

Tax Update: Proposed tax reform Bill No. 2329 as of today

It's April 15! If you are a calendar year taxpayer, today is the deadline to file your individual or corporate 2014 Income Tax Return(s). However, the law provides you with the alternative of requesting an extension of time to file these returns. Remember this extension is for filing the return and does not extend the time to pay any tax due.

Today was also the date in which the Legislature had stated they would have approved the Transformation of the Tax System Bill (P de la C 2329).

Unfortunately, this is not happening. The House of Representatives and the Senate are still in conversations with the Administration (Treasury and Governor) in order to arrive to a consensus on the VAT rate (rates) and the income tax benefits that were promised.

We understand, there is a high possibility of three VAT rates:

- 0% rate
- a general rate (the percentage has not been disclosed yet), and
- an intermediate rate.

Also, the Legislature is highly considering exempting the whole medical sector from paying and collecting the VAT as well as the payments for private education.

The discussions are centred in balancing the amount of funds to be collected from all the proposed amendments given the increase in VAT exclusions and exemptions and the proposed reduction on the VAT rate.

DISCLAIMER: This update and its content do not constitute advice. Clients should not act solely on the basis of the material contained in this publication. It is intended for information purposes only and should not be regarded as specific advice. In addition, advice from proper consultant should be obtained prior to taking action on any issue dealt with this update.

© 2015 Kevane Grant Thornton LLP All rights reserved.
Kevane Grant Thornton LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please visit www.kevane.com for further details.



It is a great possibility that these funds will be obtained from the corporate side and from an adjustment to the proposed individual income tax brackets.

The clock is ticking and it is time for this process to conclude. We expect a final agreement by next week.

Visit the new VAT section in our website, **Insight into value added tax**. Therein, you will find our alerts and updates related to the proposed VAT in Puerto Rico as well as links to official documents.

We will continue to monitor the developments of the proposed tax reform. If additional information is required regarding this or any other tax issue please contact our Tax Department.



Contact us

For assistance in this matter, please contact us via maria.rivera@pr.gt.com or javier.ovola@pr.gt.com



Adding true value means exceeding our clients' expectations, anticipating their needs and being proactive and innovative in the accounting profession.

Through the **Kevane Grant Thornton business and tax application for mobile devices** you will have access to our Alerts, Tax News and other related matters, plus a customized tax calendar for individuals, businesses and other entities, thus providing an excellent tool to manage filing and payment due dates with government agencies in Puerto Rico.

Download for free the application. Available for iPhone, Motorola and all tablets.



Follow us on 

April 15, 2015