

Reviewer:	Liquidator:	GOVERNMENT OF PUERTO RICO DEPARTMENT OF THE TREASURY	Serial Number
Field audited by:		Year _____ Year _____ Domestic Life Insurance Company Income Tax Return	AMENDED RETURN <input type="checkbox"/>
Date ____/____/____		TAXABLE YEAR BEGINNING ON _____ AND ENDING ON _____	TAXABLE YEAR: 1 <input type="checkbox"/> CALENDAR 2 <input type="checkbox"/> FISCAL 3 <input type="checkbox"/> 52-53 WEEKS: Taxable year beginning on ____/____/____ and ending on ____/____/____ 4 <input type="checkbox"/> SHORT PERIOD: Beginning on ____/____/____ and ending on month ____/____/____
R M N _____ Taxpayer's Name		Employer Identification Number	Payment Stamp
Postal Address		Department of State Registry No.	
Zip Code		Industrial Code Municipal Code	
		Merchant's Registration Number	
Location of Principal Industry or Business - Number, Street, City		Telephone Number - Extension	Receipt Number: _____
Check the corresponding box, if applicable 1 <input type="checkbox"/> First return 2 <input type="checkbox"/> Last return 3 <input type="checkbox"/> Change of period (See instructions)		Change of Address <input type="checkbox"/> Yes <input type="checkbox"/> No	Amount: _____
Contracts with Governmental Entities <input type="checkbox"/> Yes <input type="checkbox"/> No		Extension of Time <input type="checkbox"/> Yes <input type="checkbox"/> No	Indicate if you are member of a group of related entities <input type="checkbox"/> Yes <input type="checkbox"/> No
		Place Incorporated	Group number
		NAICS Code	

GO TO PAGE 2 TO DETERMINE YOUR REFUND OR PAYMENT.

Refund	1. AMOUNT OVERPAID (Part IV, line 26. Indicate distribution on lines A, B, C and D) (1)	00
	A) To be credited to estimated tax for _____ (1A)	00
	B) Contribution to the San Juan Bay Estuary Special Fund (1B)	00
	C) Contribution to the University of Puerto Rico Special Fund (1C)	00
	D) TO BE REFUNDED (1D)	00
Payment	2. AMOUNT OF TAX DUE (Part IV, line 26) (2)	00
	3. Less: Amount paid	
	(a) With Return (3a)	00
	(b) Interests (See instructions) (3b)	00
(c) Surcharges _____ and Penalties _____ (See instructions) (3c)	00	
4. BALANCE OF TAX DUE (Subtract line 3(a) from line 2 and add lines 3(b) and 3(c)) (4)	00	

OATH

I, the undersigned (president, vice-president, treasurer, assistant treasurer or other principal or finance officer of the corporation for which this 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 return, made in good faith, pursuant to the Puerto Rico Internal Revenue Code of 2011, as amended, and the Regulations thereunder.

Authorized Officer's Name and Title

Authorized Officer's Signature

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	FOR THE CPA USE ONLY	
Firm's name			CPA License Number	CPA Association 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 I Gross Income

1. Gains and profits from sales of property

(A) Description of Property	(B) Date Acquired	(C) Date Sold	(D) Sales Price	(E) Depreciation	(F) Cost or Other Basis	
			00	00	00	
			00	00	00	
			00	00	00	
			00	00	00	
2. Totals: Add Columns (D), (E) and (F) respectively (2)			00	00	00	
3. Total gross income (Total Column (D) plus total Column (E) less total Column (F))(3)						00

Part II Expenses

4. Expenses directly related with sales included in gross income

(a) Name of Recipient	(b) Explanations	(c) Amount	
			00
			00
			00
			00
			00
			00
			00
5. Total expenses (5)			00
6. Net Income (or loss) (Subtract line 5 from line 3) (6)			00

Part III Credits

7. Less: Dividends or profits received from domestic corporations (7)	00
8. Net income subject to normal tax (Subtract line 7 from line 6) (8)	00
9. Less: Surtax net income credit (Form AS 2652.1) (9)	00
10. Net income subject to surtax (Subtract line 9 from line 8) (10)	00

