



INFORMATIVE RETURN - PASS-THROUGH ENTITY Owner's Distributable Share on Income, Losses and Credits

Taxable year beginning on _____, 20____ and ending on _____, 20____

Type of taxable year: 1 [] Calendar 2 [] Fiscal

Control Number

Control No. of Original Informative Return

Select the form with respect to which this Informative Return is prepared: 1 [] 480.20(EC) 2 [] 480.10(SC) 3 [] 480.20(U)

Owner's Name, Owner's Social Security or Employer Identification No., AMENDED [] (Day ___ Month ___ Year ___)

Address

Entity's Name, Entity's Employer Identification No., Type of Industry

Address

Part I OWNER'S INFORMATION

A. 1. Managing Owner [] 2. Limited Owner [] 3. Unlimited Owner [] B. TYPE: 1. Individual [] 2. Trust [] 3. Estate [] 4. Pass-Through Entity [] 5. Corporation [] C. STATUS: 1. Resident [] 2. Nonresident [] D. Share percentage on: 1. Losses (%) 2. Gains (%) E. Portion of current debts from the Entity assumed by the owners. 1. Secured: _____ 2. Unsecured: _____ F. Debts attributable to owners of the Pass-Through Entity under Act 78-1993 and Act No. 52 of 1983. Secured: _____ G. Entity's merchant registration number: _____ H. Subject to Act 154-2010 [] Yes [] No I. Optional Tax Election (Section 1071.10 of the Code) [] Yes [] No J. Sworn Statement submitted by owner (Section 1062.07(a)(1)(B) of the Code) [] Yes [] No K. Owner made the election of Section 1062.07(a)(1)(A) of the Code [] Yes [] No L. Indicate if the Entity was granted an exemption under the following acts: 1. Act No. 52 of 1983 [] 2. Act No. 47 of 1987 [] 3. Act 78-1993 [] 4. Act 165-1996 [] 5. Act 135-1997 [] 6. Act 362-1999 [] 7. Act 73-2008 [] 8. Act 74-2010 [] 9. Act 83-2010 [] 10. Act 132-2010 [] 11. Act 27-2011 [] 12. Act 20-2012 [] 13. Act 14-2017 [] Decree No. _____ 14. Act 60-2019 [] Section _____ 15. Other []

Part II ANALYSIS OF OWNER'S CAPITAL ACCOUNT

Table with 6 columns: (a) Capital contributions made during the year, (b) Other increases to basis (Submit detail), (c) Owner's distributable share on the gain or loss of the Entity, (d) Owner's debts assumed and secured by the Entity, (e) Withdrawals and distributions (Do not include taxes withheld), (f) Other decreases to basis (See instructions)

Part III DISTRIBUTABLE SHARE PER CATEGORY

Table with 3 columns: Description, Amount, Tax Withheld. Rows include: 1. Net long-term gain (or loss) on sale or exchange of capital assets (Schedule D Pass-Through Entity) (1) 00, 2. Net short-term gain (or loss) on sale or exchange of capital assets (Schedule D Pass-Through Entity) (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 Pass-Through Entity) (3) 00, 4. Net gain (or loss) on sale or exchange of property used in the business (Schedule D Pass-Through Entity) (4) 00, 5. Net income (or loss) from the entity's trade or business (See instructions) (5) 00, (a) Share of the net income attributable to services rendered by the owners (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 (See instructions) (6) 00, 7. Net income (or loss) from income subject to a preferential rate (See instructions) (7) 00, 8. Eligible distribution of dividends from corporations at 15% (See instructions) (8) 00, 9. Distributions of dividends subject to ___% withholding (See instructions) (9) 00, 10. Interest income from deposits in financial institutions subject to withholding (See instructions) (10) 00, 11. Interest income from deposits in financial institutions not subject to withholding (See instructions) (11) 00, 12. Other interests subject to withholding at the 10% rate (See instructions) (12) 00, 13. Other interests subject to ___% withholding (See instructions) (13) 00, 14. Distributable share on gain from a pass-through entity owned by the entity (See instructions) (14) 00, 15. Distributable share on loss from a pass-through entity owned by the entity (See instructions) (15) 00, 16. Others (16) 00, 17. Total net income (or loss) from distributable share per category (Add lines 1 through 16) (17) 00, 18. Exempt income (Schedule IE Pass-Through Entity) (18) 00, 19. Exempt income subject to alternate basic tax (Schedule IE Pass-Through Entity) (See instructions) (19) 00, 20. Adjustment for deductions not allowed for alternate basic tax and alternative minimum tax (See instructions) (20) 00, 21. Other adjustments for purposes of the alternate basic tax (See instructions) (21) 00, 22. Other adjustments for purposes of the alternative minimum tax (See instructions) (22) 00, 23. Charitable contributions (See instructions) (23) 00, 24. Volume of business (See instructions) (24) 00, 25. Pass-through entity's gross income (See instructions) (25) 00, (a) Gross income from services rendered (25a) 00, 26. Gross income of subsidiary pass-through entities (See instructions) (26) 00, (a) Gross income from services rendered (26a) 00, 27. Optional tax (Section 1071.10 of the Code) (See instructions) (27) 00

Part IV	NONRESIDENT ALIENS OWNERS	Amount	Tax Withheld
1. Distributable share on net income from the pass-through entity (1)		00	00

