

|                     |           |   |   |           |               |
|---------------------|-----------|---|---|-----------|---------------|
| Liquidator:         | Reviewer: | <b>20</b>   | GOVERNMENT OF PUERTO RICO<br>DEPARTMENT OF THE TREASURY | <b>20</b> | Serial Number |
| Field audited by:   |           | <b>4% Special Tax Return<br/>                 of an International Insurer or an<br/>                 International Financial Entity</b> |   |           |               |
| Date ____/____/____ |           | TAXABLE YEAR BEGINNING ON _____<br>AND ENDING ON _____  |   |           |               |
| R                   | M         | N   |   |           |               |

|   |   |
|---|---|
| Taxpayer's Name   | Employer Identification Number  |
| Postal Address  | Industrial Code    Municipal Code   |
| Zip Code  | Merchant's Registration Number  |
| Location of Principal Industry or Business - Number, Street, City   | Telephone Number - Extension<br>(    ) -                                    |
| Type of Taxpayer:<br><input type="checkbox"/> International Financial Entity<br><input type="checkbox"/> International Insurer<br><input type="checkbox"/> Check here if you include Segregated Assets Plans. Indicate the amount of Segregated Assets Plans included with this return: _____ | Date Created<br>Day ____ / Month ____ / Year ____                           |
|   | Place Created   |
|   | CHANGE OF ADDRESS: <input type="checkbox"/> Yes <input type="checkbox"/> No |
|   | EXTENSION OF TIME: <input type="checkbox"/> Yes <input type="checkbox"/> No |
|   | E-mail Address of Contact Person  |

|   |               |
|---|---------------|
| <input type="checkbox"/> AMENDED RETURN   |               |
| TAXABLE YEAR: 1 <input type="checkbox"/> CALENDAR 2 <input type="checkbox"/> FISCAL<br>3 <input type="checkbox"/> 52-53 WEEKS: Taxable year beginning on<br>DAY / MONTH / YEAR and ending on DAY / MONTH / YEAR<br>4 <input type="checkbox"/> SHORT PERIOD: Beginning on DAY / MONTH / YEAR<br>and ending on month DAY / MONTH / YEAR |               |
| Receipt Stamp   |               |
| Receipt Number: _____   | Amount: _____ |
| Check the corresponding box, if applicable<br>1 <input type="checkbox"/> First return      2 <input type="checkbox"/> Last return<br>3 <input type="checkbox"/> Change of period (See instructions)   |               |
| Decree Number   |               |

|  |   |       |     |
|--|---|-------|-----|
| <b>Part II</b>   | 1. <b>Net income</b> (See instructions) .....   | (1)   | 00  |
|  | 2. Less: Exempt amount (\$1,200,000 if you are an International Insurer) (See instructions) ..... | (2)   | 00  |
|  | 3. <b>Net taxable income</b> (Subtract line 2 from line 1) .....                                  | (3)   | 00  |
|  | 4. Tax rate .....   | (4)   | 4 % |
|  | 5. <b>Tax Determined</b> (Multiply line 3 by line 4) .....  | (5)   | 00  |
|  | 6. Plus: Tax determined from Segregated Assets Plans (Total Schedules included _____) .....       | (6)   | 00  |
|  | 7. Total Tax Determined (Add lines 5 and 6) .....   | (7)   | 00  |
|  | 8. <b>Less: Tax credits</b> (Submit detail. See instructions) .....                               | (8)   | 00  |
|  | 9. <b>Tax Liability</b> (Subtract line 8 from line 7) .....                                       | (9)   | 00  |
|  | 10. Less:   |       |     |
|  | a) Amount paid by Segregated Assets Plans (Amount of payments included _____) (See inst.) (10a)   | (10a) | 00  |
|  | b) Estimated tax payments for the current year .....  | (10b) | 00  |
|  | c) Amount paid with automatic extension of time or with original return .....                     | (10c) | 00  |
| d) Tax paid in excess on previous years credited to estimated tax .....  | (10d)   | 00    |     |
| e) Total (Add lines 10(a) through 10(d)) .....   | (10e)   | 00    |     |
| 11. Balance of tax due (If line 9 is more than line 10(e), enter the difference here, otherwise, on line 12) ..... | (11)  | 00    |     |
| 12. Amount overpaid .....  | (12)  | 00    |     |

**OATH**

I hereby declare under penalty of perjury that the information included in this return, including schedules and other documents attached to it, has been examined by me and, to the best of my knowledge and belief, is a true, correct and complete return, made in good faith, pursuant to the Puerto Rico Internal Revenue Code of 2011, as amended, and the Regulations thereunder.

\_\_\_\_\_  
Officer Name (Print)

\_\_\_\_\_  
Officer's Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**SPECIALIST'S USE ONLY**

I declare under penalty of perjury that this return (including schedules and statements attached) has been examined by me, and to the best of my knowledge and belief is a true, correct, and complete return. The declaration of the person who prepares this return is with respect to the information received, and this information may be verified.

|                           |   |                     |                               |                             |
|---------------------------|---|---------------------|-------------------------------|-----------------------------|
| Specialist's name (Print) | Self-employed Specialist <input type="checkbox"/> | Registration Number | <b>FOR THE CPA'S USE ONLY</b> |                             |
| Firm's name               |   |                     | CPA License No.               | CPA<br>Association<br>Stamp |
| Address                   | Zip Code  |                     | CPA Association Stamp Number  |                             |
| Specialist's signature    |   | Date                |                               |                             |

**NOTE TO TAXPAYER**

Indicate if you made payments for the preparation of your return:  Yes  No. If you answered "Yes", require the Specialist's signature and registration number.

