

Tax Alert: Certificate of Compliance under Act 187-2015 and 2016 Income Tax Returns

On April 10, 2017, the Puerto Rico Treasury Department issued Internal Revenue Informative Bulletin No. 17-07 (“IB 17-07”) to address a recurring inquiry regarding the inclusion of the Certificate of Compliance required under Act No. 187 of 2015 (“Act 187-2015”) for the 2016 Exempt Business Income Tax Returns.

Act 187-2015

On November 17, 2015, Act 187-2015 (the “Act”) was approved to create the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico. Through this Portal, Certifying (Issuing) Agencies and Granting (Recipient) Agencies will communicate to process, oversee, validate and award (including renovations, extensions and amendments) the tax incentives or benefits from the 34 legislative acts that promote the economic development of Puerto Rico.

Through the issuance of a CERTIFICATE OF COMPLIANCE (the “Certificate”), both the Issuing and Recipient agencies validate that the person or entity (“Grantee”) meets the specific requirements of the law by virtue of which a particular privilege is granted and, therefore, qualifies for the tax incentive or benefit. The Certificate, whose use is limited to the Issuing and Recipient agencies, will be issued through the Portal and will be valid for a year.

Also, the Certificate must also be issued no later than the 15th day of the second month after the end of the Grantee’s tax year, and will include identifying information which will be provided annually by Grantees through duly sworn declarations.

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.

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Internal Revenue Informative Bulletin No. 17-07

Since the procedures for the operation of the Portal have yet to be completed, the Puerto Rico Treasury Department issued IB 17-07 to clarify that, for the Tax Years that ended on or before December 31, 2016, Grantees will be able to file their Income Tax Return for the year 2016 without the Certificate.

Nonetheless, the fact that the Certificate need not be included with the Income Tax Return at the time of filing, neither exempts Grantees from fully complying with the requirements of the applicable Incentives Act nor the Issuing agencies from meeting their responsibilities under Act 187-2015.

Note: As highlighted in our Tax Alert dated July 1, 2016, the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), seeks to provide Puerto Rico with fiscal and economic discipline through the creation of a control board, among other things. Virtually every fiscal decision by the Government of Puerto Rico will be made or approved by the Oversight Board created by PROMESA. On this regard, the board has authority to prevent the execution or enforcement of a contract, rule, executive order or regulation to the extent that it is inconsistent with the approved fiscal plan.



Contact us

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