

Reviewer: Liquidator:		20	COMMONWEALTH OF PUERTO RICO DEPARTMENT OF THE TREASURY		20	Serial Number		
Field audited by:		CORPORATION OF INDIVIDUALS INFORMATIVE INCOME TAX RETURN TAXABLE YEAR BEGINNING ON _____, 20____ AND ENDING ON _____, 20____				OPTION 94		
Date ____/____/____						AMENDED RETURN		
R M N						Receipt Stamp		
Entity's Name		Employer Identification Number						
Postal address		Industrial Code Municipal Code						
Zip code		Telephone Number - Extension						
Location of Principal Industry or Business - Number, Street, City		Date incorporated or created						
Type of Principal Industry or Business		Day ____/Month ____/Year ____ Place incorporated or created						
Date of election to operate as Corporation of Individuals		Total Forms 480.60 CI		Merchant's Registration Number				
Part I	1. Indicate if the corporation of individuals has an exemption decree. If the answer is "Yes", indicate the act _____						YES	NO
	2. If the corporation of individuals has an exemption decree, did it choose not to apply the exemption for this year? _____							
	3. Is the corporation of individuals a shareholder of other entity with an exemption decree currently in effect? (If it is more than one entity submit detail) _____							
	Indicate: Entity's name _____ Employer identification number _____							
		Distributable share per category		Amount		Tax Withheld		
Part II	1. Net long-term gain (or loss) on sale or exchange of capital assets (Schedule D Corporation) ..... (1)				00			
	2. Net short-term gain (or loss) on sale or exchange of capital assets (Schedule D Corporation) ..... (2)				00			
	3. Net gain (or loss) on sale or exchange of substantially all assets dedicated to an activity under Act 78-1993 (Schedule D Corporation) ..... (3)				00			
	4. Net gain (or loss) on sale or exchange of property used in the business (Schedule D Corporation) ..... (4)				00			
	5. Net income (or loss) from the corporation of individuals' trade or business (Part VII, line 44) (See instructions) ..... (5)				00	00		
	a) Share of the net income attributable to services rendered by the stockholders .... (5a)				00			
	b) Remaining net income (or loss) (Subtract line 5(a) from line 5) ..... (5b)				00			
	6. Net income (or loss) from partially exempt income (Schedule L, Part I, line 3) (See instructions) ..... (6)				00	00		
	7. Net income (or loss) from income subject to a preferential rate (See instructions) ..... (7)				00	00		
	8. Eligible distribution of dividends from corporations (See instructions) ..... (8)				00	00		
	9. Interest income from deposits in financial institutions ..... (9)				00	00		
	10. Distributable share on income, gain or loss from a partnership or special partnership owned by the corporation of individuals (See instructions) ..... (10)				00	00		
	11. Total net income (or loss) from distributable share per category (Add lines 1 through 10) ..... (11)				00	00		
	12. Exempt income (Submit Schedule IE Individual) ..... (12)				00			
	13. Exempt income subject to alternate basic tax (Submit Schedule IE Individual) ..... (13)				00			
14. Adjustment for purposes of the alternate basic tax (See instructions) ..... (14)				00				
15. Entity's gross income (See instructions) ..... (15)				00	00			
Credits								
Part III	1. Credit for investment in a Capital Investment Fund, other funds or direct investments (Schedule Q) ..... (1)						00	
	2. Credit attributable to losses in a Capital Investment Fund or other funds (Schedule Q) ..... (2)						00	
	3. Credit for tax withheld at source from Industrial Development dividends (Act No. 8 of 1987) ..... (3)						00	
	4. Credit for the purchase of tax credits (Submit detail) (See instructions) ..... (4)						00	
	5. Credit for the payment of additional duties on luxury vehicles under Act 42-2005 (See instructions) ..... (5)						00	
	6. Returning Heroes and Wounded Warriors work opportunity tax credit (Schedule B4 Flow-through Entity) ..... (6)						00	
	7. Other credits not included on the preceding lines (Submit detail) (See instructions) ..... (7)						00	
	8. Total Tax Credits (Add lines 1 through 7) ..... (8)						00	
		Taxes Paid to Foreign Countries and the United States, its Territories and Possessions		Amount		Taxes Paid or Accrued		
Part IV	1. Net income from sources outside of Puerto Rico ..... (1)						00	
							00	
Tax computation on built-in gain								
Part V	1. Tax liability (Schedule GI, Part IV, line 14) ..... (1)						00	
	2. Less amount paid:							
	a) Automatic extension or original return ..... (2a)						00	
	b) Estimated tax or tax withheld at source ..... (2b)						00	
	c) With the return ..... (2c)						00	
	d) Total (Add lines 2(a) through 2(c)) ..... (2d)						00	
	3. Balance of tax due (Subtract line 2(d) from line 1. If line 2(d) is larger than line 1, enter the difference on line 4) ..... (3)						00	
4. Amount overpaid (Subtract line 2(d) from line 1) ..... (4)						00		

