

Tax Alert: Tax amnesty period approved in the Municipality of Carolina

The Municipality of Carolina approved Ordinance No. 53, Series 2014-2015-60, providing an amnesty period for the payment of debts in arrears for Municipal License Tax, Municipal Sales and Use Tax and Municipal Fines. The amnesty period started on July 1, 2015 and will run through November 30, 2015.

There are various settlement alternatives depending on the applicable tax and the fiscal year in which the debt originated as follows:

Municipal license taxes ("Patente municipal")

Fiscal years 2010-2011 through 2014-2015

The benefit is a full waiver of interest, surcharges and penalties if the taxpayer elects to pay the principal as a lump sum payment. If the taxpayer elects to enroll in a payment plan, 10% of the amount of accrued interest, surcharges and penalties owed will be added to the principal amount of the debt.

Fiscal years 2006-2007 through 2009-2010

If the taxpayer elects to pay in full, the benefit will be the full waiver of interest, surcharges and penalties, and 35% of the principal amount. If the taxpayer enrolls in a payment plan, the waiver of the principal will be reduced to 30%, but the accrued interest, surcharges and penalties owed will be waived.

Fiscal years 2005-2006 and earlier
If the taxpayer elects to pay in full, the benefit will be the full waiver of interest, surcharges and penalties, and 55% of the principal amount. If the taxpayer enrolls in a payment plan, the waiver of the principal will be reduced to 50%, but the accrued interest, surcharges and penalties owed will be waived.

In any of the above cases, if the debts are already assessed, notified or in any way imposed by the Municipal Department of Finance and Budget, 25% of applicable interest, surcharges and/or penalties will be added.

Sales and Use Tax

Assessed debts incurred on or prior before June 30, 2015 that are pending payment

The benefit is a payment of the principal amount due plus 25% of the applicable interest, surcharges and penalties.

Non-assessed debts incurred on or before June 30, 2015 that are filed and declared

The benefit is a full waiver of the interest, surcharges and penalties by paying the principal amount due.



Contact us

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Assessed debts without a principal amount due

The benefit is a payment of 25% of the applicable interest, surcharges and penalties.

The amnesty is not applicable to debts incurred after July 1, 2015.

Municipal Fines

The amnesty is applicable to those charged prior to June 30, 2015, for which the benefit consist of paying 65% of the total amount owed. There are no payment plans available for the payment of municipal fines under the amnesty. The amnesty does not cover those fines issued after July 1, 2015.

Eligibility

In order to be eligible for the amnesty, the taxpayer must file any previous unfiled Volume of Business Declarations and Monthly Sales and Use Tax returns applicable to the periods under the amnesty program and must have filed and paid the Volume of Business Declaration and the Monthly Sales and Use Tax returns for the fiscal year 2014-2015.

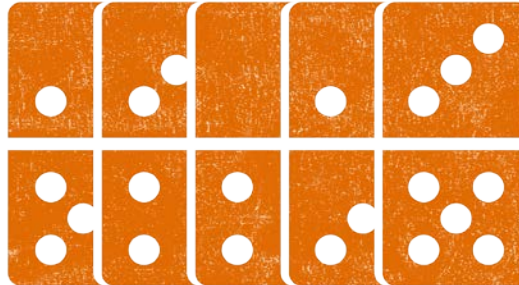
Payment plans

The Director of Finance and Budget may approve payment plans for the payments of the Municipal License Tax and Sales and Use Tax under the current internal guidance provided in the Regulation issued for the Collection of Debts in Arrears of the Municipality of Carolina.

Amnesty fees

Taxpayers who voluntary enter in the amnesty program must pay a nonrefundable **administrative fee** equal to 1% of the total debt, which shall not be less than \$50 and not more than \$500.

Also, taxpayers under a court proceeding or with cases under investigation for which a deficiency has been notified must also pay a **legal fee** equal to 10% of the total debt.



Payment

All payments required as part of the amnesty program must be made in cash, debit or credit card, certify check or money order.

If a taxpayer does not agree with a particular debt, it must request reconsideration providing supporting evidence. The Municipal Finance Office will evaluate the claim and notify the result. In such notification is received after the amnesty period has ended, the taxpayer would still have a period of 30 days once the notification was sent to settle according to the terms of amnesty program.

Please contact our Tax Department should you require additional information regarding this or any other tax issue; we will be glad to assist you.