|   |  |       |    |
|---|--|-------|----|
| Part III  | 1. Operating income .....  | (1)   | 00 |
|   | 2. Interests .....   | (2)   | 00 |
|   | 3. Income from services .....  | (3)   | 00 |
|   | 4. Dividends from corporations: (a) Domestic _____ (b) Foreign _____   | (4)   | 00 |
|   | 5. Rent .....  | (5)   | 00 |
|   | 6. Gain from the sale of capital assets (Short-term _____ Long-term _____)   | (6)   | 00 |
|   | 7. Miscellaneous income (Submit detail) .....  | (7)   | 00 |
|   | 8. <b>Total income</b> (Add lines 1 through 7) .....   | (8)   | 00 |
| Part IV   | <b>A. Deductions that must be reported on informative return:</b>  |       |    |
|   | 1. Compensation to directors .....   | (1)   | 00 |
|   | 2. Compensation to officers .....  | (2)   | 00 |
|   | 3. Salaries, commissions and bonuses to employees (See instructions) .....   | (3)   | 00 |
|   | 4. Salaries paid to young university students (Total \$ _____) "Internship Program of the Department of the Treasury" (Total \$ _____) | (4)   | 00 |
|   | 5. Payments for services rendered in Puerto Rico (See instructions) .....  | (5)   | 00 |
|   | 6. Payments for services rendered outside of Puerto Rico (See instructions) .....  | (6)   | 00 |
|   | 7. Services subcontracted .....  | (7)   | 00 |
|   | 8. Lease, rent and fees paid (See instructions) (Personal \$ _____) (Real \$ _____)  | (8)   | 00 |
|   | 9. Insurance premiums (Except contributions to health or accident plans) (See instructions) .....                                      | (9)   | 00 |
|   | 10. Telecommunication services .....   | (10)  | 00 |
|   | 11. Internet and cable or satellite television services .....  | (11)  | 00 |
|   | 12. Bundles (See instructions) .....   | (12)  | 00 |
|   | 13. Advertising .....  | (13)  | 00 |
|   | 14. Royalties .....  | (14)  | 00 |
|   | 15. Payments for virtual and technological tools and other subscriptions .....   | (15)  | 00 |
|   | 16. Professional associations fees and memberships paid for the benefit of employees .....   | (16)  | 00 |
|   | 17. Homeowners association fees .....  | (17)  | 00 |
|   | 18. Payments for judicial or extrajudicial indemnification .....   | (18)  | 00 |
|   | 19. Certain other expenses (See instructions) .....  | (19)  | 00 |
|   | 20. Subtotal (Add lines 1 through 19) .....  | (20)  | 00 |
|   | <b>B. Deductions not reported on informative returns:</b>  |       |    |
|   | 21. Interests on business debts: Mortgages \$ _____ Automobiles leases \$ _____ and Others \$ _____                                    | (21)  | 00 |
|   | 22. Taxes, patents and licenses:   |       |    |
|   | (a) Property tax: (Personal \$ _____) (Real \$ _____)  | (22a) | 00 |
|   | (b) Other taxes: Patents \$ _____ Licenses \$ _____ Others \$ _____  | (22b) | 00 |
|   | (c) State Insurance Fund Policy .....  | (22c) | 00 |
|   | (d) Sales and use tax .....  | (22d) | 00 |
|   | (e) Special contribution for professional and advisory services under Act 48-2013, as amended .....                                    | (22e) | 00 |
|   | 23. Depreciation and amortization (Submit Schedule E No. ____ of ____)   | (23)  | 00 |
|   | 24. Depreciation for businesses with volume of \$3,000,000 or less (Submit Schedule E1 No. ____ of ____)                               | (24)  | 00 |
|   | 25. Electric power .....   | (25)  | 00 |
|   | 26. Water and sewage .....   | (26)  | 00 |
|   | 27. Contributions to health or accident plans .....  | (27)  | 00 |
|   | 28. Social Security tax (FICA) .....   | (28)  | 00 |
|   | 29. Unemployment tax .....   | (29)  | 00 |
|   | 30. Contributions to qualified pensions plans (See instructions. Submit Form AS 6042.1) .....  | (30)  | 00 |
|   | 31. Deduction for employers who employ handicapped persons (See instructions) .....  | (31)  | 00 |
|   | 32. <b>Subtotal</b> (Add lines 21 through 31) .....  | (32)  | 00 |
|   | <b>C. Otras deducciones:</b>   |       |    |
|   | 33. Automobile expenses (Mileage _____) (See instructions) .....   | (33)  | 00 |
|   | 34. Other motor vehicle expenses (See instructions) .....  | (34)  | 00 |
|   | 35. Repairs and maintenance .....  | (35)  | 00 |
|   | 36. Travel expenses (Total expenses \$ _____)  | (36)  | 00 |
|   | 37. Meal and entertainment expenses (Total expenses \$ _____) (See instructions) .....   | (37)  | 00 |
|   | 38. Materials and office supplies .....  | (38)  | 00 |
|   | 39. Materials used directly in the trade or business .....   | (39)  | 00 |
|   | 40. Stamps, vouchers and fees .....  | (40)  | 00 |
|   | 41. Postage and shipping charges .....   | (41)  | 00 |
|   | 42. Uniforms .....   | (42)  | 00 |
|   | 43. Parking and toll .....   | (43)  | 00 |
|   | 44. Office expenses .....  | (44)  | 00 |
|   | 45. Bank fees .....  | (45)  | 00 |
|   | 46. Bad debts .....  | (46)  | 00 |
|   | 47. Contributions to educational contributions accounts for the employee's beneficiaries (See instructions) .....                      | (47)  | 00 |
|   | 48. Expenses incurred or paid to stockholders, persons or related entities outside of Puerto Rico (See instructions) (Total \$ _____)  | (48)  | 00 |
|   | 49. Deduction for expenses incurred or paid to stockholders, persons or related entities, fully deductible (See instructions) .....    | (49)  | 00 |
| 50. Losses from fires, storms, other casualties, or theft (See instructions) .....  | (50)   | 00    |    |
| 51. Management fees .....   | (51)   | 00    |    |
| 52. Expenses in property leased to the Puerto Rico Industrial Development Company or Warehouse of the Puerto Rico Trade and Export Company (See instructions) ..... | (52)   | 00    |    |
| 53. Other deductions .....  | (53)   | 00    |    |
| 54. <b>Subtotal</b> (Add lines 33 through 53) .....   | (54)   | 00    |    |
| 55. Charitable contributions .....  | (55)   | 00    |    |
| 56. Allowable deduction for investment in a Private Equity Fund (See instructions) .....  | (56)   | 00    |    |
| 57. <b>Total deductions</b> (Add lines 20, 32, 54, 55 and 56) .....   | (57)   | 00    |    |

|               |  |     |    |
|---------------|--|-----|----|
| <b>Part V</b> | 1. Total income (From Part III, line 8) .....  | (1) | 00 |
|               | 2. Less: Total deductions (From Part IV, line 57) .....  | (2) | 00 |
|               | 3. <b>Net operating income (or loss) for the year</b> (Difference between lines 1 and 2) ..... | (3) | 00 |

**Comparative Balance Sheet**

|   | Beginning of the Year |       |       | Ending of the Year |       |
|---|-----------------------|-------|-------|--------------------|-------|
|   |                       | Total |       |                    | Total |
| <b>Assets</b>   |                       |       |       |                    |       |
| 1. Cash on hand and in banks .....                          | (1)                   | 00    | (1)   | 00                 |       |
| 2. Accounts receivable .....                                | (2)                   | 00    | (2)   | 00                 |       |
| 3. Less: Reserve for bad debts .....                        | (3)                   | ( 00) | (3)   | ( 00)              |       |
| 4. Inventories .....  | (4)                   | 00    | (4)   | 00                 |       |
| 5. Other current assets .....                               | (5)                   | 00    | (5)   | 00                 |       |
| 6. Notes receivable .....                                   | (6)                   | 00    | (6)   | 00                 |       |
| 7. Investments .....  | (7)                   | 00    | (7)   | 00                 |       |
| 8. Depreciable assets .....                                 | (8)                   | 00    | (8)   | 00                 |       |
| 9. Less: Reserve for depreciation .....                     | (9)                   | ( 00) | (9)   | ( 00)              |       |
| 10. Land .....  | (10)                  | 00    | (10)  | 00                 |       |
| 11. Other long-term assets .....                            | (11)                  | 00    | (11)  | 00                 |       |
| 12. <b>Total Assets</b> .....                               | (12)                  | 00    | (12)  | 00                 |       |
| <b>Liabilities and Stockholder's Equity</b>                 |                       |       |       |                    |       |
| <b>Liabilities</b>  |                       |       |       |                    |       |
| 13. Accounts payable .....                                  | (13)                  | 00    | (13)  | 00                 |       |
| 14. Accrued expenses .....                                  | (14)                  | 00    | (14)  | 00                 |       |
| 15. Other current liabilities .....                         | (15)                  | 00    | (15)  | 00                 |       |
| 16. Long-term notes payable .....                           | (16)                  | 00    | (16)  | 00                 |       |
| 17. Other long-term liabilities .....                       | (17)                  | 00    | (17)  | 00                 |       |
| 18. <b>Total Liabilities</b> .....                          | (18)                  | 00    | (18)  | 00                 |       |
| <b>Stockholder's Equity</b>                                 |                       |       |       |                    |       |
| 19. Capital stock   |                       |       |       |                    |       |
| (a) Preferred stocks .....                                  | (19a)                 | 00    | (19a) | 00                 |       |
| (b) Common stocks .....                                     | (19b)                 | 00    | (19b) | 00                 |       |
| 20. Additional paid in capital .....                        | (20)                  | 00    | (20)  | 00                 |       |
| 21. Retained earnings .....                                 | (21)                  | 00    | (21)  | 00                 |       |
| 22. Reserve .....   | (22)                  | 00    | (22)  | 00                 |       |
| 23. <b>Total Stockholder's Equity</b> .....                 | (23)                  | 00    | (23)  | 00                 |       |
| 24. <b>Total Liabilities and Stockholder's Equity</b> ..... | (24)                  | 00    | (24)  | 00                 |       |