<b>Part VI</b>	1. Net sales ..... (1)	00			
	Less: Cost of goods sold or direct costs of production:				
	2. Inventory at the beginning of the year <input type="checkbox"/> "C" <input type="checkbox"/> "C" o "MV"				
	(a) Materials ..... (2a)	00			
	(b) Goods in process ..... (2b)	00			
	(c) Finished goods or merchandise ..... (2c)	00			
	3. Purchase of materials or merchandise ..... (3)	00			
	4. Direct wages ..... (4)	00			
	5. Other direct costs (Detail in Part VIII) ..... (5)	00			
	6. Total (Add lines 2 through 5) ..... (6)	00			
	7. Less: Inventory at the end of the year <input type="checkbox"/> "C" <input type="checkbox"/> "C" o "MV"				
	(a) Materials ..... (7a)	00			
	(b) Goods in process ..... (7b)	00			
	(c) Finished goods or merchandise .. (7c)	00	00		
	8. Gross profit on sales or production ..... (8)				00
9. Loss from the sale or exchange of property used in business ..... (9)				00	
10. Rent ..... (10)				00	
11. Interest ..... (11)				00	
12. Income from services or commissions ..... (12)				00	
13. Gain (or loss) on distributable share from partnerships or special partnerships (Submit Schedule R Corporation) ..... (13)				00	
14. Miscellaneous income ..... (14)				00	
15. <b>Total income</b> (Add lines 8 through 14) ..... (15)				00	
<b>Part VII</b>			<b>(A)</b>	<b>(B)</b>	
	16. Compensation to stockholders or officers (Part IX) ..... (16)		00		00
	17. Salaries, commissions and bonuses to employees (Total \$ ..... ) (See instructions) ..... (17)		00		00
	18. Commissions to businesses ..... (18)		00		00
	19. Social security tax (FICA) ..... (19)		00		00
	20. Unemployment tax ..... (20)		00		00
	21. State Insurance Fund premiums ..... (21)		00		00
	22. Medical or hospitalization insurance ..... (22)		00		00
	23. Insurances ..... (23)		00		00
	24. Interest ..... (24)		00		00
	25. Rent ..... (25)		00		00
	26. Property tax: (a) Personal ..... (b) Real ..... (26)		00		00
	27. Other taxes, patents and licenses (Submit detail) ..... (27)		00		00
	28. Losses from fire, storm, other casualties or theft ..... (28)		00		00
	29. Motor vehicle expenses (Mileage ..... ) (See instructions) ..... (29)		00		00
	30. Other motor vehicle expenses (See instructions) ..... (30)		00		00
	31. Meal and entertainment expenses (Total ..... ) ..... (31)		00		00
	32. Travel expenses ..... (32)		00		00
	33. Professional services ..... (33)		00		00
	34. Contributions to pensions and other qualified plans (See instructions. Submit Form AS 6042.1) ..... (34)		00		00
	35. Depreciation (Submit Schedule E) ..... (35)		00		00
	36. Bad debts (See instructions) ..... (36)		00		00
	37. Charitable contributions ..... (37)		00		00
	38. Organization and syndication ..... (38)		00		00
	39. Deduction for employers who employ handicapped persons ..... (39)		00		00
	40. Royalties (See instructions) ..... (40)		00		00
	41. Management fees (See instructions) ..... (41)		00		00
	42. Other deductions (Submit detail) ..... (42)		00		00
43. <b>Total deductions</b> (Add lines 16 through 42) ..... (43)		00		00	
44. <b>Net operating income</b> (or loss) (Subtract line 43 from line 15, Column B. Transfer to Part II, line 5) ..... (44)				00	
<b>Part VIII</b>	1. Salaries, wages and bonuses ..... (1)	00	8. Repairs ..... (8)	00	
	2. Social security tax (FICA) ..... (2)	00	9. Utilities ..... (9)	00	
	3. Unemployment tax ..... (3)	00	10. Depreciation (Submit Schedule E) ..... (10)	00	
	4. State Insurance Fund premiums ..... (4)	00	11. Other expenses (Submit detail) ..... (11)	00	
	5. Medical or hospitalization insurance ..... (5)	00	12. <b>Total other direct costs</b> (Add lines 1 through 11. Same as Part VI, line 5) ..... (12)	00	
	6. Other insurances ..... (6)	00			
	7. Excise taxes / Use taxes ..... (7)	00			

Part IX	Name of Stockholder	Social Security Number	Percentage of time devoted to Business	Percentage of stocks or shares owned		Compensation	
				Common	Preferred		
							00
							00
							00
							00
							00
Total compensation to stockholders or officers (Transfer to Part VII, line 16)						00	

Part X	Assets	Beginning of the year		Ending of the year	
		Total		Total	
1.	Cash on hands and in bank .....	(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 (not paid) .....	(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 stock .....	(19a)	00	(19a)	00
	(b) Common stock .....	(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

Part XI		Schedule M-1		Schedule M-2		
1.	Net income per books	(1)	00	5.	Income recorded on books this year not included on this return	
2.	Taxable income not recorded on books this year (Itemize)				(a) Exempt interest	
	(a) _____				(b) _____	
	(b) _____				(c) _____	
	(c) _____				Total	(5) 00
	Total	(2)	00	6.	Deductions on this return not charged against book income this year	
3.	Expenses recorded on books this year not claimed on this return				(a) Depreciation	
	(a) Meal and entertainment (amount not claimed) _____				(b) _____	
	(b) Depreciation _____				(c) _____	
	(c) Motor vehicles (in excess of the limit) _____				Total	(6) 00
	(d) Vessels, aircrafts and property located out of Puerto Rico _____			7.	<b>Total</b> (Add lines 5 and 6)	(7) 00
	(e) Expenses incurred or paid to related owners, persons or entities _____			8.	<b>Net taxable income (or loss) per return</b>	
	(f) _____				(Subtract line 7 from line 4)	(8) 00
	Total	(3)	00			
4.	<b>Total</b> (Add lines 1 through 3)	(4)	00			

Part XII	1. Balance at the beginning of the year .....	(1)	00	5. Distributions:	(a) Cash .....	(5a)	00
	2. Net income per books .....	(2)	00		(b) Property .....	(5b)	00
	3. Other increases (Itemize, use schedule if necessary)				(c) Stocks .....	(5c)	00
	(a) .....	(3a)	00	6. Other decreases (Itemize) .....	(6)	00	
	(b) .....	(3b)	00	7. Total (Add lines 5 and 6) .....	(7)	00	
	4. <b>Total</b> (Add lines 1, 2 and 3) .....	(4)	00	8. <b>Balance at end of year</b> (Subtract line 7 from line 4) .....	(8)	00	

**Computation of gross income percentage derived from trade or business**

		(A) Income from the conduct of a trade or business exclusively in P.R.	(B) Income from non related activities (including income from sources outside of P.R.)
<b>Part XIII</b>			
	1. Gross income derived during the period (Add Columns A and B) .....	(1)	00
	2. Gross income from the trade or business (Column A) .....	(2)	00
	3. Divide line 2 by line 1 .....	(3)	%

**Questionnaire**

			YES	NO		YES	NO	
<b>Part XIV</b>	1. Did the corporation keep part of its records on a computerized system during this year? .....	(1)			transportation or lease? .....	(7c1)		
	2. The corporation's books are in care of: Name _____ Address _____ E-mail _____ Telephone _____				(d) Residential property outside of Puerto Rico? .....	(7d)		
	3. Check accounting method used: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Others (specify): _____				(1) Did more than 80% of the total income was derived from activities exclusively related to the lease of property to non related persons? .....	(7d1)		
	4. Did the corporation file the following documents? (a) Informative Returns .....	(4a)			8. Did the corporation of individuals claim expenses connected to: (a) Housing? (except business employees) .....	(8a)		
	(b) Withholding Statement (Form 499R-2/W-2PR) .....	(4b)			(b) Employees attending conventions outside Puerto Rico or the United States? .....	(8b)		
	5. If the corporation's gross income exceeds \$3,000,000, are financial statements audited by a CPA licensed in Puerto Rico included with this return? .....	(5)			9. Did the corporation of individuals have earnings or profit related to periods when it was not a corporation of individuals, or received in liquidations or reorganizations? .....	(9)		
	6. Is the corporation a member of a group of related entities? .....	(6)			Enter amount _____			
	7. Did the corporation claim deductions for expenses connected with ownership, use, maintenance and depreciation of: (a) Vehicles? .....	(7a)			10. Is the corporation of individuals a partner in a partnership or special partnership? (If more than one submit detail) .....	(10)		
	(b) Vessels? .....	(7b)			Name _____			
	(1) Did more than 80% of the total income was derived from activities exclusively related to fishing or passengers or cargo transportation or lease? .....	(7b1)			Employer Identification Number of the inferior Partnership or Special Partnership _____			
	(c) Aircrafts? .....	(7c)			Enter the proportion of participation _____			
	(1) Did more than 80% of the total income was derived from activities exclusively related to passengers or cargo				11. Enter the amount of charitable contributions to municipalities included in Part VII, line 37 _____			
					12. Did the corporation of individuals receive income from temporary investment during the first 36 months of starting the trade or business? .....	(12)		
					13. Number of stockholders _____			
					14. Number of employees _____			

**OATH**

I \_\_\_\_\_, principal officer of the corporation for which this Corporation of Individuals Informative Income Tax Return is made, 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 informative return, made in good faith, pursuant to the Puerto Rico Internal Revenue Code of 2011, as amended, and the Regulations thereunder.

