

January 16, 2012 www.mcvpr.com**TAX ALERT*****Puerto Rico Treasury Department Issues
New Income Tax Withholding Tables on Wages Paid in 2012***

The Puerto Rico Treasury Department (the "PR Treasury") recently issued an updated Employer's Guide – Withholding of Income at Source on Wages (the "Guide"). The Guide, issued pursuant to Section 1062.01 of the Puerto Rico Internal Revenue Code of 2011 and available [here](#), includes the applicable rates and instructions for the withholding of Puerto Rico income taxes on wages paid after December 31, 2011, and before January 1, 2013.

The PR Treasury confirms in the Guide that every employee whose gross annual wages does not exceed \$20,000 will not be subject to Puerto Rico income tax withholding in 2012. However, it clarifies that any employee may elect to have an amount withheld in excess of the amount required by the 2011 PR Code by so indicating on Part D of the Withholding Exemption Certificate, [Form 499R-4](#) (Spanish version) or [Form 499 R-4.1](#) (English Version), Withholding Exemption Certificate.

An employee who has not updated his Withholding Exemption Certificates under the 2011 PR Code should be encouraged to complete, sign and file with his employer a new Withholding Exemption Certificate in order for the Puerto Rico income tax withholdings for the remainder of calendar year 2012 be made in accordance with the 2011 PR Code tax withholding rates, personal and dependents exemptions and allowances.

Employers should also confirm with providers that their respective payroll systems have also been updated with the new Puerto Rico income tax withholding rates.

Before the end of 2012, the PR Treasury should be issuing an updated Guide for Puerto Rico income tax withholding on wages paid during calendar year 2013.

If you have any questions or would like our assistance regarding this matter, you may contact:

Carlos E. Serrano	787.250.5698	ces@mcvpr.com
Juan Luis Alonso	787.250.5655	jl@mcvpr.com
Roberto L. Cabañas	787.250.5611	rlc@mcvpr.com

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