**Reconciliation of Net Income (or Loss) per Books with Net Taxable Income (or Loss) per Return**

|  |   |     |  |   |     |    |
|--|---|-----|--|---|-----|----|
| <b>Part VII</b>  | 1. Net income (or loss) per books .....   | (1) | 00   | 7. Income recorded on books this year not included on this return (Itemize, use schedule if necessary)          |     |    |
|  | 2. Income tax per books .....   | (2) | 00   | (a) Exempt interest \$ _____  |     |    |
|  | 3. Excess of capital losses over capital gains .....  | (3) | 00   | (b) _____ \$ _____  |     |    |
|  | 4. Taxable income not recorded on books this year (Itemize, use schedule if necessary)                  |     |  | (c) _____ \$ _____  |     |    |
|  | (a) _____ \$ _____  |     |  | (d) _____ \$ _____  |     |    |
|  | (b) _____ \$ _____  |     |  | Total .....   | (7) | 00 |
|  | (c) _____ \$ _____  |     |  | 8. Deductions on this tax return not charged against book income this year (Itemize, use schedule if necessary) |     |    |
|  | (d) _____ \$ _____  |     |  | (a) Depreciation \$ _____   |     |    |
|  | Total .....   | (4) | 00   | (b) _____ \$ _____  |     |    |
|  | 5. Expenses recorded on books this year not claimed on this return (Itemize, use schedule if necessary) |     |  | (c) _____ \$ _____  |     |    |
| (a) Meals and entertainment expenses (amount not deductible) \$ _____    |   |     | (d) _____ \$ _____   |   |     |    |
| (b) Depreciation \$ _____  |   |     | Total .....  | (8)   | 00  |    |
| (c) Vessels, airships and property located outside of P.R. \$ _____      |   |     | 9. <b>Total</b> (Add lines 7 and 8) .....  | (9)   | 00  |    |
| (d) Travel and lodging expenses (Amount not deductible) \$ _____         |   |     | 10. <b>Net taxable income (or loss) per return</b> (Subtract line 9 from line 6) ..... | (10)  | 00  |    |
| (e) Indemnification in cases of harassment and related expenses \$ _____ |   |     |  |   |     |    |
| (f) _____ \$ _____   |   |     |  |   |     |    |
| Total .....  | (5)   | 00  |  |   |     |    |
| 6. <b>Total</b> (Add lines 1 through 5) .....                            | (6)   | 00  |  |   |     |    |

Schedule A International

Rev. 06.21

Insurer



DETERMINATION OF TAX FROM SEGREGATED ASSETS PLANS OF AN INTERNATIONAL INSURER

20

Taxable year beginning on \_\_\_\_\_, \_\_\_\_\_ and ending on \_\_\_\_\_, \_\_\_\_\_

Taxpayer's name

Employer Identification Number

Part I Income

Table with 3 columns: Description, Code, and Amount. Rows include Operating income, Interests, Income from services or commissions, Dividends from corporations, Rent, Gain from the sale of capital assets, Miscellaneous income, and Total income.

Part II Expenses

A. Deducciones que deben ser reportadas en declaraciones informativas:

Table with 3 columns: Description, Code, and Amount. Rows include Compensation to directors/officers, Salaries, Payments for services, Lease, rent and fees, Insurance premiums, Telecommunication services, Internet and cable, Bundles, Advertising, Royalties, Payments for virtual tools, Professional associations fees, Homeowners association fees, Payments for judicial or extrajudicial indemnification, Certain other expenses, and Subtotal.

B. Deducciones no reportadas en declaraciones informativas:

Table with 3 columns: Description, Code, and Amount. Rows include Interests on business debts, Taxes, patents and licenses, Depreciation and amortization, Electric power, Water and sewage, Contributions to health or accident plans, Social Security tax (FICA), Unemployment tax, Contributions to qualified pensions plans, Deduction for employers who employ handicapped persons, and Subtotal.

**C. Other deductions:**

|   |      |    |
|---|------|----|
| 33. Automobile expenses (Mileage _____) (See instructions) .....  | (33) | 00 |
| 34. Other motor vehicle expenses (See instructions) .....   | (34) | 00 |
| 35. Repairs and maintenance .....   | (35) | 00 |
| 36. Travel expenses (Total expenses \$ _____) .....   | (36) | 00 |
| 37. Meal and entertainment expenses (Total expenses \$ _____) (See instructions) .....  | (37) | 00 |
| 38. Materials and office supplies .....   | (38) | 00 |
| 39. Materials used directly in the trade or business .....  | (39) | 00 |
| 40. Stamps, vouchers and fees .....   | (40) | 00 |
| 41. Postage and shipping charges .....  | (41) | 00 |
| 42. Uniforms .....  | (42) | 00 |
| 43. Parking and toll .....  | (43) | 00 |
| 44. Office expenses .....   | (44) | 00 |
| 45. Bank fees .....   | (45) | 00 |
| 46. Bad debts .....   | (46) | 00 |
| 47. Contributions to educational contributions accounts for the employee's beneficiaries (See instructions) .....   | (47) | 00 |
| 48. Expenses incurred or paid to stockholders, persons or related entities outside of Puerto Rico (See instructions) (Total \$ _____) .....                         | (48) | 00 |
| 49. Deduction for expenses incurred or paid to stockholders, persons or related entities, fully deductible (See instructions) .....                                 | (49) | 00 |
| 50. Losses from fires, storms, other casualties, or theft (See instructions) .....  | (50) | 00 |
| 51. Management fees .....   | (51) | 00 |
| 52. Expenses in property leased to the Puerto Rico Industrial Development Company or Warehouse of the Puerto Rico Trade and Export Company (See instructions) ..... | (52) | 00 |
| 53. Other deductions .....  | (53) | 00 |
| 54. Subtotal (Add lines 33 through 53) .....  | (54) | 00 |
| 55. Charitable contributions .....  | (55) | 00 |
| 56. Allowable deduction for investment in a Private Equity Fund (See instructions).....   | (56) | 00 |
| 57. Total deductions (Add lines 20, 32, 54, 55 and 56).....   | (57) | 00 |