Principal officer's signature

**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)	Registration No.	Date	Check here if self - employed specialist <input type="checkbox"/>
Firm's name			
Specialist's signature	Address		
	Zip code		

**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.

Retention Period: Ten (10) years

**Schedule L (P, SP, CI, ESC)**

Rev. 04.14

**PARTIALLY EXEMPT INCOME****20\_\_**

Taxable year beginning on \_\_\_\_\_, 20\_\_ and ending on \_\_\_\_\_, 20\_\_

Entity's Name

Case Number

Employer Identification Number

Type of Entity:

☐ Partnership ☐ Special Partnership ☐ Corporation of Individuals ☐ Employees Owned Special Corporation

Partially Exempt Income (Check one):

☐ Act No. 52 of 1983☐ Act 78-1993☐ Act 74-2010☐ Act No. 47 of 1987☐ Act 225-1995☐ Act 132-2010**Part I****Net Income (or Loss)**

1. Net operating income (or loss) for the year (Part III, line 41) .....	(1)		00
2. Exempt amount - _____% .....	(2)		00
3. Net income (or loss) from partially exempt activities (Subtract line 2 from line 1. Enter here and in Part II, line 6 of the return) .....	(3)		00

**Part II****Gross Profit on Sales or Production and Other Income**

1. Net sales .....	(1)		00
Less: Cost of goods sold or direct costs of production			
2. Inventory at the beginning of the year <input type="checkbox"/> "C" <input type="checkbox"/> "C" o "MV"			
(a) Materials .....	(2a)		00
(b) Goods in process .....	(2b)		00
(c) Finished goods or merchandise .....	(2c)		00
3. Purchase of materials or merchandise .....	(3)		00
4. Direct wages .....	(4)		00
5. Other direct costs (Detail in Part IV) .....	(5)		00
6. Total cost of goods available for sale (Add lines 2 through 5) .....	(6)		00
7. Less: Inventory at the end of the year <input type="checkbox"/> "C" <input type="checkbox"/> "C" o "MV"			
(a) Materials .....	(7a)		00
(b) Goods in process .....	(7b)		00
(c) Finished goods or merchandise .....	(7c)		00
8. Gross profit on sales or production .....	(8)		00
9. Capital assets gain (or loss) (Schedule D Corporation) .....	(9)		00
10. Gain (or loss) from the sale of property other than capital assets (Schedule D Corporation) .....	(10)		00
11. Interest .....	(11)		00
12. Other income (Submit detail) .....	(12)		00
13. <b>Total income</b> (Add lines 8 through 12) .....	(13)		00

Retention Period: Ten (10) years

**Part III Deductions and Net Operating Income**

		(A)	(B)
14. Compensation to partners (stockholders) or officers .....	(14)	00	00
15. Salaries, bonuses and commissions to employees (Total \$ .....) (See instructions) .....	(15)	00	00
16. Commissions to businesses .....	(16)	00	00
17. Social security tax (FICA) .....	(17)	00	00
18. Unemployment tax .....	(18)	00	00
19. State Insurance Fund premiums .....	(19)	00	00
20. Medical or hospitalization insurance .....	(20)	00	00
21. Insurances .....	(21)	00	00
22. Interest .....	(22)	00	00
23. Rent .....	(23)	00	00
24. Property tax: (a) Personal ..... (b) Real .....	(24)	00	00
25. Other taxes, patents and licenses (Submit detail) .....	(25)	00	00
26. Losses from fire, storm, theft or other casualties .....	(26)	00	00
27. Motor vehicle expenses (Mileage ..... ) (See instructions) .....	(27)	00	00
28. Other motor vehicle expenses (See instructions) .....	(28)	00	00
29. Meal and entertainment expenses (Total ..... ) .....	(29)	00	00
30. Travel expenses .....	(30)	00	00
31. Professional services .....	(31)	00	00
32. Contributions to pensions and other qualified plans (See instructions. Submit Form AS 6042.1) .....	(32)	00	00
33. Depreciation (Submit Schedule E) .....	(33)	00	00
34. Bad debts (See instructions of line 36 of the return. Submit detail) .....	(34)	00	00
35. Charitable contributions (See instructions) .....	(35)	00	00
36. Repairs .....	(36)	00	00
37. Royalties .....	(37)	00	00
38. Management fees .....	(38)	00	00
39. Other deductions (Submit detail) .....	(39)	00	00
40. <b>Total deductions</b> (Add lines 14 through 39) .....	(40)	00	00
41. <b>Net operating income (or loss) for the year</b> (Subtract line 40 from line 13, Column B. Enter here and in Part I, line 1) .....	(41)		00

**Part IV Detail of Other Direct Costs**

1. Salaries, wages and bonuses .....	(1)	00	8. Repairs .....	(8)	00
2. Social security tax (FICA) .....	(2)	00	9. Utilities .....	(9)	00
3. Unemployment tax .....	(3)	00	10. Depreciation (Submit Schedule E) .....	(10)	00
4. State Insurance Fund premiums .....	(4)	00	11. Other expenses (Submit detail) .....	(11)	00
5. Medical or hospitalization insurance .....	(5)	00	12. <b>Total other direct costs</b> (Add lines 1 through		
6. Other insurances .....	(6)	00	11. Enter in Part II, line 5) .....	(12)	00
7. Excise taxes / Use taxes .....	(7)	00			

Retention Period: Ten (10) years

**Schedule GI (P, SP, CI)**

Rev. 04.14

**TAX DETERMINATION ON BUILT-IN GAINS**

Taxable year beginning on \_\_\_\_\_, 20\_\_\_\_ and ending on \_\_\_\_\_, 20\_\_\_\_

**20**\_\_\_\_

Entity's Name

Employer Identification Number

Type of Entity: ☐ Partnership ☐ Special Partnership ☐ Corporation of Individuals**Part I****Built-In Gain and Loss Not Realized**

Description of property	(A) Date acquired	(B) Date of conversion	(C) Market value at the time of conversion	(D) Adjusted basis at the time of conversion	(E) Built-in gain or loss not realized
			00	00	00
			00	00	00
			00	00	00
1. Total				(1)	00
2. Net built-in gain recognized on previous years (See instructions)				(2)	00
3. Total net built-in gain not realized (Subtract line 2 from line 1) (Transfer to Part IV, line 6)				(3)	00

