

Transition to SURI: Informative Declarations

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An McV Tax Alert

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The Puerto Rico Treasury Department (“PR Treasury”) has issued various publications regarding the transition of transactions currently conducted through Colecturía Virtual, E-forms or personally, to its web-based tool, the Internal Revenue Unified System, also known as “SURI” (for its Spanish acronym).

PR Treasury issued **IB 18-18** to highlight changes regarding the Withholding Statements (Forms 499R-2/W-2PR, 499R-2c/W-2cPR and 499 R-3) and Informative Returns (Forms 480.6A, 480.6B, 480.6B.1, 480.6C, 480.30, 480.6D, 480.7, 480.7A, 480.7B, 480.7C, 480.7D and 480.5). IB 18-16 provides that all Withholding Statements and Informative Returns for the 2018 tax period must be filed through SURI beginning on **December 10th 2018**.

Among the most significant changes adopted for 2018 are:

1. Form 480.6A – Informative Return – Income not subject to Withholding
 - New boxes/codes were added in the General Information section to report the total amount of:
 - Payments made for consulting and professional services
 - Expenses reimbursed to any service provider
 - Deductibles, co-insurance and co-payments that an insured person must pay to a health service provider. This box will be used only by the Health Insurance Entity and will be optional for 2018. For 2019 and thereafter, every Insurer must report these amounts
 - A new option was added in the boxes for Payments for Services Provided by Individuals and Services Provided by Corporations and Partnerships (Boxes 1 and 2, respectively), to indicate if an amount reported includes payments to health service providers
 - New boxes were added to report:
 - Insurance Premiums (Part 10)
 - Telecommunications Services (Part 11)
 - Advertising (Part 12)

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- Internet and Cable or Satellite Television Services (Part 13)
- Royalties (Part 14)
- For 2018, completion of these boxes will be optional. However, for 2019 and thereafter, the amounts paid for such items must be reported.
- The due date to submit this form and deliver a copy to the person who received such payment is February 28, 2019.

2. Form 480.6B – Informative Return – Income subject to Withholding

- New boxes/codes were added in the General Information section to report the amounts identified under a.i., ii and iii above for Form 480.6A
- A new option was added in the boxes for Payments for Services Provided by Individuals and Services Provided by Corporations and Partnerships (Boxes 1 and 2, respectively) to indicate if an amount reported includes:
 - Payments to health service providers
 - Payments for services provided by qualified physicians who have a Grant under Act 14-2017
- The due date to submit this form and deliver a copy to the person who received such payment is February 28, 2019.

3. Form 408.6B.1 – Reconciliation Statements for Annual Income subject to Withholding and Form 480.30 - Annual Return for Income Taxes Withheld at Source - Nonresidents

- A Part III was added, to be completed only by brokers, agents and other financial intermediaries ("Financial Intermediaries") that report any taxes withheld and deposited by the issuer or entity that made the payment subject to withholding by the Financial Intermediary. This box will be optional for 2018 and for 2019 and thereafter, every Financial Intermediary must report these amounts.
- The due date to submit this form and deliver a copy to the person who received such payment is February 28, 2019.

4. Form 480.6C – Informative Return – Income subject to Withholding – Nonresidents

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- A new box/code was added in the General Information section to report the total amount of special contribution for professional and consultation services.
- The due date to submit this form and deliver a copy to the person who received such payment is April 15, 2019.

5. Form 480.6D – Informative Return – Exempt and Excluded Income and Exempt Income subject to Alternative Minimum Tax

- The compensation paid to an employee due to a dismissal, as per Section 1031.01 (b) (11) of the Code, was eliminated, since said payments will be reported in the Withholding Statement as exempt salaries.
- The due date to submit this form and deliver a copy to the person who received such payment is February 28, 2019.

6. Form 480.7A – Informative Returns – Mortgage Interest

- A new box was added, Property subject to Mortgage-Physical Address, to indicate the location of the mortgaged property.
- The due date to submit this form and deliver a copy to the mortgagor is January 31, 2019.

7. Form 480.5 - Summary of the Informative Returns

- A new box was added to report the total amounts for early withdrawal penalties included in Part 6 of all Forms 480.7 - Informative Return - Individual Retirement Account.
- The due date to submit this form and deliver a copy to the person who received such payment is February 28, 2019.

8. Reconciliation Statements – **New Form**

- Form 480.7B.1 – Reconciliation Statement for Annual Taxes Withheld on Individual Retirement Accounts and Educational Contribution Accounts:
 - The Withholding Agent must complete this Form in order to summarize the total taxes withheld and reported in:
 - Forms 480.7 - Informative Return - Individual Retirement Account and;

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- Forms 480.7B - Informative Return - Educational Contribution Account
- The due date to submit this form and deliver a copy to the person who received such payment is January 31, 2019.

Once the Withholding Statement or Informative Return is electronically filed with the PR Treasury through SURI, the employer or withholding agent must deliver two (2) copies to the person who received the payment. Said copies may be delivered through electronic means, as established in Internal Revenue Circular Letter No. 16-11 issued on September 28, 2016 ("CC RI 16-11"). For details of the requirements with which the employer or withholding agent must comply in order to send these forms electronically, please refer to CC RI 16-11 at <http://www.hacienda.pr.gov/publicaciones/carta-circular-de-rentas-internas-num-16-11-ri-cc-ri-16-11-0>.

PR Treasury will offer an orientation to the public on **December 4, 2018** on the above transactions through SURI at the Centro de Bellas Artes Luis A. Ferré, Sala de Teatro René Marqués, in Santurce, PR. You can register for the morning or afternoon session at the following link: <https://apps1.hacienda.pr.gov/registroevento/Inicio.aspx>. We also expect PR Treasury to issue further guidance during the initial implementation stage.

To access PR Treasury's IB 18-18, please follow this link.

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