**Part III Net Income**

|   |     |    |
|---|-----|----|
| 1. Total income (From Part I, line 8) .....   | (1) | 00 |
| 2. Less: Total deductions (From Part II, line 57) .....   | (2) | 00 |
| 3. Net operating income (or loss) for the year (Difference between lines 1 and 2) .....                                 | (3) | 00 |
| 4. Less: Exempt amount (\$1,200,000) .....  | (4) | 00 |
| 5. <b>Net taxable income from the Segregated Assets Plan</b> (Subtract line 4 from line 3) .....                        | (5) | 00 |
| 6. Tax rate .....   | (6) | 4% |
| 7. <b>Tax Determined</b> (Multiply line 5 by line 6. Transfer the total to line 6, Part II, page 1 of the return) ..... | (7) | 00 |



Rev. 02.22

# 4% SPECIAL TAX RETURN OF AN INTERNATIONAL INSURER OR INTERNATIONAL FINANCIAL ENTITY

## FORM 480.20(AI)

### GENERAL INSTRUCTIONS

#### WHO MUST FILE THIS RETURN?

Every international insurer with a decree under Article 61.240 of the Puerto Rico Insurance Code and every international financial entity that **does not** operate as a banking unit and that has a decree under Act 273-2012, as amended, must file this return to report the income earned during the corresponding taxable year.

In case of international financial entities that operate as a bank's unit, they must complete the "Corporate Income Tax Return" (Form 480.2).

International insurers and international financial entities with a decree under Act 60-2019, as amended, known as the Puerto Rico Incentives Code, must use the Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Code, as amended (Act 60-2019) - Form 480.3(II).

#### WHEN AND WHERE IT MUST BE FILED?

This return must be filed no later than the 15th day of the sixth month following the closing of the taxable year of the international insurer or international financial entity.

The return must be filed at the Department of the Treasury, Returns Processing Bureau, 10 Paseo Covadonga, Intendente Ramírez Building in Old San Juan, or mailed to:

DEPARTMENT OF THE TREASURY  
PO BOX 9022501  
SAN JUAN PR 00902-2501

It may also be delivered at any Internal Revenue Collections Office.

#### AUTOMATIC EXTENSION OF TIME TO FILE THE RETURN

A sixth (6) months automatic extension of time to file the return will be granted if it is requested not later than the due date to file the return. The application will be done by electronically filing Form AS 2644 through the Unified Internal Revenue System (SURI).

**An extension of time to file the return does not extend the time for paying the corresponding tax.**

#### CENTS COLUMN

While completing the return, the cents column will not be used. That way we can expedite its processing. **It is important to remind you that it is not about rounding off, but eliminating the cents. See the following example:**

**\$480.90 = \$480**

**\$475.25 = \$475**

#### TECHNICAL ASSISTANCE

For additional information on the technical content of this instructions booklet or to clarify any doubts, please call **(787) 622-0123**. You can also obtain information by accessing our website: [www.hacienda.pr.gov](http://www.hacienda.pr.gov).

#### SIGNATURE AND OATH OF THE RETURN

The return must be signed and sworn to by the official of the international insurance company or the international financial entity in the name of which this return is made.

#### SIGNATURE OF THE RETURN BY THE SPECIALISTS

The Returns Specialist must declare under penalty of perjury that he/she has examined the return, and to the best of his/her knowledge and belief it is correct and complete. If the return is prepared by an accounting firm duly registered as a specialist, it must include the registration number and be signed by the authorized person.

**Indicate if you paid for the preparation of your return and make sure that the specialist signs the return and includes his/her registration number.** THE CODE PROVIDES ADMINISTRATIVE AND CRIMINAL SANCTIONS FOR THOSE TAX SPECIALISTS WHO FAIL TO SUBMIT THIS INFORMATION OR WHO DO NOT MEET ANY OTHER REQUIREMENTS ESTABLISHED BY THE CODE.

The space **For CPA Use Only** is provided to place the stamp of the PR CPA Society and indicate the number of said stamp and of the CPA license applicable to cases of taxpayer returns that belong to the category of Large Taxpayers, according to Section 1010.01 of the Code.

## INSTRUCTIONS TO COMPLETE THE RETURN

### HEADING OF THE RETURN

If the taxable year of the international insurer or international financial entity is a calendar year, it is not necessary to specify the dates on which said taxable year begins and ends. You only need to enter the corresponding year. If, on the other hand, it is a fiscal year or a year with 52-53 weeks, you must enter the date in the space provided on the return. In the Taxable Year box, select the corresponding alternative. In case of a year of 52-53 weeks, you must enter the date on which said taxable year begins and ends in the space provided for it. Similarly, in the event that the international insurer or international financial entity files a return for a period of less than twelve months, it must include the date on which said taxable year begins and ends.

### NAME, EMPLOYER IDENTIFICATION NUMBER AND ADDRESS

Enter in the corresponding space the name of the international insurer or the international financial entity.

Also indicate your employer identification number in the space provided for it. **Your employer identification number is required to process the return.**

Enter the postal address, the exact address where the main trade or business is located, the merchant's registration number, the telephone number, place and date of creation, and the email of the contact person.

Check in the corresponding box if it is the first or the last return you are filing or if you requested a change of period for the taxable year. Also, select the corresponding box to indicate if you submitted a Request for Extension of Time to File the Income Tax Return (Form AS 2644).

If the international insurer or the international financial entity informs a change of address at the time of filing the return, check the applicable box and write the new address clearly and legibly. You can also change your address at any time of the year through your SURI account by following the steps indicated below: (i) Log in to your SURI account; (ii) In the Names and Addresses menu, select the address you want to change and click the Change this address link; (iii) Enter the new address and click the Validate address link; (iv) Once the address is validated, press the Next option to continue with the next screen; (v) On the Review and Submit screen, be sure to click the Submit link. The system will provide you with a confirmation number for the request of change of address. We encourage you to keep this number for your records. If you do not have an account in SURI, and you still do not have to file the return, you must notify any change in your address using Form SC 2898 (Change of Address). You can obtain it by accessing our page on the Internet: [www.hacienda.pr.gov](http://www.hacienda.pr.gov).

### PART I - ENTITY INFORMATION

Indicate the type of entity, whether it is an international insurer or an international financial entity, and the decree number. Also, in the case of international insurers, check if your return includes any Segregated Asset Plan and indicate the number of segregated asset plans reported on your return.

### PART II

#### Line 1 – Net Income

Enter the net income of the International Insurer or the International Financial Entity. Said amount must be transferred from line 3, Part V.

Note that interest, financing charges, dividends or participation in profits of companies received from international financial entities duly authorized under Act 273-2012, as amended, will not be considered gross income from sources within Puerto Rico, for purposes of Section 1035.01(a)(1) and (2) of the Puerto Rico Internal Revenue Code of 2011, as amended ("Code").

