

# COVID-19

## Puerto Rico relief measures in response to Covid-19

Version 1.0 – Updated April 2, 2020

This document summarizes certain Puerto Rico tax relief efforts. Impacted taxes generally include corporate and individual income taxes, sales and use tax, property, municipal license taxes, and federal employment tax. Other general guidance is included.



This content is for general information purposes only.

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Version 1.0 – Updated April 2, 2020

Tax type	Updated as of	Relief	Obtaining relief	Length of relief	Official publication
Income Tax	4/02/2020	<b>Tax return payment and filing:</b> Income tax returns originally due on March 15, 2020 are now due on June 15, 2020. No penalties will be imposed as long as any tax due is paid or before June 15, 2020.	Automatic	June 15, 2020	<u>Administrative Determination 20-09</u>
		Income tax returns originally due on April 15, 2020, May 15, 2020 or June 15, 2020 are now due on July 15, 2020. No penalties will be imposed as long as any tax due is paid or before July 15, 2020.		July 15, 2020	
Income Tax	4/02/2020	<b>2020 estimated tax:</b> No penalties for failure to make the first two estimated tax payments for tax year 2020 will be assessed. However, the amount of the estimated tax payments otherwise due for the first two installments of tax year 2020 must be deposited together with the third (9/15) and fourth (12/15) estimated tax payment installments for tax year 2020.	Automatic	September 15, 2020 and December 15, 2020	<u>Administrative Determination 20-10</u>
Income Tax	4/02/2020	<b>Withholding tax on services:</b> Temporarily relieves service recipients/payors/withholding agents from applying any withholding tax on payments for services made between March 23, 2020 and June 30, 2020. Service providers must still pay any taxes due on such income on their income tax returns.	Automatic	June 30, 2020	<u>Administrative Determination 20-10</u>

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Income tax	4/02/2020	<p><b>Disaster-Related Qualified Payments:</b> Payments made to an employee or independent contractor to assist them with the Covid-19 pandemic as a result of the state of emergency declared by the PR governor will be treated as Disaster-Related Qualified Payments, as defined in <a href="#">Internal Revenue Circular Letter 20-08</a>, and will be subject to the terms and conditions therein. Additional voluntary payments (other than salaries) an employer makes to employees who have not been able to work as a result of the Covid-19 lockdown (March 16, 2020 – April 12, 2020) would also be treated as Disaster-Related Qualified Payments. These Disaster-Relief Qualified Payments would be exempt from PR income taxes.</p> <p>It must be noted that such payments cannot exceed US \$2,000 per month and cannot exceed US \$4,000 during the designated eligible period. It is unclear whether the designated eligible period will end on April 12, 2020 or at a later time.</p>	Automatic	Unclear	<a href="#">Internal Revenue Circular Letter 20-22</a>
Income tax	4/02/2020	<p><b>Pension plan distributions:</b> Qualified pension plan distributions made between February 20 2020 and June 30, 2020 to an individual resident of Puerto Rico to cover for losses and damaged suffered by such individual as a result of Covid-19 would be treated as Eligible Disaster Distributions and such expenses as Eligible Expenses, as defined in <a href="#">Internal Revenue Circular Letter 20-09</a>, and will be subject to the terms and conditions therein. Eligible Disaster Distributions will be taxed as follows:</p> <ul style="list-style-type: none"><li>• Fully exempt up to US \$10,000</li><li>• Special 10% tax on amounts in excess of US \$10,000 but up to US \$100,000</li><li>• Regular PR income tax on amounts in excess of US \$100,000</li></ul>	Automatic	June 30, 2020	<a href="#">Internal Revenue Circular Letter 20-23</a>

