



Tax



Business



Employer

Additional extension to request the Employee Retention Benefit

June 20, 2019

As discussed on our January 19, 2019 [Tax Alert](#), the Puerto Rico Treasury Department (the “PRTD”) issued Internal Revenue Informative Bulletin No. 19-01 to notify taxpayers that the terms to request Employee Retention Benefit and file any related claims was extended until March 31, 2019 and April 30, 2019, respectively.

Conscious that some employers were not able to gather and timely file the requisite documentation for the procurement of the Employee Retention Benefit and the corresponding claims, on May 20, 2019 the PRTC issued Internal Revenue Informative Bulletin No. 19-07 to extend the deadline further.

Background

In the aftermath of hurricanes Irma and Maria, the PRTD and the U.S. Treasury Department came into an agreement to create an Employee Retention Tax Credit plan which allowed employers operating in Puerto Rico, whom were affected by the aforesaid storms to request a federal benefit known as an Employee Retention Tax Credit, in accordance with the Disaster Tax Relief and Airport and Airway Extension Act of 2017 [P.L. 115-63] and the Bipartisan Budget Act of 2018 [P.L. 115-123].

After disclosing the procedures to be followed by an Eligible Employer in Puerto Rico to request the Employee Retention Benefit (the “Benefit”) by December 31, 2018 (see Internal Revenue Circular Letter No. 18-11), the PRTC issued Internal Revenue Circular Letter No. 18-20, to grant Eligible Employers who had requested the Benefit on or before the original deadline, the opportunity to file a claim no later than February 28, 2019.

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However, on January 11, 2019, the Puerto Rico Treasury Department issued Internal Revenue Informative Bulletin No. 19-01, to provide Eligible Employers with an extension of time to request the Benefit and to file any related claims.

The new deadlines allowed Eligible Employers to request the Benefit until March 31, 2019 (the “new deadline”). Meanwhile, Eligible Employers who had already requested the Benefit before the original deadline, would now be able to file related claims to the Benefit until April 30, 2019.

Internal Revenue Informative Bulletin No. 19-07

In an effort to assist and provide more time to Eligible Employers in gathering the necessary information to request the Benefit, the Puerto Rico Treasury Department negotiated with the U.S. Treasury Department to further amend the Plan, resulting in an extension of the new deadline to file and request the Benefit.

The Bulletin allows Eligible Employers to request the Benefit until June 30, 2019. Meanwhile, it also allows Eligible Employers who requested the Benefit on or before June 30, 2019, to file any related claims.

In Kevane Grant Thornton, we can assist you with this process, as well as to identify several facts and circumstances to maximize the opportunity of claiming the Benefit, should it be the case. Please keep in mind that this is a “cash” benefit for those employers that continued paying salaries to their employees while the business was “inoperable”, and its requested through electronic means.

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



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