#### Line 2 – Exempt Amount in the case of an International Insurer

Enter the amount of one million two hundred thousand dollars (\$1,200,000) if the taxpayer is an international insurer. If you are an international financial entity, include zero on this line.

#### Line 6 – Tax Determined from Segregated Assets Plans

Every segregated asset plan of an International Insurer that is not of Class 5 Authority will be subject to tax on the amount of its net income in excess of one million two hundred thousand dollars (\$1,200,000), which will be paid exclusively with the funds of said plan of segregated assets. The net income will be computed as if the segregated asset plan were an International Insurer separate from the International Insurer, completing Schedule A International Insurer.

Indicate the Total Schedules A International Insurer included with this return. The amount of tax determined must be the sum of line 7, Part III of all Schedules A International Insurer included with the return.

#### Line 8 – Tax Credits

Enter the total tax credits available. You must submit a schedule with a breakdown of such. You must also submit documents or evidence of such credits.

### PART III – INCOME

Enter the income from the operations of the International Insurer or the International Financial Entity.

#### Line 4 - Dividends from Corporations

Enter the sum of the dividends received from both domestic corporations and foreign corporations. The taxpayer must segregate the income between the two categories.

#### Line 6 - Gain from the Sale of Capital Assets

Enter the sum of the capital gains generated during the taxable year. The taxpayer must segregate the income between short-term capital gains and long-term capital gains.

#### Line 7 - Miscellaneous income

Enter the income received for which a specific space is not provided. **Submit with your return a schedule itemizing such income.**

### PART IV - DEDUCTIONS

Enter the applicable deductions related to your operations. Deductions are divided into three groups: (A) Deductions that must be reported on informative returns, (B) Deductions not reported on informative returns, and (C) Other deductions. Following is information about some of those items.

#### A. Deductions that must be reported on informative returns

Those taxpayers whose taxable year is natural and use the cash basis method may include the amount of expenses reported in the informative returns issued for the taxable year 2021 as an allowable deduction for the determination of the net operating income. Nevertheless, you can deduct those payments for services not reported in an informative return because they did not exceed \$500 during the taxable year. It is important to point out that in the case of taxpayers who use the accrual basis method or whose taxable year is an economic one, they must reconcile, in accordance with the provisions of Section 1063.01(a) of the Code, the amount informed in the informative returns, duly filed, with the expense claimed as a deduction on the return.

In this case, the amount of expense recorded in your books may be claimed as a deduction. For these purposes, refer to the expense reconciliation models available through your tax return preparation software provider or on the Department's website.

This reconciliation will not be required in case that the taxpayer submit, together with the income tax return, the financial statement as established by Section 1061.15(a) and submit the Supplementary Information as established by Section 1061.15(b).

**Line 1 - Compensation to directors**

Enter on this line the total amount of compensation paid to directors of the entity during the year.

**Line 2 - Compensation to officers**

Enter on this line the total amount of compensation paid to officers of the entity during the year.

**Line 3 - Salaries, commissions and bonuses to employees**

Enter on this line the total salaries, commissions and bonuses paid to employees of the corporation during the taxable year.

No deduction will be granted for salaries paid if at the time of filing the income tax return the full amount of tax withheld from salaries paid to employees corresponding to the taxable year has not been remitted to the Department of the Treasury.

**Line 4 - Salaries paid to young university students**

A private business employer can take a deduction of 150% for each young university student who employs for at least 20 hours per week for 9 months of the taxable year or a minimum of 800 hours during the taxable year, as long as the hourly salary paid to such young university student is more than ten (10) dollars per hour and that salary is duly reported in a withholding statement. In the case of students coming from the "internship program of Department of the Treasury", the deduction will be 200% if the requirement in the previous sentence is met.

For purposes of this deduction, the term "young university student" means a student who has studied during the calendar year at least one school semester of studies at postsecondary level, as a regular student, in a university or post-secondary technical professional institution recognized as such by the educational authorities of Puerto Rico or the corresponding country, until he/ she obtains the university or technical- professional degree or have completed the studies within a period not exceeding 12 months from the date of starting the employment. Section 1033.21 of the Code does not establish an age requirement for purposes of this deduction.

If you qualify to claim this deduction, enter in the parenthesis provided in this line the total amount of salaries paid and reported on the withholding statement.

**Line 5 - Payments for services rendered in Puerto Rico**

Enter in this line the total of professional services paid to service providers engaged in trade or business in Puerto Rico.

To claim this deduction, the taxpayer must file before the Department of the Treasury the Informative Returns - Services Rendered (Form 480.6SP) related to the services paid during the taxable year.

**Line 6 - Payments for services rendered outside of Puerto Rico**

Enter in this line the total of professional services paid to service providers that were rendered outside of Puerto Rico. To claim this deduction, the taxpayer must file before the Department of the Treasury the Informative Return - Payments to Nonresidents or for Services from Sources Outside of Puerto Rico (Form 480.6C).

**Line 7 - Services subcontracted**

Enter in this line the amount paid to any person subcontracted in the exercise of an activity of services rendered as part of the trade or business operation. In order to claim the deduction, you must have submitted the corresponding the Form 480.6SP and have indicated in them that the reported payments correspond to subcontracted services.

**Line 8 - Lease, rent and royalties paid**

Enter on this line the amount paid for lease, rent and royalties that have been duly reported on Forms 480.6A of the taxable year for which the income tax return is filed. Segregate in the spaces provided on this line the portion that corresponds to personal property and real property.

**Line 9 - Insurance premiums (Except contributions to health or accident plans)**

Enter amounts paid during the taxable year for property, contingency and public liability insurance (malpractice) directly related to the operation of the entity's trade or business as long as the amounts paid duly reported in the Optional Informative Return - Advertising, Insurance Premiums, Telecommunication, Internet Access and Cable or Satellite Television Services (Form 480.7E) or receive from insurer the Annual Return of Payments Received for Advertising, Insurance Premiums, Telecommunication, Internet Access and Cable or Satellite Television Services (Form 480.7F).

**Line 10 - Telecommunication services**

Enter in this line the payments for telecommunication services, as defined in Section 4010.01(kk) of the Code, directly related with your trade or business operation. They must be duly reported in a Form 480.7E or receive from the provider a Form 480.7F.

**Line 11 - Internet and cable or satellite television services**

Enter in this line the payments for services of access to internet and cable or satellite television services directly related with your trade or business operation. They must be duly reported in a Form 480.7E or by receiving from the provider a Form 480.7F.

**Line 12 - Bundles**

Enter in this line the payments for a set or combination of services whose value cannot be segregated or assign to the payment made for said services and is duly reported on Form 480.7E or received from the provider a Form 480.7F.

**Line 13 - Advertising**

Enter in this line the amount paid for advertising, promotion, publicity and marketing directly related to the operation of your trade or business, as reported in a Form 480.7E or a Form 480.7F.

**Line 14 - Royalties**

Enter in this line the amount paid in exchange for the use or privilege of using an intangible, as example, patents, copyrights, goodwill, franchises, licenses or other similar property. They must be duly reported in a Form 480.6A.