Part V TAXES PAID TO FOREIGN COUNTRIES AND THE UNITED STATES, ITS STATES, TERRITORIES AND POSSESSIONS (See instructions)					
	Foreign Country, State, Territory or Possession of the United States			United States	Total
	A	B	C		
Name of the country, state, territory or possession					
1. Net income from sources within the country, state, territory or possession (1)	00	00	00	00	00
2. Tax paid during the year (2)	00	00	00	00	00

Part VI CREDITS (See instructions)		Pre Tax Credits Manager
Use lines 1 through 15 of this part to report <u>only</u> the tax credits that are considered Pre Tax Credits Manager. The Post Tax Credits Manager credits are reported in Part VIII.		
A. CREDITS SUBJECT TO THE LIMITATION PROVIDED UNDER SECTION 1051.13 OF THE CODE		
1. Credit for investment in housing infrastructure (Act 98-2001, as amended) (See instructions) (1)		00
2. Credit for investment in the acquisition, construction or rehabilitation of affordable rental housing to the elderly (Chapter 2 of Act 140-2001, as amended) (See instructions) (2)		00
3. Credit for construction investment in urban centers (Act 212-2002, as amended) (See instructions) (3)		00
4. Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended) (See instructions) (4)		00
5. Credit for the purchase of tax credits (Complete Part VII) (See instructions) (5)		00
6. Other credits subject to limitation not included on the preceding lines (Submit detail) (6)		00
B. CREDITS NOT SUBJECT TO THE LIMITATION PROVIDED UNDER SECTION 1051.13 OF THE CODE		
7. Credit for tax withheld at source from Industrial Development dividends (Act No. 8 of 1987) (7)		00
8. Credit for investment in film industry development (Act 27-2011) - Film Project (See instructions) (8)		00
9. Credit for investment in film industry development (Act 27-2011) - Infrastructure Project (See instructions) (9)		00
10. Credit for the purchase or transmission of television programming made in Puerto Rico (Section 1051.14) (See instructions) (10)		00
11. Credit for contributions to former governors foundations (See instructions) (11)		00
12. Credit for investment (Section 6 of Act 73-2008 and Section 5A of Act 135-1997) (12)		00
13. Credit for investment in opportunity zones (Act 60-2019) (13)		00
14. Credit for the purchase of tax credits (Complete Part VII) (See instructions) (14)		00
15. Other credits not subject to limitation not included on the preceding lines (Submit detail) (15)		00

Part VII BREAKDOWN OF THE PURCHASE OF TAX CREDITS (See instructions)		Pre Tax Credits Manager
Use this part to report <u>only</u> the tax credits acquired through purchase and that are considered Pre Tax Credits Manager. The purchase of Post Tax Credits Manager credits are reported in Part VIII.		
Check the box corresponding to the act (or acts) under which you acquired the credit and enter the amount:		
A. CREDITS SUBJECT TO THE LIMITATION PROVIDED UNDER SECTION 1051.13 OF THE CODE		
1. <input type="checkbox"/> Solid Waste Disposal (Act 159-2011) (1)		00
2. <input type="checkbox"/> Capital Investment Fund (Act 46-2000) (2)		00
3. <input type="checkbox"/> Housing Infrastructure (Act 98-2001) (3)		00
4. <input type="checkbox"/> Conservation Easement (Act 183-2001) (4)		00
5. <input type="checkbox"/> Revitalization of Urban Centers (Act 212-2002) (5)		00
6. <input type="checkbox"/> Other: _____ (Submit detail) (6)		00
7. Total credit for the purchase of tax credits subject to limitation (Add lines 1 through 6. Transfer to Part VI, line 5) (7)		00
B. CREDITS NOT SUBJECT TO THE LIMITATION PROVIDED UNDER SECTION 1051.13 OF THE CODE		
8. <input type="checkbox"/> Tourism Development (Act 78-1993 and Act 74-2010) (8)		00
9. <input type="checkbox"/> Tourism Eligible Investment (Act 60-2019) (9)		00
10. <input type="checkbox"/> Film Project Investment (Act 27-2011 and Act 60-2019) (10)		00
11. <input type="checkbox"/> Investment in Research and Development Activities (Section 5(c) of Act 73-2008, Article 2.11(c) of Act 83-2010 and Section 3030.01 of Act 60-2019) (11)		00
12. <input type="checkbox"/> Economic Incentives (Industrial Investment) (Section 6 of Act 73-2008) (12)		00
13. <input type="checkbox"/> Opportunity Zones (Act 60-2019) (13)		00
14. <input type="checkbox"/> Other: _____ (Submit detail) (14)		00
15. Total credit for the purchase of tax credits not subject to limitation (Add lines 8 through 14. Transfer to Part VI, line 14) (15)		00