Part IV Computation of Tax

11. Normal tax (Multiply line 8 by 18.5%) (11)	00
12. Surtax (See instructions) (12)	00
13. Total tax (Add lines 11 and 12) (13)	00
14. Alternative Tax - Capital Gains and Preferential Rates (Schedule D1 Corporation, line 9) (14)	00
15. Tax Determined (Line 13 or 14, whichever is smaller, provided that line 14 is more than zero) (15)	00
16. Recapture of investment credit claimed in excess (Schedule B Corporation, Part I, line 3) (16)	00
17. Tax credits (Schedule B Corporation, Part II, line 23) (17)	00
18. Tax liability before alternative minimum tax (Subtract line 17 from the sum of lines 15 and 16) (18)	00
19. Alternative minimum tax (Schedule A Corporation, Part V, line 34) (19)	00
20. Deemed dividend tax (See instructions) (Form AS 2877, Part III, line 13) (See instructions) (20)	00
21. Total Tax Liability (Add lines 18 through 20) (21)	00
22. Less: Other Payments and Withholdings (Schedule B Corporation, Part III, line 11) (22)	00
23. Balance of tax due (If line 22 is less than line 21, enter the difference here, otherwise, on line 24) (23)	00
24. Excess of tax paid or withheld (See instructions) (24)	00
25. Addition to the Tax for Failure to Pay Estimated Tax (Schedule T Corporation, Part II, line 21) (25)	00
26. BALANCE: * If line 24 is more than the sum of lines 23 and 25, you have an overpayment. Enter the difference here and on line 1, page 1. * If line 24 is less than the sum of lines 23 and 25, you have a balance of tax due. Enter difference here and on line 2, page 1. * If the difference between line 24 and the sum of lines 23 and 25 is equal to zero, enter zero here and sign your return on page 1. (26)	00

THE AMOUNT REFLECTED ON LINE 26 SHALL BE TRANSFERRED TO THE CORRESPONDING LINE OF PAGE 1.

Part V Comparative Balance Sheet		Beginning of the Year		Ending of the Year	
			Total		Total
Assets					
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. Loans receivable of stockholders or related entities	(10)		00	(10)	00
11. Land	(11)		00	(11)	00
12. Other long-term assets	(12)		00	(12)	00
13. Total Assets	(13)		00	(13)	00
Liabilities and Stockholder's Equity					
Liabilities					
14. Accounts payable	(14)	00		(14)	00
15. Accrued expenses (not paid)	(15)	00		(15)	00
16. Other current liabilities	(16)	00		(16)	00
17. Long-term notes payable	(17)	00		(17)	00
18. Notes payable to stockholders or related entities	(18)	00		(18)	00
19. Other long-term liabilities	(19)	00		(19)	00
20. Total Liabilities	(20)		00	(20)	00
Stockholder's Equity					
21. Capital stock					
(a) Preferred stocks	(21a)	00		(21a)	00
(b) Common stocks	(21b)	00		(21b)	00
22. Additional paid in capital	(22)	00		(22)	00
23. Retained earnings	(23)	00		(23)	00
24. Reserve	(24)	00		(24)	00
25. Total Stockholder's Equity	(25)		00	(25)	00
26. Total Liabilities and Stockholder's Equity	(26)		00	(26)	00