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Volume of business tax (Patente tax)	4/02/2020	Extends the deadline to file or request an extension to file the 2020-2021 Volume of Business Declaration until July 22, 2020, in all municipalities in Puerto Rico. To enjoy the 5% discount on any such tax due, the payment must be made on or before July 22, 2020. Otherwise, the first patente tax installment continues to be due on July 15, 2020 unless later extended to a future date. If an extension of time to file the declaration is requested, the Municipalities may discretionarily extend the due date up to January 22, 2021.	Automatic	July 22, 2020	<a href="#">Circular Letter 005-2020 (OGP)</a>
Property tax	4/02/2020	<b>Personal property tax:</b> Extends the deadline to file or request an extension to file the 2019 personal property tax return until August 1, 2020. If an extension of time to file the return is requested, the extended due date to file the personal property tax return will be November 2, 2020. No penalties will be imposed as long as any tax due is paid or before August 1, 2020.	Automatic	August 1, 2020	<a href="#">Administrative Order 20-03</a>
		<b>Real property tax:</b> Extends deadline to pay real personal property taxes due on March 31, 2020 to May 29, 2020. No interest, penalties or surcharges will be applied if tax is paid on or before May 29, 2020.	Automatic	May 29, 2020	<a href="#">Administrative Order 20-04</a>
Sales tax	4/02/2020	Grants an automatic temporary sales and use tax (SUT) exemption certificate to merchants that have a valid reseller certificate issued by the PRTD as of March 24, 2020 (Temporary SUT Exemption Certificate). This Temporary SUT Exemption Certificate will allow such Resellers to import or locally acquire taxable tangible property for resale without having to pay SUT on such import or local acquisition from April 6, 2020 through June 30, 2020.	Must include Temporary SUT Exemption Certificate to Form SC 2916	April 6, 2020 through June 30, 2020	<a href="#">Administrative Determination 20-10</a>
Sales tax	4/02/2020	Temporarily suspends the application of SUT on "prepared foods" starting at 12:01 am on March 20, 2020 and ending at 11:59 pm on April 19, 2020. Merchants must report such sales on their monthly SUT returns (Form SC 2915) as sales of exempt tangible personal property.	Automatic	April 19, 2020	<a href="#">Administrative Determination 20-08</a>

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Tax type	Updated as of	Relief	Obtaining relief	Length of relief	Official publication
Sales tax	4/02/2020	The deadline for filing the monthly SUT return, and its corresponding payment, will be as follows:  April 20, 2020 for the February period May 20, 2020 for the March period June 22, 2020 for the April period July 20, 2020 for the May period.	Automatic	April 20, 2020 through July 2020	<a href="#"><u>Administrative Determination 20-09</u></a>
		The deadline for filing the monthly SUT import declaration, and its corresponding payment, will be as follows:  May 10, 2020 for the March period June 10, 2020 for the April period July 10, 2020 for the May period.			
		With respect to the biweekly SUT payments, no penalties will be imposed for non-compliance for the months of March, April, May and June 2020, as long as the total SUT owed for such months is paid in full upon filing the monthly SUT return for such periods, as described above.			
Sales tax	4/02/2020	Exempts essential items from SUT through April 30, 2020. Essential items include the following:  hand sanitizers, personal disinfection items (such as soap, shampoo, and wet wipes), disposable tissues, face masks, isopropyl alcohol, disinfectants and antiseptics, items for disinfection and / or household cleaning (such as soaps, detergents, chlorine and disinfectants), vinyl gloves, pain relievers and medicines with acetaminophen or ibuprofen (tablets, suppositories, liquid) and anti-catarrh medicines, including antihistamines.	Automatic	April 30, 2020	<a href="#"><u>Administrative Determination 20-07</u></a>