Part VIII TAX CREDITS POST TAX CREDITS MANAGER (See instructions)		Post Tax Credits Manager
The tax credits reported in this part must be duly registered in the Tax Credits Manager ("TCM"). You must make sure to accept the transfer of these credits in the TCM so that they may be reflected as available (See instructions).		
1. Credit to hospital units for eligible payroll expenses (Act 168 of 1968, as amended)	(1)	00
2. Credit for investment in machinery and equipment for the generation and use of energy (Act 73-2008, as amended - Section 5(d))	(2)	00
3. Credit for investment in machinery and equipment for the generation and use of energy (Act 73-2008, as amended - Section 5(d)(3)(B) applicable only to eligible businesses under Section 2(d)(1)(H))	(3)	00
4. Credit for the purchase of products manufactured in Puerto Rico (Act 135-1997, as amended; Act 73-2008, as amended; Act 83-2010, as amended; or Act 60-2019, as amended)	(4)	00
5. Technology transfer investment credit (Act 73-2008, as amended - Section 5(f); Act 83-2010, as amended - Article 2.11(d); or Act 60-2019, as amended)	(5)	00
6. Credit for investment in research and development activities (Act 73-2008, as amended - Section 5(c); Act 83-2010, as amended - Article 2.11(c); or Act 60-2019, as amended - Section 3030.01)	(6)	00
7. Credit for industrial investment (Act 135-1997, as amended - Section 5A; or Act 73-2008, as amended - Section 6)	(7)	00
8. Credit for contributions to former governors foundations (Act 1-2011, as amended - Section 1051.10)	(8)	00
9. Credit for construction investment in urban centers (Act 212-2002, as amended)	(9)	00
10. Credit for Puerto Rico conservation easement (Act 183-2001, as amended)	(10)	00
11. Credit for investment in rental housing to the elderly (Act 77-2015, as amended)	(11)	00
12. Credit for investment in film project (Act 27-2011, as amended; or Act 60-2019, as amended)	(12)	00
13. Credit for investment in housing infrastructure (Act 98-2001, as amended)	(13)	00
14. Credit for investment in infrastructure project for film projects (Act 27-2011, as amended)	(14)	00
15. Credit for investment in opportunity zones (Act 60-2019, as amended)	(15)	00
16. Credit for the purchase or transmission of television programming made in Puerto Rico (Act 1-2011, as amended - Section 1051.14)	(16)	00
17. Credit for tourism investment - Alternate credit (Act 74-2010, as amended; or Act 60-2019, as amended)	(17)	00
18. Credit for tourism investment - Regular credit (Act 74-2010, as amended)	(18)	00
19. Other Post Tax Credits Manager credits not included on the preceding lines (Submit detail)	(19)	00

Part IX DISTRIBUTABLE SHARE ON THE NET INCOME SUBJECT TO PREFERENTIAL RATES		Earned through Subsidiary Pass-Through Entities			
Tax Responsibility	A - Net Income	B - Tax Withheld	C - Net Income	D - Tax Withheld	
1. Schedule CI Pass-Through Entity (Taxed at _____ %)	00	00	00	00	00
2. Schedule V Pass-Through Entity (Taxed at _____ %)	00	00	00	00	00
3. Schedule W Pass-Through Entity (Taxed at _____ %)	00	00	00	00	00
4. Schedule X Pass-Through Entity (Taxed at _____ %)	00	00	00	00	00
5. Schedule Y Pass-Through Entity (Taxed at _____ %)	00	00	00	00	00
6. Schedule Z Pass-Through Entity (Taxed at _____ %)	00	00	00	00	00
7. Schedule AA Pass-Through Entity (Taxed at _____ %)	00	00	00	00	00
8. Total (Add lines 1 through 7. Transfer to Part III, line 7. See inst.)	00	00	00	00	00

Retention Period: Ten (10) years

DO NOT USE FOR FILING.



Rev. 08.25

Government of Puerto Rico
Department of the Treasury

INFORMATIVE RETURN – PASS-THROUGH ENTITY

OWNER'S DISTRIBUTABLE SHARE ON INCOME, LOSSES AND CREDITS

FORM 480.60 EC

INSTRUCTIONS

GENERAL INSTRUCTIONS

WHO MUST FILE THE INFORMATIVE RETURN – PASS-THROUGH ENTITY

Every Pass-Through Entity, as defined on Section 1010.01(a)(43) of the Puerto Rico Internal Revenue Code of 2011, as amended ("Code"), and in Administrative Determination No. 22-10 that is required to file a Pass-Through Entity Informative Income Tax Return Form 480.20(EC) must provide to each owner a report with the information required to be included on the owner's income tax return. The information must be provided in the Informative Return - Pass-Through Entity - Owner's Distributable Share on Income, Losses and Credits ("Form 480.60 EC").

Each owner must submit this Form 480.60 EC with the income tax return.

For purposes of this informative return, the terms partnership and partner include a limited liability company and any of its members, and a corporation and any of its shareholders, if they are subject to the provisions of Chapter 7 of Subtitle A of the Code.

HOW TO FILE FORM 480.60 EC?

Form 480.60 EC can only be filed electronically as indicated below:

- Forms 480.60 EC that are filed for the **Informative Income Tax Return Pass-Through Entity** ("Form 480.20(EC)") must only be filed electronically using any program or application from a provider certified by the Department ("Certified Program"), as part of the filing process of said return.
- Forms 480.60 EC that are filed for the **Pass-Through Entity Informative Income Tax Return - Composite** ("Form 480.10(SC)") or for the **Income Tax Return 480.20(U)** ("Form 480.20(U)") must only be filed electronically through the *Pass-Through Entity* tax account in the Internal Revenue Integrated System ("SURI", for its Spanish acronym) available free of charge through the following link: <https://suri.hacienda.pr.gov>.

For additional information related to Forms 480.60 EC that must be filed through a Certified Program or through SURI, refer to the Internal Revenue Informative Bulletin No. 22-08. For additional information related to the electronic filing of Form 480.20(EC) for taxable year 2024 together with the corresponding Forms 480.60 EC, refer to the Internal Revenue Circular Letter No. 25-05 ("IR CL 25-05").

WHEN TO PROVIDE THE DECLARATION TO OWNERS?

The entity has until the last day of the third month following the close of its taxable year to provide Form 480.60 EC filed electronically to the owners. The informative returns may be provided to their owners

by electronic means, subject to the provisions of the Internal Revenue Circular Letter No. 16-11.