Part VI Reconciliation of Net Income (or Loss) per Books with Net Taxable Income (or Loss) per Return			
1. Net income (or loss) per books	(1)	00	
2. Income tax per books	(2)	00	
3. Excess of capital losses over capital gains	(3)	00	
4. Taxable income not recorded on books this year (Itemize, use schedule if necessary)			
(a) _____ \$ _____			
(b) _____ \$ _____			
(c) _____ \$ _____			
(d) _____ \$ _____			
(e) _____ \$ _____			
(f) _____ \$ _____			
Total	(4)	00	
5. Expenses recorded on books this year not claimed on this return (Itemize, use schedule if necessary)			
(a) Meals and entertainment (amount not claimed) \$ _____			
(b) Depreciation \$ _____			
(c) Vessels, airships and property located outside of P.R. \$ _____			
(d) Expenses incurred or paid to stockholders, persons or related entities (amount not deductible) \$ _____			
(e) Travel and lodging expenses (amount not deductible) \$ _____			
(f) Indemnification for harassment and related costs \$ _____			
(g) _____ \$ _____			
(h) _____ \$ _____			
(i) _____ \$ _____			
Total	(5)	00	
6. Total (Add lines 1 through 5)	(6)	00	
7. Income recorded on books this year not included on this return (Itemize, use schedule if necessary)			
(a) Exempt interest \$ _____			
(b) _____ \$ _____			
(c) _____ \$ _____			
(d) _____ \$ _____			
(e) _____ \$ _____			
(f) _____ \$ _____			
(g) _____ \$ _____			
Total	(7)		00
8. Deductions on this tax return not charged against book income this year (Itemize, use schedule if necessary)			
(a) Depreciation \$ _____			
(b) _____ \$ _____			
(c) _____ \$ _____			
(d) _____ \$ _____			
(e) _____ \$ _____			
(f) _____ \$ _____			
(g) _____ \$ _____			
(h) _____ \$ _____			
(i) _____ \$ _____			
Total	(8)		00
9. Total (Add lines 7 and 8)	(9)		00
10. Net taxable income (or loss) per return (Subtract line 9 from line 6)	(10)		00

Part VII		Analysis of Retained Earnings per Books	
1. Balance at the beginning of the year	(1)	00	
2. Net income per books	(2)	00	
3. Other increases (Itemize, use schedule if necessary)	(3)	00	
4. Total (Add lines 1, 2 and 3)	(4)	00	
5. Distributions:			
(a) Cash	(5a)		00
(b) Property	(5b)		00
(c) Stock	(5c)		00
6. Other decreases (Use schedule if necessary)	(6)		00
7. Total (Add lines 5 and 6)	(7)		00
8. Balance at end of year (Subtract line 7 from line 4)	(8)		00

Part VIII		Questionnaire	
1. Did the corporation keep any part of its records on a computerized system during this year?	(1)	Yes	No
2. The corporation's books are in care of: Name _____ Address _____ E-mail _____ Telephone _____			
3. Indicate the book accounting method for tax purposes: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify): _____			
4. Did the corporation file the following documents?: (a) Informative Return (Forms 480.6A, 480.6B, 480.6C, 480.6SP) ..	(4a)		
(b) Withholding Statement (Form 499R-2/W-2PR)	(4b)		
5. Is the volume of business of the entity or aggregated volume of business of the group of related entities, if the entity is a member of said group, \$10,000,000 or more? (See instructions)	(5)		
(a) Do you include audited financial statements, as established in Section 1061.15 of the Code? (See instructions)	(5a)		
Number of the CPA Association Stamp _____			
(b) Do you include Schedule PCI - Uncertain Tax Positions?	(5b)		
(c) If the entity is a member of a related group of entities and the volume of business is not greater than \$1,000,000, do you include audited financial statements or agreed-upon procedures signed by a CPA licensed in Puerto Rico, as established in Section 1061.15(a)(5)(A) of the Code?	(5c)		
Number of the CPA Association Stamp _____			
6. If the entity is not a member of a related group of entities, is the volume of business of the entity equal to or greater than \$3,000,000 but less than \$10,000,000?	(6)		
(a) Do you include audited financial statements or agreed-upon procedures signed by a CPA licensed in Puerto Rico, as established in Section 1061.15(a)(3) of the Code?	(6a)		
Number of the CPA Association Stamp _____			
7. Number of employees during the year:	(7)		
8. Did the corporation claim expenses related to the ownership, use, maintenance and depreciation of: (a) Vehicles? (8a)			
(b) Vessels? (8b)			
(1) Did more than 80% of the total income was derived from activities exclusively related to fishing or transportation of passengers or cargo or lease? (8b1)			
(c) Aircrafts? (8c)			
(1) Did more than 80% of the total income was derived from activities exclusively related to fishing or transportation of passengers or cargo or lease? (8c1)			
(d) Residential property outside of Puerto Rico? (8d)			
(1) Did more than 80% of the total income was derived from activities exclusively related to the lease of property to non related persons? (8d1)			
9. Did the corporation claim expenses connected to: (a) Housing (except business employees) (9a)			
(b) Employees attending conventions or meetings outside Puerto Rico or the United States? (9b)			
10. Did the corporation distribute dividends other than stock dividends or distributions in liquidation in excess of the corporation's current and accumulated earnings? (10)			
11. Is the corporation a partner in any special partnership or partnership? (If more than one, submit detail) (11)			
Name of the special partnership or partnership _____			
Employer identification number _____			
12. Did you receive exempt income? (Submit Schedule IE Corporation) (12)			
13. Enter the amount corresponding to charitable contributions to municipalities _____ (13)			
14. Indicate if insurance premiums were paid to an unauthorized insurer (14)			
15. Employer's number assigned by the Department of Labor and Human Resources: _____ (15)			
16. Number of stockholders: _____ (16)			
17. Did you request to change the accounting period? (17)			
Date of request _____			
Date of approval _____			



