

## Technical Amendments Act – Annual Report Highlights

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### PRACTICE AREAS

- Corporate
- Tax

### An McV Corporate & Tax Alert

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In addition to the technical amendments to the Puerto Rico Internal Revenue Code of 2011, as amended, Act 40-2020 amended the Puerto Rico General Corporations Act of 2009, as amended (“Corporations Act”), and the Puerto Rico Incentives Code of 2019 (“Incentives Code”) in connection with the requirement imposed on corporations and holders of tax incentives grants to file annual reports.

Following is a brief summary of these amendments:

#### **Corporations Annual Report**

##### ■ **Automatic Extension to File**

For 2019 and subsequent years, domestic and foreign corporations are granted an automatic two-month extension (“Automatic Extension”) to file the annual report required under Articles 15.01 or 15.03 of the Corporations Act (“Annual Report”) as long as the corporations file a request for such purposes no later than the due date of the Annual Report, together with a \$150 filing fee. The two-month period of the Automatic Extension will begin on April 15th or such later date as is determined by the Secretary of State. The Department of State will issue additional guidance on the implementation and requirements of the amendments to the Corporations Act.

##### ■ **Additional Extension to File**

A domestic or foreign corporation may request an additional two-month extension to file the Annual Report (“Additional Extension”), provided the request is filed before the Automatic Extension expires, together with a \$30 filing fee (or such other amount as is determined by the Secretary of State).

##### ■ **Fines for Failure to File**

If an Annual Report is not submitted within the additional time granted by the Automatic Extension or the Additional Extension, as applicable, it will be deemed not filed, and fines will be imposed.

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### **Exempt Business Annual Compliance Report**

- The deadline to file with the Office of Incentives the annual compliance report required under the Incentives Code or prior tax incentives acts (such as Act 73-2008, Act 20-2012 and Act 22-2012) (“Annual Compliance Report”) has been extended, as follows:
  - If a calendar year taxpayer, to the 15th day of November following the close of the calendar year, or
  - If a fiscal year taxpayer, to the 15th day of the 11th month following the close of the tax year
- The Annual Compliance Report of Resident Individual Investors under the Incentives Code must be accompanied with evidence of having made a minimum annual donation of \$10,000 to not-for-profit entities exempt under the Puerto Rico Internal Revenue Code of 2011, as amended (“Not-for-profit Entities”). Act 40-2020 clarifies that, from such \$10,000 annual donation, not less than \$5,000 must be to Not-for-profit Entities for the eradication of childhood poverty that are included on a list to be published annually by the Special Joint Committee on Legislative Funds for Community Relief of the Puerto Rico Legislature.
- The filing fee for the Annual Compliance Report required for Resident Individual Investors under the Incentives Code or Act 22-2012 has been increased from \$300 to \$5,000.

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