Copy of Form 480.60 EC must be sent to the Department of the Treasury ("Department") together with Form 480.20(EC), Form 480.10(SC) or Form 480.20(U), as applicable, by the due date to file the corresponding return.

REQUEST FOR EXTENSION OF TIME TO PROVIDE THE REPORT TO OWNERS

Any entity that has requested an automatic extension of time to file the entity's informative return, will automatically be granted a 6-month extension to file and deliver the owner's reports (Forms 480.60 EC). Therefore, the entity does not have to request a different extension for the filing and delivery of such reports.

The 6-month period will be considered from the due date to file the return.

ESTIMATED TAX PAYMENT ON OWNERS' DISTRIBUTABLE SHARE

Section 1062.07 of the Code provides the requirements for the estimated income tax payments attributable to the owner's proportional share in a pass-through entity.

The managing owner or any other person in charge of providing the informative return to the owners, must determine and submit to the Department of the Treasury an amount equal to 30% of the total estimated owner's distributable share on the income items from a pass-through entity, less total withholdings on compensation payments received pursuant to judicial or extrajudicial proceedings and on payments for services rendered.

Such payments must be deposited with the Department of the Treasury in 4 equal installments, no later than the 15th day of the fourth, sixth, ninth and twelfth month of the entity's tax year, and they must be made electronically through SURI.

Any balance not paid by the end of the entity's taxable year, must be paid electronically through SURI no later than the due date for filing the corresponding return. As provided on IR CL 25-05, for taxable year 2024, the due date for filing Form 480.20(EC) along with the respective Forms 480.60 EC is the last day of the 3rd month following the close of the taxable period. Therefore, any balance not paid at the end of the entity's taxable year 2024 must be paid no later than the last day of the third month following to the close of the taxable year.

For additional information regarding the process to make the estimated payment of the owner's distributable share, please refer to the IR CL 25-05.

HOW MUST THE OWNERS REPORT THESE ITEMS ON THEIR INCOME TAX RETURNS?

The owner must include each one of the items indicated in his or her income tax return as if such items were realized directly by him, since the Code provides that the nature, source and character of the income, gains, losses or credits items included in the owner's distributable share will be determined as if such items were realized by the owner directly from the source on which the entity realized them, or incurred in the same way that they were incurred by the entity. Likewise, the owner's distributable share on income from sources outside of Puerto Rico earned by the entity will retain the character of the income from sources outside of Puerto Rico in the hands of the owner.

EVIDENCES OF THE INFORMATIVE RETURN

Evidence must be kept in the entity's records for a period of ten (10) years for items that so require, in case of further review, investigation, or audit procedure.

SPECIFIC INSTRUCTIONS

Enter the information required in each space. The entity is required to provide to each owner this informative return completed in all parts, so the owner can complete the income tax return to be filed with the Department of the Treasury.

You must indicate the beginning and ending dates of the entity's taxable year in the space provided in the heading below the title of the form. In the box Type of taxable year, select the corresponding alternative.

Enter the name and address of the owner and entity, as well as the social security number or employer identification number and type of industry.

Also, select the return with respect to which this Informative Return is prepared:

- Form 480.20(EC) – Informative Income Tax Return Pass-Through Entity
- Form 480.10(SC) – Pass-Through Entity Informative Income Tax Return – Composite
- Form 480.20(U) – *Income Tax Return 480.20(U) (Nonresident foreign corporations and pass-through entities subject to the effectively connected income source rules of Act 154-2010, as amended)*

Select in the corresponding box, if you are filing an amended Informative Return and indicate the day, month and year of the date the amendment was filed in the space provided.

PART I – OWNER'S INFORMATION

Indicate on lines A through L, the information that describes what apply to the owner, as it corresponds.

Line A - Select one of the available options: managing owner, limited owner or unlimited owner.

Line B - Select the type of owner. If the owner is not a natural person, select the alternative that corresponds to the type of entity under which said owner is organized.

Line C - Select the residence status of the owner for which the informative return is issued.

Line D - Indicate the share percentage of the owner in the profits and losses of the pass-through entity. The amount entered must be rounded to two decimal places.

Line E - Indicate the amount of the entity's current debts assumed by the owner, including those liabilities which are secured and unsecured by the owner. The owner's basis will increase by liabilities secured by such owner.

Line F - Enter the pass-through entity's debts attributable to the owner with respect to operations covered under Act 78-1993 and Act No. 52 of 1983.

Line G - Indicate the pass-through entity's merchant registration number.

Line H - Indicate if you are subject to Act 154-2010, as amended.

Line I - Indicate if the entity elected the optional tax of Section 1071.10 of the Code.

If the answer to this question is "Yes", the entity must report the income subject to tax under the provisions of Section 1071.10 of the Code and the corresponding optional tax on line 27, Part III of this Form. In this case, lines 1 through 16 of the "Amount" Column in Part III will be zero and it will only be allowed to enter the withholding on line 5, Part III of this form if the total withholdings exceed the optional tax determined on Schedule BB Pass-Through Entity.

Line J - Indicate if the owner submitted the sworn statement to exempt the entity from the obligation to withhold the tax provided in Section 1062.07 of the Code.

Line K - Indicate if the owner made the election provided in Section 1062.07(a)(1)(A) of the Code in order for the entity to withhold the maximum tax rate for corporations plus an additional ten (10) percent of the dividend equivalent amount, according to Section 1092.02 of the Code, resulting from its distributable share.

