

Goldman Antonetti & Córdova, P.S.C.

American International Plaza, 14th Floor

250 Muñoz Rivera Avenue

San Juan, PR 00918

Tel. 787.759.8000

Fax 787.767.9333

July, 2009



A

L

E

R

T

Puerto Rico Treasury Department Administrative Determination 09-05

On July 13, 2009, the Puerto Rico Treasury Department issued Administrative Determination 09-05 (“AD 09-05”) in regards to the credit moratorium implemented by Act No. 7 of March 9, 2009 (“Act No. 7”). AD 09-05’s purpose is to notify the new requirements established under Act No. 7 to owners of tax credits under the Puerto Rico Internal Revenue Code of 1994, as amended (“P.R. Code”), as well as under any other special act in Puerto Rico. Act No. 7 amended the P.R. Code to introduce Section 1040M, which imposes a moratorium on the use of certain tax credits for taxable years commencing after December 31, 2008, and before January 1,

2012 (the “Moratorium”). The Moratorium applies to tax credits generated or granted before March 9, 2009. In AD 09-05, the P.R. Treasury states that any natural or juridical person that possesses a tax credit under any special act or pursuant to the P.R. Code **must file Form 480.71**, Informative Return of Ownership of Tax Credits, **no later than August 31, 2009**. Failure to file Form 480.71 with the P.R. Treasury by said deadline will deprive the owner of the tax credit from claiming any remaining credit on taxable years commencing on or after January 1, 2012. The credits subject to the Moratorium are the following:

- ◆ Credit for purchase of products manufactured in Puerto Rico;
- ◆ Credits under the Puerto Rico Solid Waste Authority Act;
- ◆ Credits under the Puerto Rico Capital Investment Fund Act of 1999;
- ◆ Credits under the Special Act for the Creation of the Santurce Theater District;
- ◆ Credits under the Puerto Rico Conservation Easement Act;
- ◆ Credits under the Urban Centers Revitalization Act
- ◆ Credits under the Tax Credits for Investment in New Construction and Rehabilitation of Rental Housing for Low or Moderate Income Families Act; and
- ◆ Credits under the Tax Credits for Investments in Housing Infrastructure Act.

AD 09-05 requires that the following information be included as part of Form 480.71 for each tax credit:

- ◆ Act under which the tax credit was granted;
- ◆ Amount of tax credit granted;
- ◆ Amount of tax credit that has been claimed in previous tax years and that will be claimed on tax years commenced between January 1, 2008 and December 31, 2008;
- ◆ Amount of tax credit remaining for tax years commenced after December 31, 2008; and
- ◆ Tax year in which remaining tax credit will be claimed or sold, if any.

www.gaclaw.com



YEARS OF EXCELLENCE

“PRTD
AD 09-05”



A
L
E
R
T

Any person that owns a tax credit under the following special acts or sections of the P.R. Code must file Form 480.71 on or before August 31, 2009:

- ◆ Act No. 70 of June 23, 1978 as amended;
- ◆ Act No. 46 of January 28, 2000 as amended;
- ◆ Act No. 98 of August 10, 2001 as amended;
- ◆ Act No. 183 of December 27, 2001 as amended;
- ◆ Act No. 197 of December 14, 2007 as amended;
- ◆ Act No. 78 of September 10, 1993 as amended;
- ◆ Act No. 140 of October 4, 2001 as amended;
- ◆ Act No. 212 of August 29, 2002 as amended;
- ◆ Act No. 362 of December 24, 1999 as amended;
- ◆ Act No. 135 of December 2, 1997 as amended;
- ◆ Act No. 109 of August 17, 2001 as amended;
- ◆ Act No. 248 of August 20, 2008 as amended;
- ◆ Act No. 178 of August 18, 2000 as amended;
- ◆ Act No. 73 of May 28, 2008 as amended; and
- ◆ Section 1040C, 1040D, 1040E y 1040F of the P.R. Code.

The provisions of AD 09-05 are effective immediately. Should you have any questions or need additional information, please contact any of the attorneys in our Tax Department:

Roberto Montalvo, Esq.	787.759.4123	rmontalvo@gaclaw.com
José E. Villamarzo, Esq.	787.759.4120	jvillamarzo@gawlaw.com
Angel Marrero, Esq.	787.759.4153	amarrero@gaclaw.com

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.