



Tax



Money



Taxpayer

Tax incentives benefits for General Practitioners (MD)

May 1, 2020

During the past few days, the Puerto Rico Treasury Department has issued various communications to aid taxpayers during the actual COVID 19 emergency.

On April 29, 2020 the Governor of Puerto Rico signed into law the House Bill 2375 in order to amend the Act 60-2019, known as the Incentives Code of Puerto Rico (the "Act"). The amendment extends the tax incentive benefits provided by the Act to General Practitioners. Before the amendment, only medical specialists, dentists and veterinarians were eligible for the tax incentive benefits provided by the Act.

Eligibility:

Qualified Doctors are eligible to request the tax incentives provided by the Act. A Qualified Doctor is an individual admitted to the practice of general medicine or of any specialty, of podiatry; audiology; chiropractic; optometry; or that is a dental surgeon or that practice any specialty of dentistry. The amendment established, without uncertainty, that general practitioners are also eligible to request a tax exemption decree under the Act.

In order to qualify for the tax benefits, Qualified Doctors, including general practitioners, are required to file a request of tax exemption decree at the Office of Incentives of the Department of Economic Development and Commerce of Puerto Rico. The general practitioner must also comply with the following:

1. obtaining a Qualified Doctor Certification from the Puerto Rico Department of Health
2. be a Puerto Rico resident
3. establish a full-time medical practice in Puerto Rico
4. complete at least 180 hours of community service annually

The application fee is \$2,500 payable with the filing of the request of tax exemption decree.



Tax benefits:

General Practitioners with a tax exemption decree under the Act are eligible for the following tax benefits, among others:

- fixed 4% income tax rate on income from medical services provided
- condonation of student loans of up to \$65,000, if certain additional requirements are met.

The amendment also extends to June 30, 2020 the due date to file a request of tax exemption decree under the Act, for Puerto Rico residents who are Qualified Doctors, as defined in the Act.

We will continue with our commitment to keep you up to date with these tax-related developments. 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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