**Line 15 - Payments for virtual and technological tools and other subscriptions**

Enter in this line the total of payments for license and subscriptions for the use of programs, platforms, applications and systems of information, among others, including the amount paid for subscriptions that allow access to sales establishment at the wholesale (membership clubs) and to electronic or printer publications, which are directly related to the operation of the industry or business and are duly reported in Form 480.6A.



**Line 16 - Professional associations fees and memberships paid for the benefit of employees**

Enter on this line the amount paid to professional associations for membership and membership fees for the benefit of the employees duly reported in Form 480.6A.

**Line 17 - Homeowners association fees**

Enter on this line the amount paid to resident associations or condominium owners for maintenance fees with regarding the facilities used in the trade or business duly reported in Form 480.6A.

**Line 18 - Payments for judicial or extrajudicial indemnification**

Enter on this line the total payments made for compensation under a judgment issued by the Court or under an extrajudicial claim directly related to the operation of the industry or business and for which the retention is made provided by Section 1062.02 of the Code, as applicable, the corresponding deposit and are reported on Form 480.6B.

**Line 19 - Certain other expenses**

The total of those expense items for which there are no specific spaces provided in this part and that they have been duly reported in an Informative Return will be admitted as deduction. It is important that you keep for your records a schedule detailing such expenses.

**B. Deductions not reported on informative returns**

Enter on lines 21 through 31 those deductions not reported on informative returns.

**Line 21 - Interests on businesses debt**

Include in the corresponding space the amount paid for mortgage interest, interest paid in automobile financing lease and other interest.

**Mortgages:** Enter on this line the amount of mortgage interest paid other than points. If the entity has a fiscal year, enter the total paid or incurred during the taxable year.

**Automobile's leasing:** Enter on this the total of the amounts paid for automobiles finance leases (that are essentially purchase). If the entity has a fiscal year, enter the total paid or incurred during the taxable year.

**Others:** The interest expense on debt incurred for the acquisition of inventory or other personal or real property used in the trade or business shall be considered a deduction.

**Line 22(b) - Other taxes**

Submit a schedule detailing the excise taxes or other taxes paid. Payments realized during the year for sales tax will not be included as part of this deduction.

**Line 22(d) - Sales and use tax**

Enter on this line the amount of sales and use tax payments made by the entity during the taxable year not claimed as credit on the sales and use tax monthly returns filed by the corporation. The tax to be claimed takes into consideration such amount paid in: (1) imports, (2) subcontracts, (3) purchase of tangible personal property and taxable services to Puerto Rico residents, (4) purchases of designated professional services, and (5) auto imposition of the tax on the purchase of services and goods (including designated professional services) to persons not engaged in trade or business in Puerto Rico.

This deduction will proceed as long as the entity has not claimed credit for this tax paid.

**Line 22(e) - Special contribution for professional advisory services under Act 48-2013, as amended**

All entities who has signed a contract of professional, advisory, advertising, training or orientation services with an agency, dependency or Puerto Rico Governmental instrumentality, public corporation, the Legislative Branch, Office of the Comptroller, the Ombudsman Office and the Judicial Branch will be subject to an amount withheld at source as Special Contribution under Act 48-2013, as amended. This amount is equivalent to one point five percent (1.5%) of the total contract amount.

This contribution will be considered as an ordinary and necessary expense of the entity, therefore it is deductible as such. If the entity has a fiscal year, enter the total amount contributed during the taxable year.

For additional information on the scope of this withholding, you may reference to the Administrative Determination No. 13-14 of August 28, 2013 and the Central Accounting Circular Letters issued by the Department regarding this purpose.

**Line 23 - Depreciation and Amortization**

**Flexible depreciation**

Enter the amount of flexible depreciation you are entitled and submit copy of the authorization for the flexible depreciation option.

**The detail of the flexible depreciation will be included in Part (b) of Schedule E - Depreciation.**

**Accelerated depreciation**

In order to be entitled to this deduction, an election to use the accelerated depreciation method must be exercised with the return. Said election may be exercised only with respect to property acquired through purchase during taxable years beginning after June 30, 1995. Once the option is exercised, it is irrevocable. This depreciation method does not apply to automobiles, property used outside Puerto Rico, property used by exempt entities, property used totally or partially in activities under the Industrial Incentives Acts, Tax Incentives Act and Tourism Incentives Act, Tourism Development Act, Agricultural Tax Incentives Act, or any other act of similar nature or to intangible property.

**The detail of accelerated depreciation shall be included in Part (c) of Schedule E - Depreciation.**

**Current depreciation, amortization, automobiles and vehicles under financial leases**

Submit a detail of the current depreciation, amortization, automobiles and vehicles under financial leases in Parts (a), (d), (e) and (f), respectively, of Schedule E Depreciation.

The maximum basis to depreciate an automobile acquired and used in a trade or business or for the production of income is \$30,000; the deduction shall not exceed \$6,000 annually per automobile.

For depreciation purposes, the useful life of an automobile used exclusively in selling activities is 3 years, and 5 years for every other purpose.

The \$30,000 basis limitation and useful life term does not apply to those automobiles acquired by corporations engaged in the car leasing, or transportation of passengers or cargo businesses.

Also, a deduction for goodwill amortization is granted, as long as the goodwill is purchased from third parties through purchase during taxable years beginning after June 30, 1995. The deduction will be determined using the straight-line method and a useful life of 15 years.

In the case of intangible property, other than goodwill, acquired by purchase or developed in taxable years after December 31, 2009, a deduction for amortization is granted, using the straight-line method and a useful life of fifteen (15) years or the useful life of such intangible property, whichever is less.

**Indicate in the space provided the total amount of Schedule E completed where you detailed the depreciation or amortization claimed.**

**Line 24 - Depreciation for businesses with volume of \$3,000,000 or less**

Every entity which total income for the taxable year does not exceed \$3,000,000 can elect to depreciate the total cost, including installation, of the computer systems equipment in the year of its acquisition and installation. Equipment previously depreciated by a shareholder of such corporation or acquired from a related person, will not qualify for the acceleration of the depreciation allowance. Also, can be depreciated under the straight-line method, based on a useful life of 2 years, the land transportation equipment, except automobiles, and environmental conservation equipment. In addition, for taxable years beginning after December 31, 2018, you can determine the deduction for depreciation using a two-year useful life for machinery and equipment, furniture and fixtures and any other fixed assets to be used in the industry or business without including personal property, automobiles and property subject to the above terms.

Complete this Schedule only if you are going to elect to accelerate the depreciation of the assets previously described on this Schedule. This election is irrevocable and you must consider that once you exercise it, the amount of depreciation computed in the books on these assets will not be deductible to determine the net income subject to income tax in subsequent years' tax returns.

**Submit details of this depreciation in Schedule E-1. Indicate in the space provided the total amount of Schedule E-1 completed where you detailed the depreciation claimed.**

**Line 25 - Electric power**

Enter in this line the total amount paid to the Electric Power Authority or any other provider for the use or consumption of electric power and other billed charges, directly related with your trade or business operation.

**Line 26 - Water and sewage**

Enter in this line the total amount paid to the Water and Sewage Authority for the use or consumption of water, sewage and other billed charge, directly related with your trade or business.

