

Reviewer:	Liquidator:	Year	GOVERNMENT OF PUERTO RICO DEPARTMENT OF THE TREASURY	Year	Serial Number
Field audited by:		Foreign Life Insurance Company Income Tax Return			
Date ____/____/____		TAXABLE YEAR BEGINNING ON _____ AND ENDING ON _____			
R	M	N			

AMENDED RETURN

TAXABLE YEAR: 1 CALENDAR 2 FISCAL

3 52-53 WEEKS: Taxable year beginning on
 DAY / MONTH / YEAR and ending on DAY / MONTH / YEAR

4 SHORT PERIOD: Beginning on DAY / MONTH / YEAR
 and ending on month DAY / MONTH / YEAR

Taxpayer's Name _____

Postal Address _____

Zip Code _____

Employer's Identification Number

Department of State Registry No.

Industrial Code _____ Municipal Code _____

Merchant's Registration Number

Payment Stamp

Receipt Number: _____

Amount: _____

Location of Principal Industry or Business - Number, Street, City

Telephone Number - Extension

Date Incorporated
 Day ____/Month ____/Year ____

Place Incorporated

Indicate if you are member of a group of related entities
 Yes No

Group number

Check the corresponding box, if applicable

1 First return 2 Last return

3 Change of period (See instructions)

Change of Address
 Yes No

Contracts with Governmental Entities
 Yes No

Extension of Time
 Yes No

NAICS Code

GO TO PAGE 2 TO DETERMINE YOUR REFUND OR PAYMENT.

Refund	1. AMOUNT OVERPAID (Part II, 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 II, 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	Zip Code _____		CPA License Number	CPA Association Stamp
Address			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		Net Income	
1. Life insurance company taxable income (As reported on attached certified copy of income tax return filed with the U.S. Commissioner of Internal Revenue or foreign country)	(1)		00
2. Puerto Rico gross direct business (As reported on Schedule T in the Annual Statement required under Section 3.310 of the Puerto Rico Insurance Code):			
a) Gross direct life insurance premiums	(2a)	00	
b) Gross direct annuity considerations	(2b)	00	
c) Gross direct accident and health insurance premiums	(2c)	00	
d) Gross direct annuity and other fund deposits	(2d)	00	
3. Total gross direct business in Puerto Rico (Add lines 2(a) through 2(d))	(3)		00
4. Total direct business (As reported on Schedule T in the Annual Statement required under Section 3.310 of the Puerto Rico Insurance Code):			
a) Total direct business on life insurance premiums	(4a)	00	
b) Total direct business on annuity considerations	(4b)	00	
c) Total direct business on accident and health insurance premiums	(4c)	00	
d) Total direct business on annuity and other fund deposits	(4d)	00	
5. Total direct business (Add lines 4(a) through 4(d))	(5)		00
6. Allocation factor (Divide line 3 by line 5)	(6)		
7. Net income subject to normal tax (Multiply line 1 by line 6)	(7)		00
8. Less: Surtax net income credit (See instructions)	(8)		00
9. Net income subject to surtax (Subtract line 8 from line 7)	(9)		00

Part II		Computation of Tax	
10. Normal tax (Multiply line 7 by 18.5%)	(10)		00
11. Surtax (See instructions)	(11)		00
12. Total tax (Add lines 10 and 11)	(12)		00
13. Alternative Tax - Capital Gains and Preferential Rates (Schedule D1 Corporation, line 9)	(13)		00
14. Tax Determined (Line 12 or 13, whichever is smaller, provided that line 13 is more than zero)	(14)		00
15. Recapture of investment credit claimed in excess (Schedule B Corporation, Part I, line 3)	(15)		00
16. Tax credits (Schedule B Corporation, Part II, line 23)	(16)		00
17. Tax liability before alternative minimum tax (Subtract line 16 from the sum of lines 14 and 15)	(17)		00
18. Alternative minimum tax (Schedule A Corporation, Part V, line 34)	(18)		00
19. Branch profits tax (Form AS 2879, line 11)	(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 17 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 21 is more than line 22, 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 III Comparative Balance Sheet