Domestic Life Insurance Company Income Tax Return (Form 480.40D)

GENERAL INSTRUCTIONS

WHO MUST FILE THIS FORM?

In general terms, every domestic insurance company engaged in the business of issuing life insurance policies and annuity contracts (including combined contracts of life, health, and accident insurance), whose reserves for the fulfillment of said contracts comprise more than 50% of its total reserves, must file this return.

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 Domestic Life Insurance Company.

The return must be filed at 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 to any Internal Revenue Collections Office.

AUTOMATIC EXTENSION OF TIME TO FILE THE RETURN

An automatic extension of 6 months will be granted to file the return if it is requested no later than the due date to file the return. The extension will be filed electronically through the Internal Revenue Integrated System (SURI, for its Spanish acronym) using Form AS 2644.

An extension to file the return does not extend the time for the tax payment or any installment. Every corporation must pay with the filing of extension the full amount of the tax determined.

For more information regarding the electronic filing process of the Request for Automatic Extension of Time for taxable year 2020, refer to Internal Revenue Circular Letter No. 21-09 of March 17, 2021.

TECHNICAL ASSISTANCE

For additional information on the technical content of this booklet or to clarify any doubt, please call (787) 622-0123.

INCOMPLETE RETURN

The form must be completed in all its parts. Therefore, all the information of the Income Statement, Balance Sheet, Reconciliation of the Net Income (or Loss) per Books with Net Taxable Income (or Loss) per Return, Analysis of the Surplus or Retained Earnings per Books, and the questionnaire included in Part VIII must be detailed. **Returns that do not comply with this requirement will be considered as not filed.**

SCHEDULES THAT COMPLEMENT THE DOMESTIC LIFE INSURANCE COMPANY INCOME TAX RETURN

The following schedules with their respective instructions, are available on our website: www.hacienda.pr.gov.

Schedule A Corporation	- Alternative Minimum Tax
Schedule B Corporation	- Recapture of Credit Claimed in Excess, Tax Credits and Other Payments and Withholdings
Schedule C Corporation	- Credit for Taxes Paid to Foreign Countries, the United States, its States, Territories and Possessions
Schedule D Corporation	- Gains and Losses from Sale or Exchange of Property
Schedule D1 Corporation	- Tax on Income Subject to Preferential Rates
Schedule E	- Depreciation
Schedule E1	- Depreciation for Businesses with Volume of \$3,000,000 or Less
Schedule IE Corporation	- Excluded and Exempt Income
Schedule Q	- Investment Funds - Credit for Investment, Losses and Amount to Carryover
Schedule Q1	- Investment Funds - Determination of Adjusted Basis, Capital Gain, Ordinary Income and Special Tax
Schedule R Corporation	- Partnerships and Special Partnerships (Reconciliation)
Schedule R1 Corporation	- Partnerships and Special Partnerships