**Line 27 - Contribution to health or accidents plans**

Enter contributions to your employees' health or accidents plans to cover personal injury or illness, either by insurance, or in any other form that complies with Section 1032.08 of the Code.

**Line 30 - Contributions to pension or other qualified plans**

Enter the amount contributed to pension, stock bonus, profit sharing or other qualified plans approved by the Secretary of the Treasury. This deduction is subject to certain limitations. Refer to Section 1033.09 of the Code.

To claim this deduction, you must complete and include with the return Form AS 6042.1 - Deduction for Contributions to Qualified Retirement Plans and Tax on Certain Contributions.

**Line 31 - Deduction for employers who employ handicapped persons**

Enter \$400 for each severely handicapped person employed for at least 20 hours per week during 9 months of the taxable year. The deduction is allowed for a maximum of 5 severely handicapped persons. In force

regulations of the Vocational Rehabilitation Program of the Department of the Family will be used to determine the severely handicapped condition.

To claim this deduction, the employer you must submit with the return:

- 1) evidence that proves the handicapped person has been employed at least 9 months of the taxable year for which the deduction is claimed, and
- 2) a certification issued by the Secretary of the Department of the Family stating that, in accordance to its rules and procedures, the person for whom the deduction is claimed is a severely handicapped person.

**C. Other deductions**

On lines 35 to 55 of this part you will enter the deductions related to your trade or business operations.

**Line 33 - Automobile expenses**

The taxpayer has the option to claim on this line the deduction for expenses incurred or paid for the use and maintenance of an automobile based on one of the following alternatives:

- 1) the expense determined based on a standard mileage rate of sixty cents (\$0.60) for each mile that the taxpayer uses in its trade or business or for the production of income; or
- 2) the actual expenses related to the use and maintenance of an automobile incurred by the taxpayer in its trade or business or for the production of income, including those expenses that are duly documented by the employees under an expenses reimbursement plan established by the international insurer or international financial institution.

Nevertheless, once any of the alternatives is selected, the taxpayer will be required to use the same during the entire taxable period.

The expense related to use and maintenance of automobiles includes repairs, insurances, gasoline, oil and filter changes, cleaning, tires, annual license fees and other expenses of a similar nature. This expense does not include depreciation, rental payments on ordinary leases or financial leases which are claimed on line 23 and detailed on Schedule E. Also, do not include expenses related to the use of tolls or parking, they must be included as miscellaneous expenses.

For these purposes, the term "automobile" does not include the following:

- ✓ those used directly in the business of transporting passengers or property for which compensation or payment is made, such as limousines, taxis and public vehicles;
- ✓ funeral cars, flower carriages, buses, ambulances, motorcycles, trucks, vans and any other similar vehicle used primarily for transport of cargo; and
- ✓ cars rented or held for rental by persons regularly engaged in the business of car leasing.

If you incurred expenses for vehicles, which are not considered automobiles according to the above definition, you should claim them on line 34.

Administrative Determination No. 15-01 of January 9, 2015 ("DA 15-01"), revoked several articles of Regulation 8297 of December 18, 2012, related to the requirements to claim the deduction for expenses incurred or paid for the use and maintenance of automobile. For additional details, see "DA 15-01".

**Line 34 - Other motor vehicle expenses**

If you incurred expenses related to the use and maintenance of vehicles which are not considered automobiles, according to the definition of the previous line, they should be claimed on this line.

**Line 35 - Repairs and maintenance**

On this line, you may claim the expenses which constitute repairs and not improvements to the assets of the entity. Excessive repair expenses will be subject to investigation.

**Line 36 - Travel expenses**

Up to 50% of the amount actually paid or incurred will be accepted as a deduction for travel and lodging expenses. Indicate in the parentheses provided the amount actually paid.

**Line 37 - Meal and entertainment expenses**

You may deduct 25% of the expenses actually paid or incurred, up to a limit of 25% of the gross income for the taxable year, for meal and entertainment expenses directly related with your trade or business for the production of income.

You cannot include as part of such expenses, the items that do not constitute ordinary and necessary expenses of your trade or business.

No deductions shall be allowed for meal and entertainment expenses considered extravagant or sumptuous.

**For more information, please refer to Regulation No. 6091 of February 7, 2000.**

**Line 44 - Office expenses**

Enter on this line the amount paid for office expenses that are directly related with the conduct of your trade or business operations.

**Line 46 - Bad debts**

Enter the accounts receivable that are considered uncollectible. For taxable years beginning after June 30, 1995, entities will not be able to use the reserve method to compute the deduction for bad debts. Instead, a deduction may be claimed for debts that become uncollectible within the taxable year (direct write-off method).

Also, the amounts owed to related persons who are foreign or nonresidents not engaged in trade or business in Puerto Rico will not be deductible as well. Paragraph (c) of Section 1040.04 of the Code - Period for Which the Deductions and Credits must be Claimed, establishes the following:

Amounts owed to related persons who are foreign or nonresidents not engaged in trade or business in Puerto Rico.

- (1) In general - Any amount owed to a related person (as defined in Section 1010.05 of the Code) who is foreign or nonresident not engaged in trade or business in Puerto Rico and that, otherwise, be deductible under Section 1033.01 of the Code, will not be deductible by the taxpayer until this amount is paid to any of the related persons.
- (2) Amounts covered by this paragraph - This paragraph applies to those amounts, that otherwise had been deductible, and are of the type described in Sections 1091.01(a)(1) (A)(i) and 1092.01(a)(1)(A)(i) of the Code.

**Line 47 - Contributions to educational contribution accounts for the employee's beneficiaries**

Enter the amount of contributions to educational contribution accounts for the employees' eligible beneficiaries up to the maximum amount of \$500 for each beneficiary, subject to the provisions of Section 1081.05 of the Code. Employer's contributions will be considered as ordinary and necessary expenses of your industry or business, and can be deducted as such in the

year they are made. These contributions must be included as part of the employee's income by the employer in the year they are made, and can be claimed as a deduction by the employee in the same year. The trust's constitutive instrument must state that the participants will be those individuals that through a contract or application claim the benefits provided by such trust.

**For additional details, refer to Act No. 409-2000 and Regulation No. 6419 of March 27, 2002.**

**Line 48 - Expenses incurred or paid to stockholders, persons or related entities outside of Puerto Rico**

Enter the deductible portion (49%) from the "Total" line of:

- the expenses incurred or paid to a related person not engaged in trade or business in Puerto Rico, if such payments are attributable to the conduct of a trade or business in Puerto Rico and are not subject to withholding at source under the Code during the taxable year in which they are incurred or paid, or
- the expenses incurred or paid to a home office located outside of Puerto Rico, by a foreign corporation engaged in trade or business in Puerto Rico through a branch.

For these purposes, the applicable regulations to determine the members of a controlled group of corporations or group of related entities, established in Sections 1010.04 and 1010.05 of the Code, will be applicable at the moment of determining the relation between the corporation and its stockholders and affiliates.