**Part II****Built-In Gain Recognized (Assets sold during the year)**

Description of property	(A) Date acquired	(B) Date sold	(C) Sale price	(D) Allowable depreciation	(E) Costs or other basis and improvement costs	(F) Selling expenses	(G) Gain
			00	00	00	00	00
			00	00	00	00	00
			00	00	00	00	00
1. Total							(1) 00
2. Built-in gain not realized on assets sold during the year (From Part I)							(2) 00
3. Built-in gain recognized (Enter the smaller of lines 1 and 2)							(3) 00

**Part III****Built-In Loss Recognized (Assets sold during the year)**

Description of property	(A) Date acquired	(B) Date sold	(C) Sale price	(D) Allowable depreciation	(E) Costs or other basis and improvement costs	(F) Selling expenses	(G) Loss
			00	00	00	00	00
			00	00	00	00	00
			00	00	00	00	00
1. Total							(1) 00
2. Built-in loss not realized on assets sold during the year (From Part I)							(2) 00
3. Built-in loss recognized (Enter the smaller of lines 1 and 2)							(3) 00

**Part IV****Tax on Net Built-In Gain Recognized**

1. Built-in gain recognized (Same as Part II, line 3)	(1)	00
2. Built-in loss recognized (Same as Part III, line 3)	(2)	00
3. Excess of built-in gain recognized over built-in loss recognized (Subtract line 2 from line 1)	(3)	00
4. Carryover of net built-in gain not recognized on previous years	(4)	00
5. Total of net built-in gain recognized (Add lines 3 and 4)	(5)	00
6. Net built-in gain not realized (Same as Part I, line 3)	(6)	00
7. Net built-in gain recognized before other adjustments (Enter the smaller of lines 5 and 6)	(7)	00
8. Adjustment on income and deductions	(8)	00
9. Net built-in gain recognized (Subtract line 8 from line 7)	(9)	00
10. Net taxable income	(10)	00
11. Net built-in gain recognized before operating or carry forward capital losses (Enter the smaller of lines 9 and 10)	(11)	00
12. Carry forward losses	(12)	00
13. Net built-in gain recognized subject to tax (Subtract line 12 from line 11)	(13)	00
14. Tax determined (Multiply line 13 by 39%)	(14)	00





## CORPORATION OF INDIVIDUALS INFORMATIVE INCOME TAX RETURN

### FORM 480.20(I)

#### GENERAL INSTRUCTIONS

##### WHO MUST FILE THIS RETURN?

Every corporation engaged in trade or business in Puerto Rico that has a Corporation of Individuals election currently in effect must file a return to report the income earned during the corresponding taxable year.

For purposes of this return, the terms corporation of individuals and stockholder include a partnership and a limited liability company and any corresponding partner or member if they are under the benefits of a corporation of individuals.

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

This return must be filed not later than the 15th day of the third month following the closing of the corporation of individuals' taxable year. For example, a corporation of individuals which accounting year is a calendar year (ending on December 31, 2013) must file the return not later than March 17, 2014.

The return must be filed in the Department of the Treasury, Returns Processing Bureau, located at 10 Paseo Covadonga, Intendente Ramírez Building in Old San Juan, or sent by mail to the following address:

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

It may also be delivered at the Internal Revenue Collections Office of your municipality.

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

A three (3) month 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. This will be done using Form AS 2644.

**An extension of time to file the return does not extend the time for the payment of the tax corresponding to the distributable share of the stockholder in the Corporation of Individuals.**

##### COLUMN OF CENTS

While completing the return, the column of cents 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**

##### TAXPAYER'S ASSISTANCE

For additional information on the technical content of this pamphlet or to clarify any doubts, please call the Consulting Section at **(787) 722-0216**.

##### INFORMATIVE RETURN

Every corporation of individuals must complete to each stockholder a Corporation of Individuals Informative Return (Form 480.60 CI) and report the distributable share of every stockholder on the income and expenses, gains or losses and credits generated by the corporation of individuals during the taxable year. Copy of these informative returns must be included with the filing of Form 480.20(I).



## INSTRUCTIONS TO COMPLETE THE RETURN

### HEADING OF THE RETURN

If the taxable year of the corporation of individuals is a calendar year, there is no need to enter the date on which the taxable year begins and ends, only the corresponding year. Otherwise, if it is a fiscal year, you must enter the date on which the taxable year begins and ends in the space provided in the corporation of individuals return.

Enter in the corresponding space the name, address and employer identification number of the corporation of individuals. **Your employer identification number is required to process the return.**

Enter in the corresponding box the complete address where the business or principal office is located, type of business, as well as the date and place created or incorporated.

Enter in the corresponding box the number of Forms 480.60 CI (Informative Return – Corporation of Individuals) included with the return. A copy of Forms 480.60 CI provided to each stockholder must be included with the return.

#### Corporations of Individuals under Option 94

Every corporation of individuals that exercised the option to determine the taxable net income according to Act 120-1994, as amended, for tax year 2011 and the following 4 years (Option 94), must inform that it is filing under Option 94 in the space provided for this purpose in the upper right corner of page 1 of the return.

#### Revocation of Option 94 for tax year 2013

Act 40-2013 amended Section 1022.06 of the Code to allow every taxpayer that elected Option 94 in tax year 2011, to revoke such option and to pay taxes under the provisions of Act 1-2011, as amended. In order to revoke the Option 94 election, the corporation of individuals must leave blank the space provided to inform that it is filing under Option 94, which is located in the upper right corner of page 1 of the return. **The revocation can be filed only with the return corresponding to tax year 2013.** Once the election to pay taxes under the Code is made, the same will be final and irrevocable for tax year 2013 and the following years.

### PART I – TYPE OF EXEMPTION

#### **Line 1 - Indicate if the corporation of individuals has a tax exemption decree**

Indicate if the corporation of individuals has an exemption decree under any of the following acts: Puerto Rico Tourism Development Act of 2010, as amended (Act 74-2010), Puerto Rico Agricultural Incentives Act, as amended (Act 225-1995), Public and Private Sector Co-partnership for New Housing Operation Act (Act 47 of 1987) or any other previous or subsequent act of similar nature.

#### **Line 2 – Indicate if the corporation of individuals chose not to apply the exemption for this year**

Indicate if the corporation of individuals chose not to apply the exemption for the taxable year.

#### **Line 3 – Indicate if the corporation of individuals is a shareholder of other entity with an exemption decree currently in effect**

Indicate if the corporation of individuals is a shareholder of other entity with an exemption decree currently in effect.

Enter the name and employer identification number of said entity. If it is more than one, submit detail.

### PART II – DISTRIBUTABLE SHARE PER CATEGORY

Enter the amount derived for each activity and the corresponding tax withheld, if any.

