

Tax Alert

PRACTICE AREAS

- Tax

Personal Property Tax: Quarterly Estimated Payments Required starting August 2014 **December 9, 2013**

Act No. 136-2013, enacted on November 26, 2013, amended the Municipal Property Tax Act of 1991 (the “MPTA”) requiring all taxpayers to make estimated tax payments of personal property taxes following a schedule similar to the one required under the provisions of the Puerto Rico Internal Revenue Code of 2011 for income tax purposes.

For taxable years ended on or before December 31, 2013, payment in full will continue to be due on or before May 15, 2014, and the taxpayers are still entitled to the 5% discount for early payment when the total amount of the self-assessed tax is paid on or before that date. For taxable years commenced after December 31, 2013, the estimated personal property tax quarterly payments will be due on or before the 15th day of August, November, February and May.

The amount of the annual estimated tax will be the lower amount between: (i) 90% of the estimated personal property tax for the current year; or (ii) 100% of the total tax reflected on the personal property tax return for the preceding taxable year. The 5% discount for early payment will be available for those taxpayers that pay, on or before August 15 of each year, at least 100% of the self-assessed tax for the preceding taxable year.

In the event of underpayment or failure to timely pay any installment, 5% of the installment unpaid amount will be added to the tax. This addition to the tax will be applicable commencing on the installment due on February 15, 2015. Act No. 136-2013 also amended Article 6.21 of the MPTA to clarify that the penalty for failure to file the return by the due date prescribed by law will be calculated on any unpaid amount of the tax liability.

Finally, for returns due on May 15, 2014, and thereafter, all taxpayers may request a 3-month automatic extension to file the personal property tax return.

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