



Tax



Business



Records

# 2019 Informative Returns – expense deductions

**February 06, 2019**

On February 3, 2020 the Secretary of Treasury published Internal Revenue Informative Bulletin 20-02 to postpone the due date of certain returns, forms, declarations and transactions due between February 20 and February 24, and informative returns due on February 28, to March 3, 2020 in response to the conversion process that will be performed to the Unified Internal Revenue System (known in Spanish as “SURI”) during the month of February.

Act 257-2018 introduced rules that affect the deductibility of expenses in the Puerto Rico income tax return. These new rules impact most of the taxpayers in Puerto Rico, including self-employed individuals, business entities, and tax-exempt entities, among others. The purpose of the rules is to limit a taxpayer’s ability to deduct expenses in the income tax return if said expenses have not been properly reported in an informative return and subject to the corresponding withholding. The informative returns are the following:

- Form 480.6A Income not subject to withholding
- Form 280.6B Income subject to withholding
- Form 480.6C Income subject to withholding to nonresidents
- Form 480.6D Exempt Income
- Form 480.6SP Informative Return for services rendered
- Form 480.7E Informative Return – Advertising, Insurance Premiums, Telecommunication, Internet Access and Cable or Satellite Television Services

Deductible expenses reportable on the preceding informative returns include services related to the trade or business; rent, telecommunications, and internet; advertising, promotion and marketing; and property, contingency and public liability insurance, among others. This duty to file informative returns and Annual Reconciliation Statements is irrespective of the requirement of the submittal of audited financial statements or Agreed Upon Procedures (“AUP”) by a CPA with a license to practice in Puerto Rico, which are related to a taxpayer’s ability to deduct certain expenses for purposes of the alternative basic tax and the alternative minimum tax.

We encourage you to contact us to discuss this further and coordinate an action plan to comply with the due date of the filing of your income tax return.

**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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