#### **Line 1 - Net long-term gain (or loss) on sale or exchange of capital assets**

Enter the gain or loss derived from the sale or exchange of capital assets held by the corporation of individuals for more than six months. You must complete Schedule D Corporation, Part II, line 10 and transfer the total to this line.

#### **Line 2 - Net short-term gain (or loss) on sale or exchange of capital assets**

Enter the gain or loss derived from the sale or exchange of capital assets held by the corporation of individuals for six months or less. You must complete Schedule D Corporation, Part I, line 6 and transfer the total to this line.

#### **Line 3 - Net gain (or loss) on sale or exchange of substantially all assets dedicated to an activity under Act 78-1993**

Enter the gain or loss derived from the sale or exchange of substantially all assets dedicated to an activity under Act 78-1993. You must complete Schedule D Corporation, Part III, line 11 and transfer the total to this line.

#### **Line 4 - Net gain (or loss) on sale or exchange of property used in the business**

Enter the gain or loss derived from the sale or exchange of property used in the business other than capital assets. You must complete Schedule D Corporation, Part VII, line 43 and transfer the total to this line.

#### **Line 5 - Net income (or loss) from the corporation of individuals' trade or business**

Enter the net income or loss from the operations of the eligible activities. Do not include the gains or losses from lines 1, 2, 3, 4, 6, 7, 8, 9, 10 and 12 of this Part II.

The amount reflected on this line is used when the taxpayer elects to treat certain items as ordinary income (Section 1115.04(c) of the Puerto Rico Internal Revenue Code of 2011, as amended (Code)) and by nonresident alien stockholders.

Enter on line 5(a) the share of the income included on line 5 attributable to services rendered by the stockholders not reported as salaries on Form 499R-2/W-2PR or as compensation for services rendered on Form 480.6A or 480.6B.

Enter on line 5(b) the result of the amount on line 5 less the amount on line 5(a).

#### **Line 6 - Net income (or loss) from partially exempt income**

Enter on this line the sum of the net operating income or loss covered under an exemption decree. Add line 3, Part I of all Schedules L (P, SP, CI, ESC) included in the return.

#### **Line 7 - Net income (or loss) from income subject to a preferential rate**

Enter on this line the sum of all net operating income or losses covered under an exemption decree subject to a fixed tax rate, excluding dividends, long-term capital gains and interest income on deposits in financial institutions.

Enter in the first Column the amount of net taxable income and in the second Column the tax at preferential rate determined according to the exemption decree granted to the corporation of individuals.

#### **Line 8 - Eligible distribution of dividends from corporations**

The stockholders may claim in their returns the dividends received by the corporation of individuals from eligible dividend distributions, as defined in Section 1023.06 of the Code, according to their distributable share, along with the portion of the 10% tax withheld. Otherwise, at the election of the stockholder, said income will be included in the corporation of individuals income to determine its net income or loss, as provided in Section 1115.04(c) of the Code.

#### **Line 9 - Interest income from deposits in financial institutions**

Enter the income earned from interest on investments or deposits in cooperatives, savings associations authorized by the Federal Government or by the Commonwealth of Puerto Rico, commercial and mutual banks or in banking organizations established in Puerto Rico, as well as the 10% amount withheld, if the election was made.

#### **Line 10 - Distributable share on income, gain or loss from a partnership or special partnership owned by the corporation of individuals**

The corporation of individuals can be a partner in a partnership or special partnership. Enter on this line the distributable share on income or loss of the partnership or special partnership attributable to the corporation of individuals.

#### **Line 12 - Exempt income (Schedule IE Individual)**

Enter the total sum of exempt income from Schedule IE Individual. You must include with the return Schedule IE Individual duly completed.

#### **Line 13 - Exempt income subject to alternate basic tax (Schedule IE Individual)**

Enter the total sum of exempt income from Schedule IE Individual, Column B. You must include with the return Schedule IE Individual duly completed.

#### **Line 14 - Adjustment for purposes of the alternate basic tax**

Enter here any adjustment to the income from the corporation of individuals that, at the corporation of individuals' individual stockholder level, are considered income subject to alternate basic tax, such as non deductible expenses for purposes of the alternate basic tax at the individual stockholder level. See Regulation No. 8329 of January 9, 2013.

#### **Line 15 - Gross income**

Enter here the corporation of individuals' gross income for purposes of the imposition of the additional tax on gross income.

As a general rule, gross income will be the one established in Section 1031.01 of the Code, less the exemptions from gross income provided by Section 1031.02 of the Code. Also, it is provided that in the case of gains and income derived from the production or sale of property in the ordinary course of business, either personal or real property, the gross income will be the total generated from the sale of goods or products without deducting the cost of such goods or products sold. For the definition of gross income applicable to insurance companies, gas stations, commissioners, brokers, representative agents, advertising agencies and contractors, as well as for the exemptions from gross income, refer to Section 1023.10(g)(1) of the Code.

### **PART III - CREDITS**

**Act 40-2013 established a moratorium to certain tax credits and the essential requirement to all credit holders to inform the Secretary of the Treasury the amount of credits granted and approved as of June 30, 2013. Every taxpayer owning a tax credit must refer to the Internal Revenue Circular Letter No. 13-08 of July 22, 2013 ("CC 13-08"), that provides the information and procedures related to the tax credits affected by Act 40-2013.**

**Every taxpayer that wants to claim a tax credit, must submit with the return, copy of Form 480.71.1 "Informative Return for Tax Credit Holders" duly filed with the Department, as provided by CC 13-08.**

#### **Line 1 - Credit for investment in a Capital Investment Fund, other funds or direct investments**

In order to claim this credit you must complete Schedule Q, available in the Department of the Treasury.

**Line 2 - Credit attributable to losses in a Capital Investment Fund or other funds**

See instructions of Schedule Q related with the allowable credit for losses in investment funds, available in the Department of the Treasury.

**Line 3 - Credit for tax withheld at source from Industrial Development dividends (Act No. 8 of 1987)**

The stockholders of a corporation of individuals will be entitled to claim, according to the percentage applicable to the distributable share of the corporation of individuals, a credit as established in Section 4(a) of the Incentives Act, against the tax due for the year in which the corporation of individuals received, as an investor, a distribution from Industrial Development Income.

Enter on this line the tax withheld at source to the corporation of individuals on dividends from Industrial Development Income.

**Line 4 - Credit for the purchase of tax credits**

The stockholders of a corporation of individuals will be entitled to claim their distributable share on tax credits acquired by the corporation of individuals through the purchase, exchange or transfer from investors that generated the credits under any of the acts that allow tax credits. The corporation of individuals, as the buyer of the credits, and its stockholders, are subject to the limitations imposed to the investor from whom the credits were acquired with respect to the taxable years on which those credits can be considered, and the maximum amount of the credits to be claimed on each taxable year.

In order to claim this credit, the conveyor and the cessionary will submit with the income tax return in the year of the cession, a sworn statement notifying the same to the Secretary.