In those cases in which the entity has submitted a waiver request for evaluation by the Secretary in order to determine whether any of the expenses described above should be excluded from the limitation of deductible expenses established by Section 1033.17(a)(17) before mentioned, and it has been approved, may exclude part of its expenses from said limitation. This means that the entity may deduct 60% of the total expenses included in the request, while the remaining 40% will be subject to limitation (49%). This exclusion will only apply for a maximum of three taxable years, in applications made for taxable years beginning after December 31, 2014 and before January 1, 2019.

For taxable years beginning after December 31, 2018, the limitation (49%) in deductible expenses will not apply if the entity submits to the Secretary a transfer pricing study together with the income tax return that includes an analysis of the operations carried out in Puerto Rico.

However, pursuant to the provisions of Administrative Determination No. 21-05 ("DA 21-05"), the taxpayer will not be required to submit the complete transfer pricing study document together with the return. Instead, the taxpayer must include Form SC 6175 - Certification of Compliance with Sections 1033.17(a)(16) and (17) of the Puerto Rico Internal Revenue Code of 2011, as amended, duly completed and signed, certifying that it has obtained the transfer pricing study and that it was prepared in accordance with the provisions of DA 21-05 and Sections 1033.17(a)(16) and (17) of the Code, as applicable.

In both cases, the aforementioned limitation will not apply and these expenses must be reported on line 49.

**Line 49 - Deduction for expenses incurred or paid to stockholders, persons or related entities, fully deductible**

Enter the total expenses, as described on the previous line, if the corporation is excluded from the limitation (49%) established by Section 1033.17(a)(17), by any disposition of law or because the taxpayer's request and the Department of the Treasury approved a waiver to be excluded from the limitation.

In case that the Department has granted a waiver to exclude you from the limitation, you must include with the return copy of the administrative determination which granted you the waiver.

**Line 50 - Losses from fire, storm, other casualties or theft**

It will be allowed as a deduction the losses sustained during the taxable year not compensated by an insurance company or other.

**Line 52 - Expenses in property leased to the Puerto Rico Industrial Development Company or Warehouse of the Puerto Rico Trade and Export Company**

Any Eligible Business, according to Act 1-2013 (known as "Jobs Now Act"), that leases any building to the Puerto Rico Industrial Development Company or Warehouse of the Puerto Rico Trade and Export Company, in addition to any other deduction provided by law, will be able to deduct an amount equal to the total capitalized expenses incurred in the construction or improvements, remodeling or repair of eligible property or the leased warehouse, as well as the acquisition of machinery and equipment to be permanently or temporarily installed in the eligible property or warehouse, as long as the improvement, remodeling, repairs, machinery and equipment are to be used in the eligible business operations subject to the lease. Also, the improvements, remodeling, repairs and the machinery and equipment should not have been used or depreciated previously.

The total of the eligible investment for this deduction in excess of the eligible business net income in the year of the expense may be claimed as deduction in the subsequent taxable years, until totally used. A deduction will not be allowed for this concept in relation to the portion of expense or investment on which the eligible business has received economic incentives from the Puerto Rico Industrial Development Company or from any other agency, governmental instrumentality or municipality of the Government of Puerto Rico. Neither will this deduction apply if the investment has generated other special deductions or tax credits.

**Line 53 - Other deductions**

Those expense items for which Part II(C) does not provide specific lines, will be totaled and entered as Other Deductions. **Submit with the return a schedule itemizing those deductions.**

As a general rule, expenses related to the ownership, use, maintenance and depreciation of vessels, aircrafts or residential property outside of Puerto Rico are not deductible under Section 1033.17 of the Code.

**Line 55 - Charitable contributions**

An entity may deduct an amount which does not exceed 10% of the net income, computed without the benefit of this deduction, for contributions made to:

- the Government of Puerto Rico, the United States or any state or territory, exclusively for public purposes;
- a corporation, trust or community fund, or foundation created or organized in Puerto Rico or in the United States that operates exclusively for religious, charitable, scientific, veteran rehabilitation services, literary or educational purposes or for the prevention of cruelty to children, as long as no part of its earnings inures to the benefit of any private shareholder or individual.

To claim the deduction, the entity must have an Administrative Determination issued by the Department of the Treasury certifying that is a nonprofit entity and complies with the requirements of Section 1101.01 of the Code. No deduction will be accepted for contributions made to entities qualified under the Federal Internal Revenue Code, not qualified in Puerto Rico by the Department of the Treasury. Only contributions or donations to non-profit entities certified by the Secretary that provide services to residents of Puerto Rico shall be accepted as deductions.

- posts or organizations of war veterans or auxiliary units organized in Puerto Rico or in the United States.

Charitable contributions in excess of 10% may be carried forward to the following 5 taxable years, in chronological order, but the deduction in each one of said following 5 taxable years shall not exceed 10% of the net income determined without the benefit of said deduction.

The contributions made to a municipality that conducts an activity or event of cultural or historic value, as certified by the Institute of Puerto Rican Culture or the Cultural Center of each municipality, or that makes possible the realization of any cultural or historic work, may be claimed as charitable contributions. The contributed amount will be \$50,000 or more, and must be made in connection with the celebration of the centennial foundation of the municipality. The total of said contributions is not subject to the limitations provided by the Code.

Likewise, any contribution made to the Puerto Rico Public Broadcasting Corporation, as provided by Article 4 of Act 216-1996, as amended, will not be subject to the limitations provided by the Code.

**PART V - DETERMINATION OF NET INCOME (OR LOSS) FROM OPERATIONS**

**Line 1 - Total income**

Indicate the total income of the International Insurer or the International Financial Entity. Said amount must be transferred from line 8 of Part III.

**Line 2 - Total de deductions**

Enter the total deductions from the International Insurer or the International Financial Entity. This amount must be transferred from line 57, Part IV.

**Line 3 - Net operating income (or loss) for the year**

Enter on this line the difference between lines 1 and 2. Transfer the result to line 1 of Part II.

**PART VI AND VII - COMPARATIVE BALANCE SHEET AND RECONCILIATION OF NET INCOME (OR LOSS) PER BOOKS WITH NET TAXABLE INCOME (OR LOSS) PER RETURN**

These balance sheets must be completed in all their parts for the return to be considered filed. Therefore, you should not submit loose pages of these balance sheets. **Any return that does not meet these requirements will be returned.**

The amount of Part VII, line 10 (Reconciliation of the net income (or loss) per books with the net taxable income (or loss) per return) must be the same as that obtained on Part V, line 3 of this return.

If the volume of business of the international insurer or international financial entity exceeds \$3,000,000, it is required to include Audited Financial Statements certified by a Certified Public Accountant (CPA) licensed to practice in Puerto Rico.

**SCHEDULE A INTERNATIONAL INSURER - DETERMINATION OF TAX FROM SEGREGATED ASSETS PLANS OF AN INTERNATIONAL INSURER**

This schedule must be used to compute the determined tax of the Segregated Asset Plans of the International Insurer. In addition, it is important to establish that a Schedule A International Insurer must be completed for each plan. As an example, if in Part I of the return the taxpayer reported that he has two (2) segregated asset plans, then this return must include two (2) Schedules A International Insurer.

This schedule only applies to segregated asset plans of international insurers. Therefore, international financial entities should not complete and include Schedule A International Insurer with their return.

The rules that apply to this schedule are the same as those used in Parts III, IV and V of this return.