

December 31, 2010 [www.mcvpr.com](http://www.mcvpr.com)**TAX ALERT*****PR Treasury Issues Transitory Income Tax Withholding Tables for Wages Paid after December 31, 2010***

On December 28, 2010, the Puerto Rico Treasury Department ("PR Treasury") issued Informative Bulletin No. 10-15 ("IB 10-15") providing transitory income tax withholding tables applicable for wages paid after December 31, 2010. Employers should modify their payroll systems with the new withholding rates as soon as reasonably possible.

IB 10-15 anticipates the approval of House Bill 3070 ("HB 3070") early in the year 2011. When signed into Law, HB 3070 will be known as Puerto Rico Internal Revenue Code of 2010 ("New Code"). Among the changes for the year 2011, the personal exemption for a single taxpayer (or individual taxpayer under the New Code) will increase from the current \$1,300 to \$3,500 and for married taxpayers who file jointly from the current \$3,000 to \$7,000. Another proposed change is a special deduction of \$9,350 for certain individuals whose only source of income is from therein specified activities.

IB 10-15 also provides that, for taxable year 2011, individuals whose yearly gross salary does not exceed \$20,000 will be exempt from income tax withholding.

The new IB 10-15 and the Puerto Rico income tax withholding tables are available [here](#).

For updates on these matters, you may contact any of the attorneys listed below, all members of our Tax Practice Group.

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