Line L - If the activities are covered by a tax exemption grant or decree, check the act that grants such exemption. If you checked the exemption under Act 14-2017, as amended, include the number of the decree that grants the owner a Qualified Physician status. If you select the box corresponding to Act 60-2019, you must include the Section of the Incentives Code under which the exemption benefit is claimed. If you are entitled to an exemption under any act that is not included on this line, indicate the same in subsection 15.

PART II – ANALYSIS OF OWNER'S CAPITAL ACCOUNT

Column (a) - Enter any capital contributed by the owner during the tax year.

Column (b) - Enter any other basis increases attributable to the owner, including the amount of an entity's debt assumed by an owner. A schedule detailing the nature of each item included on this line must be kept for the entity's records. Also, if several items are included, you must provide to the owner a detail of the items included in this column.

Column (c) - Enter the owner's distributable share on the gains or losses from the entity during the taxable year. Transfer the amount included on line 5, Part II of the return. In the case of pass-through entities that choose the optional tax determined on Schedule BB

Pass-Through Entity, you must include in this box the owner's distributable share on the gains or losses of the entity during the taxable year, even when no amount is reflected on line 5, Part III.

Column (d) - Enter the amount attributable to the owner's debt assumed and secured by the entity. If the owner is an individual must also include this information on Schedule R1 Individual, Part I, line 3(i).

Column (e) - Enter the amount attributed to withdrawals or distributions made by the entity to the owner, excluding the amount attributed to income tax for withholdings at source on the distributable share made to the owner. If several items are included, you must provide to the owner a detail of the items included in this column.

Column (f) - Enter the amount attributed to other decreases to the owner's basis in the entity. If several items are included, you must provide to the owner a detail of the items included in this column.

The owner's losses in one or more entities are allowed as a deduction, subject to certain limitations, against income from other entities in which the owner is a shareholder or stockholder. Each loss may be considered up to the amount of the adjusted basis of the owner's interest in each corresponding entity.

The limitation of the adjusted basis will be computed for each one of the entities in which the owner invests.

If the loss deduction allowable to the owner for any tax year is less than its distributable share in the entity's net loss, the owner may claim such excess as a deduction in any future tax year, subject to the limitations previously explained.

Those expenses incurred by the entity that were not deductible for purposes of determining the net income from the entity's trade or business, as determined on line 4, Part XVIII of the pass-through entity return, Form 480.20(EC), will also be included. You must provide to the owner a breakdown of the expenses of the applicable non-deductible items.

PART III – DISTRIBUTABLE SHARE PER CATEGORY

Enter in each one of the spaces provided the owner's distributable share on the applicable item and the corresponding tax withheld, if any.

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

Enter on this line the owner's distributable share on the gain or loss derived from the sale or exchange of capital assets held by the entity for more than one (1) year.

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

Enter on this line the distributable share on the gain or loss derived from the sale or exchange of capital assets held by the entity for one (1) year or less.

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

Enter on this line the owner's distributable share on the gain or loss from the sale or exchange of substantially all assets dedicated to an activity under Act 78-1993.

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

Enter on this line the owner's distributable share on the net gain or loss on the sale or exchange of property used in the business that is a capital asset.

Line 5 - Net income (or loss) from the entity's trade or business

Include on this line the owner's distributable share on the net income or loss from the entity's trade or business.

Do not include in this item income, gains or losses identified on other lines of this Part III.

Enter on line 5(a) the share of the entity's net income attributable to services rendered by the owner and not paid to the owner as salaries, and therefore, not reported in a withholding statement.

Every compensation for services rendered by the owner to the entity shall be reported on this line 5(a). Therefore, the pass-through entity shall not use a Form 480.6SP to report these amounts.

The amount on line 5(a) must be reported by the owner as income from services or from trade or business in its income tax return.

Enter on line 5(b) the difference between the total amount on line 5 and the amount attributable to the services rendered by the owner reported on line 5(a).

The amount on line 5(b) must be informed by the owner on Schedule R1 of its income tax return.

In the case of pass-through entities that choose the optional tax, enter zero on this line.

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

Enter on this line the owner's distributable share on the net income or loss from partially exempt activities, such as operations under Act No. 52-1983, Act No. 47 of 1987, Act 78-1993, Act 165-1996, Act 74-2010 or Act 132-2010, included on Schedule L Pass-Through Entity.

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

Enter on this line the owner's distributable share on the net operating income or loss subject to a fixed special tax rate, such as income under Act 60-2019, as amended, income under Act 83-2010, known as the Puerto Rico Green Energy Incentives Act, and income from Act 73-2008, excluding dividends, long-term capital gains and interest income from deposits in financial institutions. Also, enter on this line the net income or loss subject to preferential tax rates under the provisions of Act 135-1997, Act 362-1999, Act 27-2011, Act 20-2012 and Act 14-2017.

Enter in the first Column the amount attributable to the owner on the net taxable income and in the second Column the tax deposited by the entity, as determined in Form 480.20(EC).

This line summarizes all the transactions of income subject to preferential rates generated directly by the pass-through entity or

through subsidiary pass-through entities. The total included here may have both net income and net losses of pass-through entities. Therefore, it will be necessary to provide to the owner a detail with the basic information and a detail of income or loss reported here of each pass-through entity and subsidiary pass-through entity.

In the case of an individual owner, the net income of each pass-through entity or subsidiary pass-through entity summarized on this line must be included on Schedule F Individual, Part V, Column F in order to determine the taxable portion to be transferred to Schedule A2 Individual, Columns E, F, G, and H, as applicable, to determine the income at the corresponding fixed tax rate. Losses reported by a pass-through entity or subsidiary pass-through entity will not be transferred to Schedule F Individual. The tax reported in the second Column of this line 7 must be transferred to Schedule B Individual, Part III, line 11(e).

