



## Client Alert

### Client Alert - Recent Developments on Tax Matters

*July 26, 2018*

#### **I. Amendment to the Municipal Tax License ("Patente Municipal")**

Act 133 of 2018, a recent amendment to the Municipal Business License ("Patente Municipal") Law, reduces the annual interest that may be accrued from any administrative or judicial credits or reimbursements payable by municipalities granted under the Law. The annual interest rate of six percent (6%) is reduced to three percent (3%) and such reduction became effective on July 10, 2018.

#### **II. Incentive to Pay Room Tax Debts**

The recently enacted Act 136 of 2018 provides an incentive for hoteliers to pay pending debts arising from the room tax requirement. This alternative is available to certified hoteliers under Law 272-2003, as amended. Hoteliers may choose to: (1) make a single lump sum payment for the principal amount of the room tax debt or (2) make several payments by entering into a payment plan to which a reduction on the debt will be applied. Certain restrictions apply, but generally no penalties, charges or interests will be assessed to hoteliers paying the room tax debt in a single payment. A discount of seventy five percent (75%) will be applied to the amount of penalties, charges or interests accrued to the room tax debt of hoteliers covered by a payment plan. This incentive is valid only for a 180-days term which began to run on July 10, 2018.

### **III. Treasury Department adopts Administrative Determination 18-09 to officially create a new Estate Tax Regime under Act 76 of 2017**

On May 14, 2018, the Puerto Rico Treasury Department ("Treasury") adopted Administrative Determination 19-09 ("AD 18-09") to comply with the provisions of Act 76 of 2018 amending the Code sections relating to estate and gift taxes. Particularly for estate purposes, Section 2021.01 (d) of the Internal Revenue Code of 2011, as amended ("Code"), established that the property of any deceased person, whether or not resident in Puerto Rico at the time of his death, whose death occurs after December 31, 2017 will not be subject to tax on the transfer of the estate property in Puerto Rico ("caudal relicto").

The administrator of the estate must file an informative return (Form SC 2800 B) under oath with the Secretary of the Treasury within twelve (12) months. Whilst Section 2054.01(a) establishes a lien in favor of the Government of Puerto Rico over the assets of the estate for income, property and municipal taxes; Section 2054.02(a) on the other hand provides for an automatic release of the estate property and cancellation of the Treasury lien for estates with no tax debts.

Such automatic release shall also be conditioned to the personal filing of completed Form SC 2800 B by the administrator of the estate or his/her authorized representative at a Taxpayer Services Center along with payment of \$25 for the issuance of the Treasury release.

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Goldman Antonetti & Córdova LLC stands ready to assist you and your business to adjust or find new opportunities with changes in the law. If you need further assistance in this area, please feel free to contact the following members of our firm:

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