 20-09 further extends the due dates for the monthly SUT return for March, April and May. The due date for the return due for March 2020 is extended from 20 April 2020 to 20 May 2020. The due date for the return due for April is extended from 20 May 2020 to 22 June 2020, and the due date for the return due for May is extended from 22 June 2020 to 20 July 2020.

Additionally, the PRTD extended the due dates for the Form SC 2915D, Monthly Import Tax Return, and the corresponding payments for the months of March, April and May. The due date for the Monthly Import Tax Return and payment for March 2020 is extended from 10 April 2020 to 11 May 2020, and the due date for the return and payment

for April 2020 is extended from 10 May 2020 to 10 June 2020. The due date for the return and payment for May 2020 is extended from 10 June 2020 to 10 July 2020.

The PRTD also stated that it will not impose penalties for noncompliance with the biweekly SUT payments for the months of March, April, May and June 2020, provided the full amount of the SUT due for those months is paid with the monthly SUT returns.

## Other cash flow tax relief measures

In AD 20-10, the PRTD announced the following measures to help ease the tax burden on taxpayers during this crisis:

- ▶ No penalties will be imposed for missing or insufficient estimated tax payments, which are required by individuals and corporations for tax year 2020; the penalties will not be imposed if the first and second installment payments are timely made in equal amounts by the due dates of the next two estimated installments, together with the corresponding estimated income tax payments due.
- ▶ Withholding agents are not required to do the 10% income tax withholding at source on payments for services performed, but the service provider may choose to have the withholding continue; the waiver from the withholding is temporary during the period from 23 March 2020 to 30 June 2020.
- ▶ Taxpayers may request that income tax refunds, and any accumulated and unused credits for the SUT paid on imports of taxable items for resale, be credited against other tax liabilities, such as employer payroll, income and sales taxes.
- ▶ Taxpayers may enter into installment payment agreements, without the imposition of interest, surcharges and penalties, for taxes due for tax year 2019; the taxpayer must be in good standing with the PRTD and must begin making payments by the due date of the return, as extended by AD 20-09.
- ▶ SUT does not have to be paid on the import or purchase of taxable goods for resale from 6 April 2020 to 30 June 2020 by merchants with a reseller certificate.

## Implications

For ease of reference, we have updated the attached table, which provides the new extended due dates under the guidance issued by AD 20-09 and 20-10.

The estimated income tax payment relief for the first and second estimated payments due for tax year 2020 does not apply to the estimated tax installments from fiscal tax years 2019 (those commencing in 2019) that are due in 2020.

Employer payroll tax deposits with the PRTD seem to be covered under the extended dates provided for the other returns, forms and payments, which are now due in June and July.

Under AD 20-09, taxpayers that decide or need to request an extension for their income tax returns due on the dates provided in AD 20-09 should have the six-month extension period counted from the new extended dates.

The SUT relief is solely applicable to the reseller merchants in the supply chain. Merchants must still collect sales tax on sales to consumers, unless the consumer is purchasing necessities as determined to be exempt under AD 20-07.

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