In the case of a corporation, the net income reported in the first Column of this line 7 must be included on line 18, Part I of the owner's corporation income tax return. The tax reported in the second Column of this line 7 must be transferred to Schedule B Corporation, Part III, line 7(c).

Line 8 - Eligible distribution of dividends from corporations at 15%

Enter on this line the total distributable share of the owner in the distributions of eligible dividends that were made by a corporation that are subject to the 15% rate, as defined in Section 1023.06 of the Code, together with the portion of the tax withheld.

In the case of an individual owner, said tax withheld must be included on Schedule B Individual, Part III, line 11(b) and in the case of a corporate owner, it will be included on Schedule B Corporation, Part III, line 7(b).

Line 9 – Distributions of dividends subject to ____% withholding

Enter on this line the owner's distributable share on the dividend distributions subject to a fixed special tax rate not previously specified, along with the corresponding tax withheld. Specify the applicable rate in the blank space provided for this purpose.

Line 10 - Interest income from deposits in financial institutions subject to withholding

Enter on this line the owner's distributable share on the income derived by the entity from interests on investments or deposits in cooperatives, savings associations authorized by the Federal Government or by the Government of Puerto Rico, commercial and mutual banks or in banking organizations established in Puerto Rico, as well as the 10% amount withheld, if such an election was made. In the case of an individual owner, such tax withheld must be included on Schedule B Individual, Part III, line 11(a).

Line 11 – Interest income from deposits in financial institutions not subject to withholding

Enter on this line the owner's distributable share on the taxable interests received or credited by the investment entity or deposits in cooperatives, savings associations authorized by the Federal Government or by the Government of Puerto Rico, commercial and mutual banks, or in bank type organizations located in Puerto Rico that were not subject to withholding.

Line 12 – Other interests subject to withholding at the 10% rate

Enter here the owner's distributable share on the income from taxable interests received or credited that were subject to the 10% preferential rate. In the case of an individual owner, such tax withheld must be included on Schedule B Individual, Part III, line 11(a).

Line 13 – Other interests subject to ____% withholding

Enter on this line the owner's distributable share on the income from taxable interests received or credited that were subject to a fixed special tax rate not previously specified, along with the corresponding tax withheld. Specify the corresponding rate in the blank space provided for this purpose.

Line 14 - Distributable share on gain from a pass-through entity owned by the entity

The entity may own another pass-through entity. This entity will also be known as the Subsidiary Pass-Through Entity.

This line will reflect the owner's distributable share on income from the Subsidiary Pass-Through Entity attributable to the entity, as reported on the informative return, Form 480.60 EC received from said entity.

Line 15 - Distributable share on loss from a pass-through entity owned by the entity

The entity may own another pass-through entity. This entity will also be known as the Subsidiary Pass-Through Entity.

This line will reflect the owner's distributable share on loss from the Subsidiary Pass-Through Entity attributable to the entity, as reported on the informative return, Form 480.60 EC received from said entity.

Line 16 - Others

Enter the total of other income not included on the preceding lines. If this line includes income from different concepts, a schedule showing a breakdown of such income must be kept for your records. Copy of the schedule must be included with the Informative Return provided to the owner.

Line 18 - Exempt income

Enter the owner's distributable share on the total amount of exempt income derived by the entity.

Line 19 - Exempt income subject to alternate basic tax

Enter the individual owner's distributable share on the total amount of exempt income subject to alternate basic tax.

Line 20 - Adjustment for deductions not allowed for alternate basic tax and alternative minimum tax

Enter here the owner's distributable share in any adjustment to the income from the entity that, at the entity's individual owner or corporate owner level, are considered nondeductible for purposes of the alternate basic tax or alternative minimum tax, as applicable.

For these purposes, the amount determined on line 20, Part II of Form 480.20(EC) will be used as a basis, which at the same time is based on the amount determined on line 59, Part X of the entity's return.

In the case of pass-through entities that choose the optional tax, enter zero on this line.

Line 21 - Other adjustments for purposes of the alternate basic tax

Enter here the owner's distributable share on any adjustment to the income of the entity that, at the entity's individual owner's level, is considered income subject to alternate basic tax. For more details, refer to Section 1021.02(a)(2) of the Code.

In the case of pass-through entities that choose the optional tax, enter zero on this line.

Line 22 - Other adjustments for purposes of the alternative minimum tax

Enter here the corporate owner's distributable share in any adjustment to the income from the entity that, at the owner level, are considered income subject to alternative minimum tax. **A schedule detailing the nature of each item included on this line with the amount of each adjustment per item must be kept for your records.** Copy of this schedule must be included with the Informative Return that the entity provides to the owner.

In the case of entities that choose the optional tax, enter zero on this line.

Line 23 – Charitable contributions

Enter here the owner's distributable share on the total charitable contributions paid during the tax year, by the entity, to a nonprofit religious, charitable, scientific, literary, educational or museum organizations, or to organizations for the prevention of cruelty or abuse of children, the elderly or disabled, or 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 particular owner.