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Sales tax	4/02/2020	Temporarily suspends the application of SUT on "prepared foods" starting at 12:01 am on March 20, 2020 and ending at 11:59 pm on April 19, 2020. Merchants must report such sales on their monthly SUT returns (Form SC 2915) as sales of exempt tangible personal property.	Automatic	April 19, 2020	<a href="#"><u>Administrative Determination 20-08</u></a>
Information returns	4/02/2020	The new due date for filing information returns originally due on March 3, 2020 is now May 15, 2020. Note however, that informative returns originally due on April 15, 2020 will be automatically extended through June 15, 2020.	Automatic	May 15, 2020 and June 15, 2020	<a href="#"><u>Administrative Determination 20-09</u></a>
Various	4/02/2020	All taxpayers are allowed to apply refunds and overpayments of income taxes, SUT, and excise taxes against other taxes imposed by the PR Tax Code, subject to certain limitations and requirements. In addition, taxpayers may request payment plans with the PR Treasury Department (PRTD) to satisfy their 2019 tax liability in full to the extent taxpayers do not have the financial resources to satisfy their tax liability in full when due.	Upon request	N/A	<a href="#"><u>Administrative Determination 20-10</u></a>
Internal revenue licenses	4/02/2020	All internal revenue licenses expiring between March 15, 2020 and April 30, 2020 will be automatically extended through May 31, 2020.	Automatic	May 31, 2020	<a href="#"><u>Administrative Determination 20-09</u></a>
		Any business, site, warehouse or commercial establishment that holds an internal revenue license to sell alcoholic beverages and which fails to comply with the provisions of OE 2020-023 will entail the immediate suspension of such license for a term of not less than six (6) months. Original expiration date was March 30, 2020, but should be implicitly extended to the extended lockdown period through April 12, 2020.		April 12, 2020	<a href="#"><u>Administrative Determination No. 20-04</u></a>
Bonds	4/02/2020	Any bond expiring between March 15, 2020 and April 30, 2020 will be automatically extended through May 31, 2020.	Automatic	May 31, 2020	<a href="#"><u>Administrative Determination 20-09</u></a>

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PRTD admin. Procedures	4/02/2020	Any taxpayer under a payment plan with the PRTD will not be required to make any payments under such plan between March 16, 2020 and April 30 2020 ("Moratorium Period"). In addition, the PRTD will not impose interests, penalties or surcharges for any failure to make any payments during the Moratorium Period.	Automatic	March 16, 2020 through April 30, 2020	<a href="#">Internal Revenue Circular Letter 20-20</a>
PRTD admin. procedures	4/02/2020	Grants an additional 120 days to reply to any debt notification letters from their original due date for notices issued on or before March 12, 2020.	Automatic	120 days from original due date	<a href="#">Internal Revenue Informative Bulletin 20-07</a>
		All administrative hearings scheduled between March 16, 2020 and June 15, 2020 are automatically suspended, and will be rescheduled by the OAA.	Automatic	N/A	
PR Department of State	4/02/2020	Extended the due date to file or request an extension to file the annual reports as well as paying the corresponding fees under Puerto Rico's Corporation Law from April 15, 2020 to May 15, 2020.	Automatic	May 15, 2020	<a href="#">Administrative Order 2020-01 (DOS)</a>
PR Department of Labor	4/02/2020	Extends the due date for filing all PR Department of Labor's declarations from April 30, 2020 to May 30, 2020.	Automatic	May 30, 2020	<a href="#">DOL Secretary Memo 2020-004</a>

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Federal employment taxes	4/02/2020	<p>Eligible employers whose business has been financially impacted by Covid-19 may be eligible for a refundable tax credit equal to 50% of up to US \$10,000 in qualifying wages, including a portion of the cost of employer provided health care, paid after March 12, 2020 and before January 1, 2021.</p> <p>Eligible employers must fall into one of two categories:</p> <ul style="list-style-type: none"><li>• The employer's business is fully or partially suspended by government order due to Covid-19 during the calendar quarter; or</li><li>• The employer's gross receipts are below 50% of the comparable quarter in 2019. Once the employer's gross receipts go above 80% of a comparable quarter in 2019, they no longer qualify after the end of that quarter.</li></ul> <p>The amount of qualifying wages on which the eligible employer would apply the employee retention credit will be based on the average number of the eligible employers' employees in 2019.</p> <p><b>Employers with less than 100 employees:</b> If the eligible employer had 100 or fewer employees on average in 2019, the credit is based on wages paid to all employees, regardless if they worked or not. If the employees worked full time and were paid for full time work, the employer still receives the credit.</p> <p><b>Employers with more than 100 employees:</b> If the eligible employer had more than 100 employees on average in 2019, the credit is allowed only for wages paid to employees who did not work during the calendar quarter.</p>	Upon request Form 7200 Form 941	December 31, 2020	<a href="#">Employee Retention Credit FAQs</a>



# Contacts

## Questions

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If you have any questions relating to these relief measures or how the COVID-19 emergency impacts your Puerto Rico operations, please contact your PwC team or one of the following professionals in Puerto Rico:

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# Thank you

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