Every taxpayer owning a tax credit must refer to Internal Revenue Circular Letter No. 13-08 of July 22, 2013, that provides the information and procedures related to the tax credits and the provisions of Act 40-2013. Act 40-2013 established a moratorium to certain tax credits and the essential requirement to all credit holders to inform the Secretary of the Treasury the amount of credits granted and approved as of June 30, 2013.

**Line 5 - Credit for the payment of additional duties on luxury vehicles under Act 42-2005**

The amount of the credit to be claimed will be equal to the amount of the duty paid by the corporation of individuals for the government label (*marbete*) for the luxury vehicle plus 5% legal interest on that amount from March 16, 2007 to December 31, 2011, minus 33% for attorney's fees. Taxpayers who were part of the first list claimed 50% of the credit in the 2011 and 2012 returns, respectively. On the other hand, taxpayers who were identified for the second list claimed 50% of the credit in the 2012 return and the remaining 50% will be claimed in the 2013 return.

Enter on this line the amount notified by the Department of the Treasury for taxable year 2012.

**Line 6 - Returning Heroes and Wounded Warriors work opportunity tax credit**

Enter the amount previously determined on Schedule B4 Flow-through Entity, line 4.

**Line 7 - Other credits not included on the preceding lines**

Enter the total amount of other credits not included on the preceding lines. If on this line you included credits from different concepts, you must submit a schedule showing a breakdown of such credits. You must also submit documents or evidence to support such credits.

**PART IV - TAXES PAID TO FOREIGN COUNTRIES AND THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS**

Enter in this part the net income from sources outside of Puerto Rico and the taxes paid outside of Puerto Rico on said net income. Use Schedule C Corporation, Part I, to determine the net income derived by the corporation of individuals for each country, territory or possession indicated, and include in Part II of said Schedule the taxes paid or accrued to each one of these jurisdictions. Do not complete Part III of Schedule C Corporation. Submit Schedule C Corporation with the Corporation of Individuals Informative Income Tax Return, Form 480.20(I).

**Line 1 - Net income from sources outside of Puerto Rico**

Enter in the first box the total amount of net income from sources outside of Puerto Rico derived by the corporation of individuals, as determined in Part I of Schedule C Corporation.

Enter in the second box the total amount of income tax paid or accrued to the United States, its possessions or foreign countries as reported in Part II of Schedule C Corporation.

**PART V - TAX COMPUTATION ON BUILT-IN GAINS**

The tax on built-in gains applies to every corporation of individuals that previously was subject to tax as a regular corporation. The tax is imposed when the sale or disposition of the assets acquired through the conversion, is realized within the period of 10 years from the first day of the first taxable year of the corporation of individuals.

The increase of the value accumulated during the period after the conversion, which the corporation of individuals realizes as gain when disposing the asset, is not subject to this tax.

The built-in gain is taxable at the maximum applicable tax rate to corporations (39%). See Section 1115.08 of the Code.

## Line 1 – Tax liability (Schedule GI (P, SP, CI))

Enter the tax on built-in gain determined for the year, as computed on Schedule GI (P, SP, CI), Part IV, line 14.

## Line 2 – Amount Paid

Enter the amount paid for purposes of the built-in gain.

## PART VI - GROSS PROFIT ON SALES, MANUFACTURE OR OTHER INCOME

Enter the manufacturing and sales costs, as well as the gross profit from sales. Check the applicable box to indicate your inventory appraisal method at the beginning and end of the year.

Itemize in Part VIII of the return the other direct costs shown on line 5. Note that the depreciation of assets used in manufacture will be included as Other Direct Costs in Part VIII, line 10. The flexible depreciation of assets, other than manufacturing, must be entered in Part VII, line 35.

Enter on line 12 the income from services rendered or commissions earned.

Enter on line 13 the gains or losses from the distributable share of the corporation of individuals in partnerships or special partnerships.

## PART VII - DEDUCTIONS AND NET OPERATING INCOME

The income and expenses to be included in Parts VI, VII and VIII of page 2 of the return are related with the activities of the corporation of individuals **not** covered under acts that provide for partially exempt income. The detail of partially exempt income will be detailed on Schedule L (P, SP, CI, ESC).

Use Column (A) of lines 16 through 42 of Part VII to report the deductible portion (that is, 49% of total) of those expenses attributable to the conduct of an industry or business in Puerto Rico and that are not subject to income tax or to withholding at source under the Code in the taxable year in which they are incurred or paid, if such expenses:

- are expenses incurred or paid to a stockholder that owns 50% or more of a partnership's interest, or
- are expenses incurred or paid to any related person or entity affiliated to the corporation. For these purposes the rules applicable to determine the members of a controlled group of corporations or a group of related entities, established in Sections 1010.04 and 1010.05 of the Code, will be applicable when determining the relation of the Partnership with its members and affiliates.

**The non deductible portion of these expenses (that is, 51% of total expenses) must be included on line 3(e) of Part XI of the return.**

In Column (B) enter the total amount of each expense item, which will include the amount indicated in Column (A).

For information regarding the expense items, refer to the instructions of Part VII of the return.

## Line 16 - Compensation to stockholders or officers

Enter the total compensation paid or accrued to all stockholders of the corporation of individuals reported as salaries on Form 499R-2/W-2PR or as compensation for services rendered on Form 480.6A or 480.6B. Payments for services rendered or in the form of interest from the use of capital, will be considered as paid to one that is not a stockholder of the corporation of individuals, as long as said interest are determined without considering the corporation of individuals income. On the other hand, the stockholder must include said payments as taxable income according to the accounting method used to recognize income. Detail the corresponding information in Part IX, Page 3 of the return.

## Line 17 – Salaries, commissions and bonuses to employees

If you claim the Returning Heroes and Wounded Warriors work opportunity tax credit provided by the VOW to Hire Heroes Act of 2011 (Schedule B4 Flow-through Entity), you must reduce from the deduction for salaries, the amount of the credit claimed on Schedule B4 Flow-through Entity, Part I, line 2. Therefore, indicate in the parenthesis provided the total of salaries paid and on line (17) the deductible portion after reducing the total of salaries by the amount of credit claimed.

## Line 25 – Rent

Enter the cost for the leasing of structures and equipment, excluding automobile leases. Expenses related to automobile leases must be included on line 35.

## Line 27 - Other taxes, patents and licenses

Submit a schedule of the excise taxes or licenses paid by the corporation of individuals.

## Line 29 - Motor vehicle expenses (Mileage)

You may claim a deduction on this line, based on a standard mileage rate, for the expenses related to the use and maintenance of an automobile which are incurred to carry on a trade or business or for the production of income of the corporation of individuals. Include on the mileage line the total miles used in the trade or business or for the production of income and multiply it by sixty cents (\$ 0.60).

The expenses of automobile use and maintenance includes repairs, insurance, 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 35 (or on line 10 of Part VIII, as applicable) submitting Schedule E. Also, do not include expenses related to the use of tolls or parking.