Enter here, also, the owner's distributable share on the deduction for contributions paid to:

- the Government 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 Puerto Rican Fund for the Financing of Cultural Affairs;
- the Puerto Rico Communitarian Foundation;
- posts or organizations of war veterans, or auxiliary units of, or trusts or foundations for, any of such posts or organizations, if such posts, organizations, units, trusts or foundations are organized in Puerto Rico, the United States or any of their States or possessions, as long as no part of its net earnings inures to the benefit of any particular owner;

- the Corporation of the Symphonic Orchestra of Puerto Rico; and
- the Fund for Services Against Remediable Catastrophic Illnesses.

Also include the owner's distributable share on the contributions of cultural or historic value made to a municipality, 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, on occasion of the celebration of the centennial foundation of said municipalities. If this type of contributions is included on this line, you must keep for your records a schedule itemizing those contributions. Copy of this schedule must be included with the Informative Return that the entity provides to the owner.

Line 24 - Volume of business

Enter here the owner's distributable share on the entity's total volume of business for purposes of determining the requirement to file financial statements, as determined on line 24, Part II of Form 480.20(EC).

Line 25 - Pass-through entity's gross income

Enter here the owner's distributable share on the entity's gross income. Remember that the gross income to be distributed among the owners will be determined as follows:

Description	Reference in Return	Amount
Gross operating income	Line 28, Part IX of the return	
Plus: Distributable share on gross income from services rendered by pass-through entities	Line 3, Part I, Schedule R Pass-Through Entity	
Plus: Distributable share on the gross income of pass-through entities	Line 8, Part I, Schedule R Pass-Through Entity	
Plus: Exempt income	Line 22, Part II, Schedule IE Pass-Through Entity	
Pass-Through Entity's Gross Income		

Line 25(a) - Gross income from services rendered

Enter the owner's share of the total gross income of the pass-through entity that comes from services rendered as determined on line 25(a), Part II of Form 480.20(EC).

Remember that the gross income from services rendered to be distributed among the owners will be determined as follows:

Description	Reference in Return	Amount
Gross income on sale of services	Line 11, Part IX of the return	
Plus: Distributable share on gross income from services rendered by pass-through entities	Line 3, Part I, Schedule R Pass-Through Entity	
Gross Income from Services Rendered		

Line 26 - Gross income of subsidiary pass-through entities

Enter the owner's distributable share on gross income reported by the subsidiary pass-through entity, as such term is defined on lines 14 and 15 of this Part III.

The amount to be distributed among the owners will be determined by adding the business gross income reported on line 25 of all Forms 480.60 EC issued by subsidiary pass-through entities and included as part of the pass-through entity's return.

Said gross income is related to any distributable share of the owner in the gains or losses from subsidiary pass-through entities that, with the exception of the cases in which the entity chose the optional tax, would be reported on lines 14 and 15 of this Part III.

Line 26(a) - Gross income from services rendered

Enter the owner's distributable share on gross income from services rendered, as reported by the subsidiary pass-through entity, as such term is defined on lines 14 and 15 of this Part III.

The amount to be distributed among the owners will be determined by adding the gross income reported on line 25(a) of all Forms 480.60 EC issued by subsidiary pass-through entities and included as part of the pass-through entity's return.

Said gross income is related to a distributable share of the owner in the gains or losses from subsidiary pass-through entities that, with the exception of the cases in which the entity chose the optional tax, would be reported on lines 14 and 15 of this Part III.

Line 27 - Optional tax (Section 1071.10 of the Code)

Enter here the owner's distributable share on gross income for which the pass-through entity elected and paid the optional tax of Section 1071.10 of the Code. This amount will constitute an exclusion from gross income and will only be considered to determine the tax basis of the owner in the entity.

If the pass-through entity did not indicate in question I of Part I that is electing the optional tax, no information will be entered on this line.

In the case that the pass-through entity has elected to pay the optional tax, the taxable gross income will be reported on this line. Therefore, lines 1 to 16 of the "Amount" Column will be zero and it will only be allowed to enter withholding on line 5, Part III of this form if the total withholdings exceed the optional tax determined on Schedule BB Pass-Through Entity. In these cases, the owner may claim the withholdings reported on line 5, Part III when preparing the return, even if no amount is presented in the first column.

In those cases where the pass-through entity elected to benefit from the Optional Tax and pay such tax with the Pass-Through Entity Informative Income Tax Return (Form 480.20(EC)), the amounts reported on this line should not be included in the return of the pass-through entity's owner. Likewise, the tax withheld shown on this line should not be included in the owner's return. Furthermore, in these cases when the owner is an individual, he or she **cannot** use the amount reported on this line to determine the mortgage interests deduction limit.

PART IV – NONRESIDENT ALIENS OWNERS

Enter on line 1 of this Part IV the distributable share of a nonresident alien owner in the net income of a pass-through entity and the corresponding withholding.

PART V – TAXES PAID TO FOREIGN COUNTRIES AND THE UNITED STATES, ITS STATES, TERRITORIES AND POSSESSIONS

Enter in this part the owner's distributable share in the net income from sources outside of Puerto Rico derived by the entity and the taxes paid by the entity outside of Puerto Rico on said net income. This Part V provides space to include the income per country of up to 3 countries, in addition to the United States. If there is income derived from more than 3 countries, you must totalize the items in one column, keep for your records a schedule detailing the net income and tax paid information per country and provide to the owner copy of said schedule.

Line 1 – Net income from sources within the country, state, territory or possession

Enter on this line the owner's distributable share in the net income from sources outside of Puerto Rico derived by the entity. This amount must be reported per country, as determined on line 1, Part IV of the Pass-Through Entity Informative Income Tax Return (Form 480.20(EC)) filed by the entity.

