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Global Tax Alert

News from Americas Tax Center

Puerto Rico's Treasury Department issues guidance for the mandatory electronic filing of corporate income tax returns for tax year 2018

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The Puerto Rico Treasury Department (PRTD) has issued guidance (Circular Letter (CL) 19-08) for the electronic filing of corporate income tax returns for tax year 2018.

Background

Generally, domestic and foreign corporations that are engaged in a trade or business in Puerto Rico must file a corporate income tax return no later than the 15th day of the fourth month following the close of the tax year. For tax year 2018, the corporate income tax return for calendar-year taxpayers must be filed no later than 15 April 2019; and for fiscal-year taxpayers, by no later than the 15th day of the fourth month following the close of the tax year. Foreign corporations that do not have an office or place of business in Puerto Rico must file their corporate income tax returns no later than the 15th day of the sixth month following the close of the tax year.

Mandatory electronic filing

For tax year 2018, corporations and limited liability companies taxed as corporations will be required to electronically file their Puerto Rico corporate income tax returns (Form 480.20) through a program certified by the PRTD. Certified programs can be accessed on the PRTD's [website](#) under Corporate Returns 2018 under the "Hacienda Virtual" link.

Tax return specialists using a private program to prepare the corporate income tax returns for their corporate clients may also use the private program to electronically file these returns. To complete the electronic filing, the tax specialists must be registered with the PRTD and use their social security number or employer identification number and the password provided by the PRTD through email.

Procedure for electronic filing of corporate income tax return and required evidence

Taxpayers that electronically file their corporate income tax returns for tax year 2018 and whose electronic filing confirmation sheet issued by the certified program indicates that they must submit evidence should access the [E-Forms System](#) to electronically file the required evidence. The E-Forms System is available [here](#) under the “Hacienda Virtual” link. To access the E-Forms System, the taxpayer or specialist should use the username and password used to access the “Colecturia Virtual” webpage (PRTD Online Payment webpage).

Tax return specialists filing on behalf of a taxpayer must receive authorization from their corporate clients to upload these documents and should select the Representative/Specialist link for these purposes. CL 19-08 provides step-by-step instructions for filing the evidence.

The E-Forms System will be available for electronically filing the required evidence with the corporate income tax return until the day after the due date for filing the return, including extensions, or until the day after the return is electronically filed in those cases in which the return is filed after its due date. Once the process of electronically filing the evidence for the corporate income tax return is completed, the taxpayer or tax return specialist may not add, substitute or modify documents.

For tax return specialists to file a return on behalf of a taxpayer, they must obtain the taxpayer's written authorization for the specialist to digitally sign the corporate income tax return. Written authorization must be made on Form SC 2909 A, *Specialists Authorization to Electronically File and Digitally Sign the Corporate Income Tax Return*. Specialists should retain Forms SC 2909 A for 10 years.

Large taxpayers, as described in Section 1010.01(a)(35) of Puerto Rico's Internal Revenue Code of 2011, as amended (PR Code), that must electronically file their corporate income tax returns for tax year 2018, will not be required to send a copy of the filed corporate tax return to the Large Taxpayer's Unit.

Automatic extensions

Taxpayers may file Form SC 2644, *Request for Extension of Time to File the Income Tax Return*, to request an automatic extension of time to file the corporate income tax return. For tax year 2018, taxpayers must file Form SC 2644 electronically. CL 19-06 has further guidance related to the mandatory electronic filing of the extension request.

Corporate income tax returns with a tax liability

Taxpayers owing a balance on their corporate income tax return should make the payment no later than the date established in the PR Code. The payment may be made electronically through a checking or savings account (ACH debit method). The balance also may be paid in person with cash, debit card, credit card, check or money order at an Internal Revenue Collection office.

Amended returns

Taxpayers should file amended corporate income tax returns electronically, regardless of how the original tax returns were filed (i.e., electronically or on paper), unless the taxpayer falls within one of the electronic filing exceptions under CL 19-08. They also should file the required evidence for an amended return electronically, including the evidence electronically filed with the original return.

Exceptions to electronic filing

The following taxpayers should file their 2018 corporate income tax return on paper along with Form 483.4, *Exception to Electronic Filing Corporation Income Tax Return*:

1. Foreign corporations not engaged in a Puerto Rico trade or business that only report the sale of real property located in Puerto Rico on their corporate income tax return
2. Foreign corporations not engaged in trade or business in Puerto Rico, but have net income attributable to Puerto Rico sources and must file Schedule U related to the modified effectively connected rules with their corporate tax return
3. Foreign corporations not otherwise engaged in a trade or business in Puerto Rico whose only Puerto Rico-sourced income is from their distributable share from an entity subject to taxation as a partnership engaged in a trade or business in Puerto Rico
4. Corporations in liquidation that are filing a final corporate income tax return before the end of their tax year

5. Corporations that file a corporate income tax return for a tax period of less than 12 months
6. Corporations with a 52-53-week tax year end
7. Corporations that must file Schedule Q, *Investment Funds – Credit for Investment, Losses and Amount to Carryover*, or Schedule Q1, *Investment Funds – Determination of Adjusted Basis, Capital Gains, Ordinary Income and Special Tax*
8. Corporations that cannot submit the return or automatic extension request electronically because of an error in the employer's identification number or a system error
9. Corporations that are not required to be registered in the Merchant Registry because they have no operations in Puerto Rico

Paper filing

Taxpayers that file their corporate income returns on paper may file the returns in person, along with Form 483.4, at any of the following locations:

- Puerto Rico Treasury Department, 10 Covadonga Street, Intendente Ramírez Building, Old San Juan

- Internal Revenue Collection offices
- Orientation and Return Preparation Centers (until 15 April 2019)

Tax returns also may be sent by mail to the following address:

Puerto Rico Treasury Department
P.O. Box 9022501
San Juan, PR 00902-2501

Implications

The PRTD will not consider a return timely filed if a taxpayer fails to comply with the mandatory electronic filing requirement. Corporations and limited liability companies that file Puerto Rico corporate income tax returns should take notice of these changes so they comply with their filing obligations.

Other corporations (e.g., exempt businesses under the Puerto Rico Incentives Programs filing Form 480.30II, and life insurance companies filing Form 480.40D or Form 480.40F) and conduit entities (e.g., partnerships, LLCs with election or statutorily required to be partnerships) will continue to file their income tax returns on paper.

For additional information with respect to this Alert, please contact the following:

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