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 30 and submit the details.

For taxable year 2013, it will be allowed to claim on this line the actual expenses incurred for the use and maintenance of automobiles in those cases where the mileage information is not available.

### **Line 31 - Meal and entertainment expenses**

You may deduct 50% of the expenses actually paid or incurred, up to 25% of the gross income of the taxable year, for meal and entertainment expenses directly related with the industry or 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 deduction shall be allowed for meal and entertainment expenses considered extravagant or sumptuous.

### **Line 34 - Contributions to pensions and other qualified plans**

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

To claim this deduction for your contributions to any of those plans, you must keep in your records certain information required by regulations. You must complete Form AS 6042.1 and submit it with your return in order to be entitled to the deduction. Said form will be required to determine the tax on nondeductible contributions and excess contributions to qualified retirement plans. This tax must be paid with the filing of this return.

These plans are subject to a periodic investigation to determine if they are in compliance with the applicable dispositions of the Code. If the dispositions are not met, the Secretary can cancel the plan and reject the deduction.

### **Line 35 – Depreciation and amortization**

**Submit a detail of the current depreciation and amortization in Part (a) and Part (d) of Schedule E - Depreciation.**

In the case of automobiles, the depreciation or lease expense (including operating leases) is limited to the smaller of the amount paid or \$6,000 annually for a maximum of 5 years. In the case of automobiles used by sellers, the deductible amount cannot exceed \$10,000 annually for a maximum period of 3 years.

This deduction will be allowed only for that part used in the trade or business, or for the production of income.

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

The Code allows a deduction for goodwill amortization, as long as the goodwill is purchased from third parties 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.

Also, the Code provides a deduction for amortization of intangible property, other than goodwill, acquired through purchase or developed in taxable years beginning after December 31, 2009. The deduction will be determined using the straight-line method and a useful life of 15 years or the intangible's useful life, whichever is less.

### **Line 36 - Bad debts**

The corporation of individuals may claim a deduction for the debts that become uncollectable within the taxable year (direct write-off method). The reserve method to compute the deduction for bad debts used under the Generally Accepted Accounting Principles (GAAP) is not allowed to claim the bad debts expense.

### **Line 37 - Charitable contributions**

You may deduct, subject to certain limitations, the charitable contributions paid during the taxable year to a nonprofit religious, charitable, scientific, literary, educational or museological organizations, or to organizations for the prevention of cruelty or abuse of children, the elderly or disabled, or to animals, organizations for the prevention of domestic violence or hate crimes, or to organizations of war veterans in the United States or Puerto Rico. However, no part of the net earnings of any organization to which you contribute may benefit any private shareholder or individual.

You may also claim a deduction for contributions paid to:

- the Commonwealth of Puerto Rico, the United States Government, or any of its states, territories or possessions, or any political subdivision thereof, or the District of Columbia, when the contributions or donations are used exclusively for public purposes;
- university level accredited educational institutions established in Puerto Rico;
- the José Jaime Pierluisi Foundation;

- the Fund for the Financing of Cultural Affairs of Puerto Rico;
- the Puerto Rico Communitarian Foundation;
- the Corporation of the Symphonic Orchestra of Puerto Rico;
- the Fund for Services Against Remediable Catastrophic Illnesses.

The Secretary will publish a list of non for profit entities qualified to receive the contributions.

The allowable deduction is the total amount of the charitable contributions paid, not to exceed 10% of the net income determined without the benefit of said deduction.

The contributions made to a municipality 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 when the amount of such contributions is \$50,000 or more and are 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.

### Line 38 - Organization and syndication

This organization and syndication expenses will be treated as differed expenses and admitted as a deduction as elected by the corporation of individuals, pro rata, on a period not shorter than 60 months, beginning in the month the corporation of individuals started operations. This election is irrevocable.

### Line 39 - Deduction for employers who employ handicapped persons

Enter \$400 for each severely handicapped person employed for at least 20 hours per week during nine months of the taxable year. The deduction is allowed for a maximum of 5 persons severely handicapped. In force regulations of the Vocational Rehabilitation Program of the Department of the Family will be used to determine the severely handicapped condition.

**The employer that claims this deduction must submit with the return the following:**

1. a certification indicating that the handicapped person has been employed at least during 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.

### Line 40- Royalties

Enter the royalty expenses incurred or paid during the year.

### Line 41 – Management fees

Enter the total of management fees or any other expenses related to the administration of the entity incurred or paid during the year.

### Line 42 - Other deductions

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

No deductions will be allowed for expenses connected with the ownership, use and maintenance of vessels, except for the expenses of vessels engaged in commercial fishing, transportation or commercial tourism if the corporation of individuals derived 80% or more of its total income from said activities.

A deduction will neither be allowed for expenses related to the ownership, use and maintenance of aircrafts, unless the corporation of individuals has derived 80% or more of its total income from activities exclusively related to the transportation of passengers or leasing.

In the same way, no deduction will be allowed for expenses related to the ownership, use, maintenance and depreciation of residential property (located within or outside of Puerto Rico), unless the corporation of individuals has derived 80% or more of its total income from activities exclusively related to the rental of property to non related persons.

## PART VIII - OTHER DIRECT COSTS

Enter the Other Direct Costs. The total of these costs should be entered on line 12 of this part and will be equal to the amount in Part VI, line 5 of the return.

## PART IX - COMPENSATION TO STOCKHOLDERS OR OFFICERS

Include the compensation that the stockholders of the corporation of individuals received as salaries and other compensations. Do not include the distributions made to the stockholders during the year.

Enter the total compensation to stockholders or officers in Part VII, line 16.

## PART X AND XI - COMPARATIVE BALANCE SHEET AND RECONCILIATION OF NET INCOME (OR LOSS) PER BOOKS WITH NET TAXABLE INCOME (OR LOSS) PER RETURN

These statements must be completed in all of its parts in order for the return to be considered filed. Therefore, you cannot submit these statements in loose sheets. **Any return that does not comply with these requirements will be returned.**

If the volume of business of the corporation of individuals exceeds \$3,000,000, it is required to submit Financial Statements Audited and Certified by a Certified Public Accountant (CPA) licensed in Puerto Rico.

If the volume of business of the corporation of individuals exceeds \$1,000,000 but does not exceed \$3,000,000, the corporation of individuals may choose to submit Financial Statements Audited and Certified by a Certified Public Accountant licensed in Puerto Rico. By doing so, and if the corporation of individuals is up to date with its tax responsibility, it shall be entitled to apply for a withholding waiver of the 7% on payments for services rendered.

## **PART XII - ANALYSIS OF UNDISTRIBUTED PROFITS PER BOOKS**

Enter the profits not distributed to the stockholders at the closing of the taxable year of the corporation of individuals.