- Schedule T Corporation - Addition to the Tax for Failure to Pay Estimated Tax in Case of Corporations
- Form AS 2652.1 - Apportionment of the Deduction for the Surtax Computation - Group of Related Corporations
- Form AS 2877 - Deemed Dividend Tax

INSTRUCTIONS TO COMPLETE THE DOMESTIC LIFE INSURANCE COMPANY INCOME TAX RETURN

HEADING OF THE RETURN

If the corporation's taxable year is a calendar year, it is not necessary to specify the dates on which the taxable year begins and ends. You only need to enter the corresponding year. Otherwise, if it is a fiscal year or a 52-53 week year, you must enter the date in the space provided on the return. In the Taxable Year box, select the corresponding alternative. In the case of a 52-53 week year, you must enter the date on which said taxable year begins and ends in the space provided for this purpose. Also, if the 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 the corporation's name and employer identification number in the space provided for this purpose. **The employer identification number is required to process the return.**

Also enter, the registry number assigned by the Department of State, the date and place of incorporation of the corporation.

Enter the Merchant's Registration Number assigned by the Department of the Treasury, the complete address where the business or principal industry is located, and the telephone number.

Enter the corresponding NAICS code, as indicated in your Merchant Registry Certificate.

Check in the corresponding box if it is the first or last return you are filing or if you requested a change in the effective period for the taxable year.

Check in the corresponding box if the corporation has contracts with governmental agencies.

If the corporation informs a change of address at the time of filing the return, check the applicable box and write-down 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 to 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 change of address request. We encourage you to keep this number for your records. If you do not have a SURI account, and you still do not have to file the return, you must notify any change in your address using Form AS 2898 (Change of Address). The form can be obtained by accessing our Internet site: www.hacienda.pr.gov.

Check the appropriate box to indicate if you submitted a Request for Extension of Time to File the Income Tax Return (Form AS 2644).

Also indicate if the entity is a member of a group of related entities and the group number assigned by the Department of the Treasury. This number is assigned when registering the group through SURI in accordance with the procedure established in

Internal Revenue Circular Letter No. 20-18 (CC RI 20-18). As part of this registration process, each group must designate a main member, with knowledge of the operations of the group and of the entities that comprise it, to be the person responsible for managing and updating the group's account in SURI.

For additional information refer to the instructions for Form AS 2652 and CC RI 20-18.

If the company belongs to a group of related entities, it is necessary to indicate the group number or the return cannot be processed.

You must include the email address of the person who will act as contact before the Department of the Treasury.

REFUND

Line 1 - Amount overpaid

If the sum of lines 23 and 25, Part IV is less than line 24, transfer to this line and indicate the distribution of line 26 between line 1A (to be credited to estimated tax for year ____), 1B (contribution to the San Juan Bay Estuary Special Fund), 1C (contribution to the University of Puerto Rico Special Fund) or 1D (to be refunded), at the option of the taxpayer.

PAYMENT

Line 2 - Amount of tax due

If the sum of lines 23 and 25, Part IV is more than line 24, enter the amount from line 26 on this line.

Line 3 - Amount paid

Enter the amount paid with the return. The payments can only be made by electronic means through SURI. For such purposes, it is important that, when making the payment in SURI, you make sure that: (i) select the Corporation - Income Tax account; (ii) in the Payment type, select Tax return payment; (iii) in the Period, select the closing of the taxable year for which you want the payment to be applied; and (iv) once the payment transaction is completed, keep for your records the information of the summary and confirmation number provided by the system.

For more information regarding the payment methods for transactions in SURI, refer to Internal Revenue Informative Bulletin No. 20-03 of January 31, 2020: Payment methods accepted in transactions through the Internal Revenue Integrated System.

If you filed the return after the due date for filing the return or requested an extension of time and did not pay the total tax liability, you must calculate the applicable interests and surcharges from the date established for the filing of the return until the date the payment was made.