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

Part V Analysis of Retained Earnings per Books

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) Stock (5c)		00
_____			6. Other decreases (Use schedule if necessary) _____			
_____ (3)		00		(6)		00
4. Total (Add lines 1, 2 and 3) (4)		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 VI Questionnaire

		Yes	No	N/A			Yes	No	N/A
1. If a foreign corporation, indicate if the trade or business in Puerto Rico was held as a branch (1)					9. Number of employees during the year: _____ (9)				
2. If a branch, indicate the percent that represents the income from sources within Puerto Rico from the total income of the corporation: _____%					10. Did the corporation claim expenses related to the ownership, use, maintenance and depreciation of:				
3. Did the corporation keep any part of its records on a computerized system during this year? (3)					(a) Vehicles? (10a)				
4. The corporation's books are in care of:					(b) Vessels? (10b)				
Name _____					(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? (10b1)				
Address _____					(c) Aircrafts? (10c)				
E-mail _____					(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? (10c1)				
Telephone _____					(d) Residential property outside of Puerto Rico? (10d)				
5. Indicate the book accounting method for tax purposes:					(1) Did more than 80% of the total income was derived from activities exclusively related to the lease of property to non related persons? (10d1)				
<input type="checkbox"/> Cash <input type="checkbox"/> Accrual					11. Did the corporation claim expenses connected to:				
<input type="checkbox"/> Other (specify): _____					(a) Housing (except business employees) (11a)				
6. Did the corporation file the following documents?:					(b) Employees attending conventions or meetings outside Puerto Rico or the United States? (11b)				
(a) Informative Return (Forms 480.6A, 480.6B, 480.6C, 480.6SP) .. (6a)					12. Did the corporation distribute dividends other than stock dividends or distributions in liquidation in excess of the corporation's current and accumulated earnings? (12)				
(b) Withholding Statement (Form 499R-2/W-2PR) (6b)					13. Is the corporation a partner in any special partnership or partnership? (If more than one, submit detail) (13)				
7. 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) (7)					Name of the special partnership or partnership _____				
(a) Do you include audited financial statements, as established in Section 1061.15 of the Code? (See instructions) (7a)					Employer identification number _____				
Number of the CPA Association Stamp _____					14. Did you receive exempt income? (Submit Schedule IE Corporation) (14)				
(b) Do you include Schedule PCI - Uncertain Tax Positions? (7b)					15. Enter the amount corresponding to charitable contributions to municipalities _____				
(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? (7c)					16. Indicate if insurance premiums were paid to an unauthorized insurer (16)				
Number of the CPA Association Stamp _____					17. Employer's number assigned by the Department of Labor and Human Resources: _____				
8. 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? (8)					18. Number of stockholders: _____				
(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? (8a)					19. Did you request to change the accounting period? (18)				
Number of the CPA Association Stamp _____					Date of request _____				
					Date of approval _____				



Foreign Life Insurance Company Income Tax Return (Form 480.40F)

GENERAL INSTRUCTIONS

WHO MUST FILE THIS FORM?

In general, every foreign life insurance company must file this return.

The term "foreign life insurance company" includes any insurance company organized under the laws of the United States of America, any of its states, territories or possessions or the District of Columbia, which qualifies as a life insurance company under the provisions of the Part I, Subchapter L of the Internal Revenue Code of the United States, or under the laws of any other country where the company has life insurance business and qualify as life insurance company under Section 1111.01 of the Puerto Rico Internal Revenue Code of 2011, as amended (Code), except for the fact that it was organized outside from Puerto Rico.

WHEN AND WHERE IT MUST BE FILED?

This return must be filed on or before the 15th day of the sixth month following the end of the taxable year of the Foreign Life Insurance Company. The return must be filed at the Department of the Treasury, Returns Processing Bureau, located at 10 Paseo Covadonga, Intendente Ramirez 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

Also, it can be delivered to any Internal Revenue Collection Office.

AUTOMATIC EXTENSION OF TIME TO FILE THE RETURN

A 6 months automatic extension of time to file the return will be granted if it is requested no later than the due date to file the return. The extension will be filed electronically through the Unified Internal Revenue System (SURI) 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 about the electronic filing process of the Request for Automatic Extension for the taxable year 2020, refer to Internal Revenue Circular Letter No. 21-09 of March 17, 2021.