## **PART XIII - COMPUTATION OF GROSS INCOME PERCENTAGE DERIVED FROM THE TRADE OR BUSINESS ACTIVITIES**

Determine the percentage of the gross income earned by the corporation of individuals from:

- A. Income from the conduct of a trade or business exclusively in Puerto Rico
- B. Income from non related activities (including income from sources outside of Puerto Rico)

Section 1115.02 of the Code requires that at least 90% of the gross income generated by a corporation of individuals be derived from the conduct of a trade or business in Puerto Rico. A termination to that effect will be effective on the first day of the taxable year in which the corporation does not meet this requirement.

Part XIII, page 4 of the return must be completed in all parts, to evidence that the corporation of individuals meets the requirement of gross income derived from the conduct of a trade or business in Puerto Rico.

The corporation of individuals that does not meet this requirements will be subject to tax during said taxable year according to the type of entity that it legally is:

- Corporation – The entity will be subject to tax as a regular corporation.
- Partnership – The entity will be subject to tax as a partnership under the provisions of Chapter 7 of the Code. See Administrative Determination No. 12-04 (Spanish only).
- Limited Liability Company – The entity will be subject to tax as a regular corporation, except in the case of those limited liability companies that, as provided by Section 1010.01(a)(3)(A) of the Code are considered partnerships

subject to the provisions of Chapter 7 of Subchapter A of the Code. See Section 1010.01(a)(3) of the Code and Administrative Determination No. 12-09 (Spanish only).

See Circular Letter No. 12-01 (Spanish only) when the corporation of individuals filed its return under Option 94.

## **PART XIV - QUESTIONNAIRE**

Enter all the information required in the questionnaire in order to process the return.

## **SIGNATURE AND OATH OF THE RETURN**

The return must be signed and sworn by the principal officer of the corporation of individuals for which this Corporation of Individuals Informative Income Tax Return is prepared.

## **SIGNATURE OF THE RETURN BY THE SPECIALISTS**

The Tax Return Specialist must declare under penalty of perjury that he/she examined the return and to the best of his/her knowledge and belief, the return 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 the return and make sure that the specialist signs the return and includes his/her registration number. THE CODE PROVIDES CIVIL AND CRIMINAL SANCTIONS TO THOSE SPECIALISTS WHO FAIL TO SUBMIT THIS INFORMATION OR WHO DO NOT MEET ANY OTHER REQUIREMENTS ESTABLISHED BY THE CODE.**



## INSTRUCTIONS TO COMPLETE THE SCHEDULES

### SCHEDULE D CORPORATION – GAINS AND LOSSES FROM SALE OR EXCHANGE OF PROPERTY AND COMPUTATION OF TAX AT PREFERENTIAL RATES

Use this Schedule to determine the gains and losses from the sale, exchange or disposal of capital assets.

Refer to the instructions of the income tax return of Taxable Corporations for details about how to complete this Schedule.

### SCHEDULE GI (P, SP, CI) - TAX DETERMINATION ON BUILT-IN GAINS

This schedule must be used when the requirements indicated in the instructions for Part V of the return are met.

### SCHEDULE IE INDIVIDUAL – EXCLUDED AND EXEMPT INCOME

Complete this Schedule to report the excluded and exempt income received during the taxable year.

Enter the total of the first column on line 12 of Part II, Page 1 of the Corporation of Individuals Informative Income Tax Return, to inform the exempt income.

Enter the total of the second column on line 13 of Part II, Page 1 of the Corporation of Individuals Informative Income Tax Return, to inform the exempt income subject to the alternate basic tax.

Refer to the instructions of the Individual Income Tax Return for details about how to complete this Schedule.

### SCHEDULE L (P, SP, CI, ESC) – PARTIALLY EXEMPT INCOME

This schedule must be used by those corporation of individuals operating under Act 52 of 1983, Act 47 of 1987, Act 78-1993, Act 225-1995, Act 74-2010 and Act 132-2010. Check the box corresponding to the act under which the entity operates.

For each applicable act, a Schedule L (P, SP, CI, ESC) must be completed and included with the return.

In the case of a corporation of individuals operating under Act 52 of 1983 or Act 78-1993, and has made an election under Article 5(b) or 3(a)(1)(D) respectively, must submit with the return a copy of the notification addressed to the Secretary of the Treasury exercising the election.

Any exempt business under Act 78-1993 or Act 74-2010, must include with the return a copy of the order issued by the Tourism Company Director indicating the beginning date of the exemption.

Businesses operating under Act 225-1995, must include with the return a copy of the bona fide farmer certificate in force.

If the business generates exempt income from the lease of residential property, exempt under Act 132-2010, you must complete this Schedule and transfer the rental income to Schedule IE Individual, Part II, line 23.

### PART I - NET INCOME (OR LOSS)

**Line 2** - Enter in the space provided the percentage of the exemption you are entitled to claim according to your Resolution under the Tourism Incentives or Tourism Development Act or Agriculture Incentives Act.

Multiply the net operating income from the touristic or agricultural eligible activities, whichever applies, by the applicable exemption percentage. Enter the amount on this line.

**Line 3** - The net operating losses under the tourism incentives or tourism development acts may be deductible only against income from touristic activities. The net losses from operations that are not covered under any of the previously mentioned incentives acts, can be claimed only against the totally taxable income. **A schedule must be included with the return to sustain the deduction claimed.**

The excess of losses from touristic activities from previous years may be carried forward and claimed only as a deduction against income from touristic activities by the stockholders of the corporation of individuals. Said loss may be deductible up to an amount equal to the percentage of income from the touristic activity that would have been taxable. The losses will be carried forward in the same order that they are incurred.

A net income or loss generated by a corporation of individuals in a year in which an election for a flexible exemption under Article 3(a)(1)(D) of Act 78-1993 is in force, will be considered as a net income or loss from the corporation of individuals' eligible activity.

Add line 3, Part I of each Schedule L (P, SP, CI, ESC) used and enter the total in Part II, line 6 of the return.

### PART III - DEDUCTIONS AND NET OPERATING INCOME

Enter on lines 14 through 39 the deductions related to the partially exempt income.

Use Column (A) of lines 16 through 42 of Part VII to report the deductible portion (that is, 49% of total) of those expenses attributable to the conduct of an industry or business in Puerto Rico and that are not subject to income tax or to withholding at source under the Code in the taxable year in which they are incurred or paid, if such expenses:

- are expenses incurred or paid to a partner that owns 50% or more of a partnership's interest, or

- are expenses incurred or paid to any related person or entity affiliated to the partnership. For these purposes the rules applicable to determine the members of a controlled group of corporations or a group of related entities, established in Sections 1010.04 and 1010.05 of the Code, will be applicable when determining the relation of the Partnership with its members and affiliates.

**The non deductible portion of these expenses (that is, 51% of total expenses) must be included on line 3(e) of Part XI of the return.**

In Column (B) enter the total amount of each expense item, which will include the amount indicated in Column (A).

For information regarding the expense items, refer to the instructions of Part VIII of the return.