INTERESTS, SURCHARGES AND PENALTIES

Interests

The Code provides for the assessment of interests at a 10% annual rate over any tax balance not paid by its due date.

Surcharges

In case that imposition of interests is applicable, a 5% surcharge of the amount due will also be assessed, if the delay in paying exceeds 30 days, but not 60 days; or 10% of the amount due, if the delay in payment exceeds 60 days.

Penalties

The Code imposes a progressive penalty from 5% to 25% of the total tax for late filing unless you can show reasonable cause for the delay.

Also, any person required to file a return, declaration, certification, or report, who voluntarily fails to file such return, declaration, certification, or report within the term or terms established by the Code or by regulations, in addition to other penalties, shall be guilty of a misdemeanor.

In those cases, in which any person voluntarily fails to file said return, declaration, certification, or report (within the terms established by the Code or by regulations) with the intention to avoid or defeat any tax imposed by the Code, in addition to other penalties, shall be guilty of a third degree felony.

SIGNATURE AND OATH OF THE RETURN

The return must be signed by the president, vice-president, treasurer or assistant treasurer or other principal or finance officer of the corporation. Only one signature will be required.

PAYMENTS FOR THE PREPARATION OF THE RETURN

Indicate if you paid for the preparation of your tax return and make sure that the specialist signs the return and includes his/her registration number. THE CODE ESTABLISHES ADMINISTRATIVE AND CRIMINAL SANCTIONS TO THOSE SPECIALISTS WHO FAIL TO PROVIDE THIS INFORMATION OR WHO DO NOT COMPLY WITH ANY OTHER REQUIREMENT IMPOSED BY THE CODE.

The specialist must declare under penalty of perjury that he/she has examined the tax return, and that 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.

PART I - GROSS INCOME

Line 1 - Gains and profits from sales of property

The term gross income means the gross amount of the gain derived from the sale of property of the company, but does not include the income received from interests, dividends and rents.

PART II - EXPENSES

The only deductions allowable to life insurance companies are those expenses directly related to the production and earning of the gross income, such as sale expenses, including commissions to the broker handling the sale, among others. Enter the details of this deduction in Columns 4(a), 4(b) and 4(c).

PART III - CREDITS

Line 7 - Dividends or profits received from domestic corporations

Enter 85% of the amount received as dividends or profits from a domestic corporation subject to taxation under the Code, but limited to 85% of the net income of the corporation.

If the dividend received is from industrial development income derived from operations covered by the provisions of Act No. 57 of June 13, 1963, as amended, the credit will be 77.5% of the amount received, but limited to 77.5% of the net taxable income.

The deduction of 77.5% does not apply to dividend distributions or profits derived from operations covered under Act 78-1993, as amended, or Act No. 8 of January 24, 1987, as amended. Nevertheless, if the corporation receives dividends or benefits from a domestic corporation, it may use the 85% deduction mentioned in the first paragraph of this part.

However, the Code provides the following exceptions:

- 1) In the case of a small business investment company operating in Puerto Rico under the United States Congress Act, known as the Small Business Act of 1958, there shall be allowed as a deduction of 100% of the total received as dividends from a domestic corporation subject to taxation under the Code.
- 2) Subject to certain requirements imposed by the Code, a deduction of 100% is allowed against the net income from the total amount received as dividends by corporations organized under the laws of any state of the United States or the Government of Puerto Rico, that is the principal derived from industrial development income accrued during taxable years beginning prior to January 1, 1993 and invested in obligations of the Government of Puerto Rico, its instrumentalities or political subdivisions, or invested in mortgages secured by the Puerto Rico Housing Bank and Finance Agency or in loans or other securities guaranteed by mortgages granted under any general character pension or retirement system established by the Legislative Assembly of Puerto Rico, the municipalities and the agencies, entities or public corporations of the Government of Puerto Rico.
- 3) There shall be granted a 100% deduction against the net income from the total amount received as dividends by corporations organized under the laws of any state of the United States or the Government of Puerto Rico, that is the principal derived from industrial development income accrued during taxable years beginning prior to January 1, 1993, and invested in obligations of the Governmental Development Bank for Puerto Rico or any of its subsidiary corporations, for the financing through the purchase of mortgages, or the construction, purchase or housing improvements in Puerto Rico made after December 31, 1984.
- 4) A 100% deduction will be granted against the net income from the total amount received as dividends or profits from domestic controlled corporations.