TECHNICAL ASSISTANCE

For additional information on the technical contents of this booklet or to clarify any doubts, please call (787) 622-0123, option number 8 in the directory.

INCOMPLETE RETURN

The form must be completed in all its parts. Therefore, all the information of the Statement of Income and Expenses, Balance Sheet, Reconciliation Statement of the Net Income (or Loss) per Books with the Net Taxable Income (or Loss) per Return, the Analysis of the Surplus or Retained Earnings per Books and the questionnaire included in Part VI. **Any form that does not meet with this requirement will not be considered as submitted.**

SCHEDULES TO COMPLETE THE FOREIGN 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 | - Credit for Investment, Losses and Amount to Carryover |
| Schedule Q1 | - 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 Additional Tax Calculation - Group of Related Corporations |
| Form AS 2877 | - Deemed Dividend Tax |
| Form AS 2879 | - Foreign Corporations and Partnerships Tax on Dividend Equivalent Amount and Effectively Connected Interest (Branch Profit Tax) |

INSTRUCTIONS TO COMPLETE THE FOREIGN LIFE INSURANCE COMPANY INCOME TAX RETURN (FORM 480.40F)

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 an economic year or a year of 52-53 weeks, you must enter the date in the space provided on the return. In the Taxable Year box, select the corresponding alternative. In case of a 52-53 week year, you must enter the date on which begins and ends such taxable year in the space provided for this purpose. In the same way, in case that the entity files a return for a period of less than twelve months, it must include the date in which begins and ends the taxable year.

NAME, EMPLOYER IDENTIFICATION NUMBER AND ADDRESS

Enter the name and the employer identification number of the corporation in the space indicated on the return. The employer identification number is required to process the return.

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

Enter the Merchant's Registry Number assigned by the Department of the Treasury, the exact address where the main business or industry is located, and the telephone number.

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

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

Choose the box if the corporation has contracts with governmental agencies.

If the corporation informs a change of address at the moment of filing the return, check the applicable box and write the new address clearly and legible. You can also change your address at any time of the year through your account in SURI following the steps indicated below: (i) Login to your SURI account; (ii) In the menu Names and Addresses, select the address you want to change and click the Change this address link; (iii) Enter the new address and click the link Validate address; (iv) Once the address is validated, press the Next option to continue with the next screen; (v) On the Review and Submit screen, make sure to click on the Submit link. The system will provide you with a confirmation number of the request for the change of address. 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). You can get it accessing our page on the Internet www.hacienda.pr.gov.

Check the corresponding box to indicate if an Extension of Time to File the Income Tax Return (Form AS 2644) was filed.

Also indicate if the entity is a member of a group of related entities and the group number assigned by the Department. This number is assigned when you register the group following the procedure established in the Internal Revenue Circular Letter No. 20-18 ("CC RI 20-18"). As part of the registration process, each group must designate a principal member, with knowledge of the group's operations, who will be responsible for managing and updating the group account in SURI.

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

If you are member of related entities, the number of the group is required to process the return.

You must enter the e-mail address of the contact person representing you before the Department of the Treasury.

REFUND

Line 1 - Amount overpaid

If the sum of lines 23 and 25, Part II is less than line 24, transfer to this line and indicate the distribution of line 26 among line 1A (to be credit to estimated tax year 2021), 1B (contribution to the San Juan Bay Estuary Special Fund), 1C (contribution to the Special Fund for the University of Puerto Rico) 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 II is greater than line 24, enter the amount from line 26 on this line.

Line 3 - Amount paid

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

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

If you filed the return after the filing due date or you requested an extension of time but did not pay the total amount due, you must compute the applicable interests and surcharges, from the filing due date until the date on which the payment was made

INTEREST, 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 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 under the Code to file a return, declaration, certification or report, who voluntarily fails to file such return, declaration, certification or report, within the term

or terms required by the Code or regulations, in addition to other penalties, shall be guilty of a misdemeanor.

