

PR Treasury's Measures in Response to Puerto Rico Lockdown

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- Tax

An McV Tax Alert

March 18, 2020

On March 12, 2020, Governor Wanda Vazquez issued Executive Order 2020-020 (“EO 2020-020”) declaring a state of emergency in Puerto Rico due to the imminent threat of Coronavirus (COVID-19) to the Island. EO 2020-020 ordered every agency of the Puerto Rico Government to implement the necessary measures to prevent the spreading of the virus and protect the wellbeing of Puerto Rico residents. On March 15, 2020, Governor Vazquez issued **Executive Order 2020-023** (“EO 2020-023”) ordering the closing of government offices and most of the private sector in an attempt to control the risk of Coronavirus transmission in the Island.

In response to EO 2020-020 and EO 2020-023, the Puerto Rico Department of the Treasury (“PR Treasury”) issued the following publications:

Internal Revenue Informative Bulletin No. 20-07 of March 13, 2020 (“IB 20-07”) – Extension of Administrative Deadlines

Pursuant to IB 20-07, certain administrative deadlines are extended as follows:

- Deadlines established in any notice of adjustment of tax returns or notice of mathematical error will be extended by 120 days.
- Deadlines to file administrative complaints and to submit information or documents required by PR Treasury’s Office of Administrative Appeals (“OAA”) that expire on or after March 12, 2020 will be extended by 90 days from their due date.
- Any administrative hearing scheduled on any date from March 16, 2020 up until June 15, 2020, will be automatically suspended. The OAA will be notifying taxpayers of the new dates for the administrative hearings.
- Administrative Review Letters issued on or before March 12, 2020 will remain in force for an additional period of 120 days.

To access IB 20-07, **please follow this link.**

PR Treasury's Measures in Response to Puerto Rico Lockdown

Administrative Determinations No. 20-03 of March 13, 2020, No. 20-04 and No. 20-05 of March 16, 2020 (respectively, "AD 20-03, AD 20-04 and AD 20-05") – Extensions to File Returns, Pay Taxes and Renew Internal Revenue Licenses and Bonds

PR Treasury issued AD 20-03 and AD 20-05 to notify the new deadlines to file certain returns and declarations, without the need to submit an extension, and to pay certain taxes due in March and April 2020, as follows:

1. Income Tax and Sales and Use Tax

Filing and/or payment of:

Original Due Date

Extended Due Date

Informative Income Tax Return Pass-Through Entities (Form 480.20(EC)), and any related payment

March 16, 2020

April 15, 2020

Employees Owned Special Corporation Informative Tax Return (Form 480.20 (CPT)), and any related payment

March 16, 2020

April 15, 2020

Revocable Trust or Grantor Trust Informative Income Tax Return (Form 480.80 (F)), and any related payment

March 16, 2020

April 15, 2020

Income tax return for any taxpayer with an economic taxable year, which is required to file said return on or before March 16, 2020, and any related payment

PR Treasury's Measures in Response to Puerto Rico Lockdown

March 16, 2020

April 15, 2020

Income tax return and related extension request for any taxpayer required to file said return on or before April 15, 2020

April 15, 2020

May 15, 2020

First Estimated Income Tax Installment Payment for 2021 taxable year

March 16, 2020/April 15, 2020

April 15, 2020/May 15, 2020

Sales and Use Tax ("SUT") Monthly Return (Form AS 2915.1), and payment, for the February period

March 20, 2020

April 20, 2020

Furthermore, in AD 20-05, PR Treasury informs that it will not impose penalties for noncompliance with the bi-weekly SUT payments due during March 2020 provided the total SUT due for said month is paid with the filing of the SUT Monthly Return.

To access PR Treasury's AD 20-03, **please follow this link.**

1. **Other taxes**

PR Treasury will grant an automatic one-month extension from the original due date of any form, declaration and return related to any tax, other than income tax ("Other Tax Returns"). Said extension applies to Other Tax Returns, and any related payment or deposit, due between March 15 and April 15, 2020.

■ **Bonds posted with PR Treasury**

PR Treasury's Measures in Response to Puerto Rico Lockdown

Any bond with an expiration date between March 15 and March 31, 2020, will be automatically extended until April 30, 2020.

1. Internal Revenue Licenses

All internal revenue licenses with an expiration date between March 15 and March 31, 2020 will automatically remain in effect until April 30, 2020.

To access AD 20-05, **please follow this link.**

Moreover, in AD 20-04, PR Treasury indicates that any business, site, warehouse or commercial establishment that operates with an internal revenue license and fails to comply with the provisions of EO 2020-023 will be subject to the immediate suspension of said license for a minimum of a six-month period.

Any license suspension, as well as any related summons, will be notified through the Unified Internal Revenue System ("SURI"). Any merchant who receives a notice of suspension may request a reconsideration by filing, through SURI, an administrative complaint with the OAA within 30 days after the date of the suspension notice.

To access AD 20-04, **please follow this link.**

Internal Revenue Informative Bulletin No. 20-08 of March 16, 2020 ("IB 20-08") – Extension to File Informative Returns

IB 20-08 provides that no penalties will apply for failure to timely file Informative Returns for taxable year 2019, as long as the Informative Returns are filed through SURI no later than Wednesday, April 15, 2020. This is an extension of the waiver of penalties originally granted by the Internal Revenue Informative Bulletin No. 20-05.

To access IB 20-08, **please follow this link.**

Internal Revenue Circular Letter No. 20-20 of March 16, 2020 ("CL 20-20") – Moratorium on Payment Plans

PR Treasury has also established a moratorium period on payments required to be made under a payment plan agreement for taxpayers economically impacted by the COVID-19 and the EO 2020-023. Said taxpayers will not be required to make installment payments for the period between March 16, 2020 and April 30, 2020 ("Moratorium Period"). Payments periods under the payment

PR Treasury's Measures in Response to Puerto Rico Lockdown

plan agreements are automatically extended for the Moratorium Period.

To access CL 20-20, **please follow this link.**

If you have any questions regarding these important notifications please contact any of the attorneys listed below. Please note that all our attorneys are working remotely and can be reached by email or by phone. We will keep sending updates as events unfold.

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