Line 9 - Surtax net income credit

Enter **\$25,000**, except in the case that the corporation belongs to a controlled group of corporations owned directly or indirectly 80% or more by the same person or persons. In such cases, the allowable credit will be only \$25,000 for the entire group of corporations.

If a corporation is a component member of a controlled group of corporations as of December 31, the allowable credit to such corporation for the taxable year that includes such December 31, shall be an amount equal to \$25,000 divided by the number of corporations that are component members of the group or the applicable amount according to the apportionment plan.

If a corporation has a taxable year of less than twelve months that does not include December 31, and it is a component member of a controlled group of corporations with respect to such taxable year, the allowable credit for that taxable year will be \$25,000 divided by the number of corporations that are component members of said group on the last day of said taxable year.

In case of a group of related corporations, the deduction for the computation of the surtax must be prorated among all corporations that are members of the group of related corporations. The group of corporations must file Form AS 2652.1, where the distribution of the deduction will be reported. This form must be filed electronically through SURI.

This amount cannot exceed \$25,000 for the year.

PART IV - COMPUTATION OF TAX

Line 12 - Surtax

Multiply line 10, Part III of this return by the applicable tax rate and enter the result.

Surtax Computation table for taxable years beginning after December 31, 2012.

If the net income subject to surtax is:	The tax shall be:
Not over \$75,000	5%
Over \$75,000 but not over \$125,000	\$3,750 plus 15% of the excess over \$75,000
Over \$125,000 but not over \$175,000	\$11,250 plus 16% of the excess over \$125,000
Over \$175,000 but not over \$225,000	\$19,250 plus 17% of the excess over \$175,000
Over \$225,000 but not over \$275,000	\$27,750 plus 18% of the excess over \$225,000
Over \$275,000	\$36,750 plus 19% of the excess over \$275,000

Line 14 - Alternative Tax - Capital Gains and Preferential Rates

Enter the amount determined on Schedule D1 Corporation, line 9.

If the net long-term capital gains exceed the net short-term capital losses, the corporation may choose to pay an alternative tax. The alternative tax is determined by taxing the net income excluding net long-term capital gains at normal tax rates, plus 20% on such gains.

On the other hand, any corporation may exercise the option to pay a special tax equal to 10% on the total eligible interests earned on debt of corporations engaged in industry or business in Puerto Rico from new mortgages on residential property located in Puerto Rico.

Compute the alternative tax on income subject to preferential rates that are included in Columns B through G, only if the special rate option was exercised, on Schedule D1 Corporation - Tax on Income Subject to Preferential Rates. Include said schedule with your return.

Refer to the instructions of the corporation income tax return available in our website for specific instructions of Schedule D1 Corporation.

Line 19 - Alternative minimum tax

Enter the excess of the tentative minimum tax over the adjusted regular tax from Schedule A Corporation, Part V, line 34.

Every corporation (except those not engaged in a trade or business in Puerto Rico) will be subject, in addition to any other tax imposed by the Code, to a tax equal to the excess, if any, of:

- 1) the tentative minimum tax for the taxable year, over
- 2) the adjusted regular tax for the taxable year.

To compute the excess of the alternative minimum tax over the adjusted regular tax, you must complete Schedule A Corporation and submit it with your return.

Line 20 – Deemed dividend tax

It will be imposed, collected and paid a 10% tax, without taking into consideration any deduction or credit granted by Subtitle A of the Code, on the total deemed dividend considered received by a foreign owner (who owns directly or indirectly 50% or more of the corporation's stocks) of a corporation, during any taxable year.

Corporations subject to this tax must complete Form AS 2877 and submit it with the return. For more information, see the instructions of the form.