If any person voluntarily fails to file the above mentioned return, declaration, certification or report (within the terms required by the Code or 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.

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 PROVIDES CIVIL AND CRIMINAL SANCTIONS TO THOSE INCOME TAX RETURN SPECIALISTS WHO FAIL TO SUBMIT THIS INFORMATION OR WHO DO NOT MEET ANY OTHER STATUTORY REQUIREMENTS IMPOSED BY THE CODE.

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 Tax Return Specialist, it must include the registration number and be signed by the authorized person.

PART I - NET INCOME

Line 1- Life Insurance company taxable income

Enter the taxable income as reported on the certified copy of the income tax return filed with the Internal Revenue Commissioner of the United States or the taxable income determined according to the provisions of the tax laws of the country in which it was organized. You must accompany the return with said certified copy.

If the company is not required to pay income tax from all sources in its country of origin or organization, it will be subject to the provisions of Section 1092.01(b) of the Code.

Line 8 - Deduction for surtax purposes

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 said 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 the case of a group of related corporations, the deduction for the computation of the surtax must be prorated among all the member corporations of the group of related corporations. The group of corporations must file Form AS 2652.1, where the deduction distribution shall be reported. This form will be filed

electronically through SURI.

This amount must not exceed \$25,000 per year.

PART II - COMPUTATION OF TAX

Line 10 - Normal tax

A tax of 18.5% of the net income subject to normal tax of the corporation reflected on line 7, Part I of this return will be imposed, collected and paid.

Line 11 - Surtax

Multiply line 9 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 13 - 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 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 interest accrued on debt of corporations engaged in industry or business in Puerto Rico from new mortgages on residential property located in Puerto Rico.

Any corporation may exercise the option of paying a 4% tax on the total distributable share on the net income subject to preferential rates from partnerships and special partnerships or on the net income subject to 4% tax rate derived from operations of an international financial entity that operates as a bank unit.

Corporations may determine the applicable tax to certain transactions of long-term capital gains or to the distributable share on net income subject to preferential rates from partnerships and special partnerships that are subject to a rate other than 20% or 4%, as applicable.

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.

Line 18 - 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 19 - Branch profits tax

In addition to the other taxes imposed by the Code, those foreign corporations engaged in a trade or business in Puerto Rico that operate as branches, are subject to a 10% tax of the amount equivalent to dividend or profit distribution for the taxable year.

This provision shall not be applicable to any taxable year in which the foreign corporation engaged in a trade or business in Puerto Rico derived at least 80% of its gross income from sources within Puerto Rico or from income effectively connected, or treated as effectively connected to operations from a trade or business in Puerto Rico, during the 3-year period ended at the close of said taxable year.

Corporations subject to this additional tax must complete Form AS 2879 and submit it with their return. For more details, see the instructions of the form.

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 - Amount of tax due

In case that line 22 is less than line 21, enter on this line the result of line 21 less line 22. In case that line 22 is greater than line 21, enter zero and continue to line 24.

Line 24 - Excess tax paid or withheld

In case that line 22 is greater than line 21, enter on this line the result of line 22 less line 21. In case that line 21 is greater than line 22, this line must be zero.

Line 25 - Addition to Tax due to 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, the same is not subject to interest, surcharges and additional penalties.

PARTS III, IV AND V - 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 in order for the return to be considered filed. Therefore, you should not submit loose sheets of these statements. Any return that does not comply with these requirements will be returned.

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

PART VI - QUESTIONNAIRE

Enter all the information required in the questionnaire in order to process the 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 business 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 in which the net income determination is based on, 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 payable 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 before 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 before 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 before 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.

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 will be proportionally increased or decreased to reflect the increase or decrease in the estimated tax.

PENALTIES

The Code establishes in Section 6041.10 a penalty of 10% 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 greater between:
 - a) the total of the tax determined as it results from the preceding year's income tax return, or
 - b) an amount equal to the tax computed at the rates and under the law applicable to the taxable year using the data included in the return of the previous taxable year.

The previous clause (2) will not be applicable 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 territories, states and possessions, or any foreign country to which you are entitled.