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A New Tax Amnesty Law is Approved and New Electronic Filing Requirements are Dublished by the Duerto Rico Treasury Department

1. Tax Amnesty under Act No. 218 of November 7, 2011

On November 7, 2011, the Governor of Puerto Rico signed Act No. 218 into law, the "Law for the Improvement of Public Safety and Health," which establishes the latest tax amnesty program. Act No. 218's main objective is to raise funds that will be allocated to improving public safety and health. According to its provisions, a taxpayer can elect to pay the total amount of outstanding tax debts to the Puerto Rico Treasury Department on or before February 29, 2012, free of any interests, penalties, and surcharges. Even though the law indicates that no partial payments will be accepted, the Secretary of the Treasury may approve a payment plan if such arrangement is requested on or before February 29, 2012. Still, the taxpayer must settle the outstanding principal by June 30, 2012 at the latest.



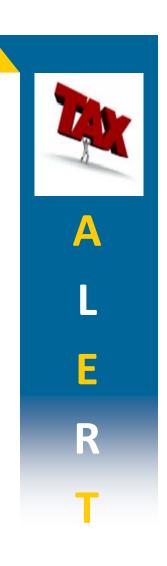
November 2011

Taxes that qualify for amnesty under Act No. 218 include:

- Income taxes (including taxes withheld at the source and those imposed under the Insurance Code);
- Taxes on inheritances and donations;
- The special property tax;
- · Debts on payment plans; and
- Payroll deductions.

However, please note that the following taxpayers are not eligible for amnesty under Act No. 218:

- Exempt corporations under the "Economic Incentives for the Development of Puerto Rico Act," the "Puerto Rico Tourism Development Act" and other analogous laws;
- Elected officials;
- Taxpayers with pending criminal proceedings for a tax related crime; or
- Taxpayers whose source of income is illegal, those whose business is related to organized crime or those that have been convicted of tax fraud.



Taxpayers whose returns are under investigation by the Department, under administrative procedures for a tax deficiency or in a pending judicial proceeding, may also benefit from this amnesty.

In addition, if the taxpayer disagrees with the tax debt that appears on the Department's records, the taxpayer must file a claim to challenge said debt on or before February 29, 2012. If the Department determines that the original tax amount is correct, the taxpayer does not have to pay interests, penalties, or surcharges on such amount as established by Act No. 218, if the taxpayer pays the quantity owed within 30 days from the date of notification of the Secretary of Treasury.

Finally, any payment made under this amnesty is voluntary and final and, therefore, cannot be subject to a future refund or credit claims.

2. Electronic Filing Requirement of Retention Vouchers and Informative Returns

The Puerto Rico Treasury Department also published Internal Revenue Circular Letter No. 11-08, whereby the Secretary of the Treasury now requires that every employer or withholding agent, who files at least three (3) Retention Vouchers or Informative Returns during the calendar year, must file them by electronic transfer. Paper filings will only be accepted if the employer or withholding agent is required to file only one (1) or two (2) Retention Vouchers or Informative Returns.

his new requirement will apply to Retention Vouchers or Informative Returns that are filed for the 2011 calendar year, whose filing dates are January 31, 2012 and February 28, 2012, respectively.

Goldman Antonetti & Córdova, P.S.C. remains committed in assisting you and your business to adjust to changes in the law. If you need further assistance in this area, please contact:

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