Line 23 - Balance of tax due

If line 22 is less than line 21, enter on this line the difference resulting from subtracting line 21 from line 22. If line 22 is more than line 21, enter zero and continue to line 24.

Line 24 - Excess of tax paid or withheld

If line 22 is more than line 21, enter on this line the difference resulting from subtracting line 21 from line 22. If line 21 is more than line 22, this line must be zero.

Line 25 - Addition to the Tax for Failure to Pay Estimated Tax

Enter the addition to the tax for failure to pay the minimum estimated tax required, previously determined on Schedule T Corporation. (See instructions to complete the Schedule).

It is important to point out that even when this amount is part of the balance reflected on line 26, it is not subject to additional interests, surcharges, and penalties.

PARTS V, VI AND VII - COMPARATIVE BALANCE SHEET, RECONCILIATION OF NET INCOME (OR LOSS) PER BOOKS WITH NET TAXABLE INCOME (OR LOSS) PER RETURN, AND ANALYSIS OF RETAINED EARNINGS PER BOOKS

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

The amount in Part VII, line 8 (Analysis of Retained Earnings per Books) must be the same amount as the one of Part V, line 23 of this return.

PART VIII - QUESTIONNAIRE

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

It is important to point out that no question must be left without answering. In case that any question is not applicable, you must check under "N/A".

DUTY TO PAY ESTIMATED TAX

According to the provisions of Section 1061.23 of the Code, every corporation engaged in trade or businesses in Puerto Rico, subject to tax under the provisions of Subchapter A of the Code, must pay an estimated tax for the taxable year.

ESTIMATED TAX COMPUTATION

The estimated tax computation, including the alternative minimum tax, will be made using an approximate calculation of the gross income that can reasonably be expected that the corporation will receive or accumulate, as applicable, depending on the accounting method used to determine the net income, and an approximate calculation of the deductions and credits available in the Code or special acts, including the non refunded tax paid in excess corresponding to the previous taxable year.

PAYMENT OF ESTIMATED TAX

The estimated tax for the taxable year will be paid in four installments:

1st installment: the 15th day of the fourth month

2nd installment: the 15th day of the sixth month

3rd installment: the 15th day of the ninth month

4th installment: the 15th day of the twelfth month

If the duty to pay estimated tax arises for the first time after the last day of the third month and prior to the first day of the sixth month of the taxable year, the installments will be:

1st installment: the 15th day of the sixth month

2nd installment: the 15th day of the ninth month

3rd installment: the 15th day of the twelfth month

If the duty to pay estimated tax arises for the first time after the last day of the fifth month and prior to the first day of the ninth month of the taxable year, the installments will be:

1st installment: the 15th day of the ninth month

2nd installment: the 15th day of the twelfth month

If the duty to pay estimated tax arises for the first time after the last day of the eighth month and prior to the fifteenth day of the twelfth month of the taxable year, the estimated tax will be paid in its entirety on the 15th day of the twelfth month of the taxable year.

The estimated tax installments will be paid electronically through SURI.

CHANGES IN THE ESTIMATED TAX COMPUTATION

If there is any change in the estimated tax computation as a result of a change in income, deductions or for any other reason, the remaining installments must be proportionally increased or reduced to reflect the increase or reduction in the estimated tax.

PENALTIES

The Code establishes in Section 6041.10 a 10% penalty of the amount not paid of any estimated tax installment. For these purposes, the estimated tax will be the smaller of:

- 1) 90% of the tax for the taxable year, or
- 2) the larger between:
 - a) the total tax determined as it arises from the preceding year's income tax return, or
 - b) an amount equal to the tax computed at the rates and under the act applicable to the taxable year using the data included in the income tax return of the previous year.

The previous clause (2) shall not apply if the previous taxable year was not a 12-month taxable year, or if the corporation filed a tax return for that previous taxable year in which a tax determined was not reflected, without taking into consideration any credit to which the corporation had been entitled, including credits for taxes withheld or paid. On the other hand, you can take into consideration any credit for taxes paid or accumulated during the taxable year to the United States, its states, territories and possessions, or any foreign country to which you are entitled.