Line 2 - Tax paid during the year

Enter on this line the owner's distributable share in the income tax paid or accrued to the United States, its states, possessions or foreign country as reported on line 2, Part IV of the Pass-Through Entity Informative Income Tax Return (Form 480.20(EC)) filed by the entity.

PART VI - CREDITS

Use this part to report only the tax credits that are considered Pre Tax Credits Manager credits. The Post Tax Credits Manager credits are reported in Part VIII of this form.

Act 52 of June 30, 2022 ("Act 52-2022") added Section 1051.16 to the Code to authorize the Secretary to create the Tax Credits Manager ("TCM") as part of the Department's electronic system. In general terms, the TCM is a tool that, on one hand allows the Department to manage and supervise tax credits and, on the other hand, allows taxpayers to carry out all transactions related to their tax credits. According to Administrative Determination No. 22-11 ("AD 22-11"), issued on December 22, 2022, the date of implementation of the TCM for purposes of determining the Pre TCM and Post TCM Credits, was January 1, 2023.

There shall be considered a Pre TCM Credit: (1) any tax credit generated in an income tax return corresponding to taxable years beginning before January 1, 2023, including any carryover balance from previous years and; (2) every tax credit, including any carryover balance from previous years, granted through administrative determination or certification issued by any Regulatory Agency, as said term is defined in Section 1051.16(b)(3) of the Code, whose issuance date is prior to January 1, 2023. In the case of Credits for Investment in Research and Development Activities, shall be considered also Pre TCM Credits those registered in the Integrated Tax Credit Portal (CCI Portal, for its Spanish acronym) as of January 18, 2023. **Pre TCM Credits will not be registered in the TCM.**

On lines 1 through 15 of this Part, the entity may identify the Pre TCM Credits as subject or not subject to the limitation provided under Section 1051.13 of the Code.

The credits listed below may be claimed in accordance with the rules of use established by the special act under which they were granted, as well as the applicable provisions under the Code. However, Pre TCM Credits may be claimed during a period of three (3) taxable years after the TCM implementation date ("Transition Period"). Any available and unused balance of Pre TCM Credits at the end of the Transition Period cannot be claimed or carried over to subsequent taxable years.

As provided by AD 22-11, the first taxable year of the Transition Period was taxable year 2023, therefore Pre TCM Credits may be claimed up to taxable year 2025. From taxable year 2026, only Post TCM Credits may be claimed. During the Transition Period and when the act under which the credit was granted allows it, the holder may sell or assign the Pre TCM Credits, and the buyer or cessionary will be subject to the same limitations established in Section 1051.16 of the Code and AD 22-11, that were applicable to the seller on such Pre TCM Credits.

On the other hand, Pre TCM Credits that have been generated or acquired by a Disregarded Entity during the taxable year for which an election to be treated as such is effective, may be claimed by the owner on the return. It should be noted that Pre TCM Credits will be subject to the provisions of Section 1051.16(h) of the Code. For additional information on the applicable rules for a limited liability company with an election to be a disregarded entity, refer to Internal Revenue Circular Letter No. 24-02 ("IR CL 24 - 02").

For additional information on the TCM, refer to AD 22-11, Internal Revenue Circular Letters No. 23-02 ("IR CL 23-02"), No. 23-14 ("IR CL 23-14"), IR CL 24-02 and to upcoming publications that will be issued by the Department.

It is important to note that credits under Section 1051.12(a) (4), (5) and (7) of the Code will be subject to the limitation of use established in Section 1051.13 of the Code.

Credits acquired by purchase may be reported only on lines 5 and 14 of this Part VI, as applicable. Lines 1 through 4, 6, 7 through 13 and 15 of this Part VI should only be used to report credits generated during the current taxable year.

A. CREDITS SUBJECT TO THE LIMITATION PROVIDED UNDER SECTION 1051.13 OF THE CODE

Line 1 - Credit for investment in housing infrastructure (Act 98-2001, as amended)

Enter the owner's distributable share in the balance of credit for investment in housing infrastructure recommended by the designated officers of the Housing Department and the Department of the Treasury.

Act 98-2001, as amended ("Act 98-2001"), grants a credit for infrastructure investment to the developers of housing projects. It will be subject to the taxpayer's request and the approval by the Secretary of an administrative determination under Act 98-2001 and the applicable regulations.

For additional details, refer to Act 98-2001 and its corresponding regulations.

Line 2 - Credit for the investment in the acquisition, construction or rehabilitation of affordable rental housing to the elderly (Chapter 2 of Act 140-2001, as amended)

Enter the owner's distributable share in the balance of credit for investment in the acquisition, construction or rehabilitation of affordable rental housing projects for the elderly.

Chapter 2 of Act 140-2001 provides that every owner of an affordable rental housing project for the elderly may qualify for a tax credit. The petitioner must file an application with the Housing Finance Authority.

The tax credit will be subject to the taxpayer's request and the approval by the Secretary of an administrative determination.

Line 3 - Credit for construction investment in urban centers (Act 212-2002, as amended)

Enter the owner's distributable share on the balance of credit for investment in construction on urban centers. Every person that carries out a construction or improvement project in an urban center, as provided by law, may qualify to claim a credit against the tax.

The grant of the credit is subject to the taxpayer's request and the approval by the Secretary of an administrative determination.

For additional details, refer to Act 212-2002, as amended, and the corresponding regulations.

Line 4 - Credit for the establishment of an eligible conservation easement or donation of eligible land (Act 183-2001, as amended)

Enter the owner's distributable share in the balance of credit for the establishment and donation of a conservation easement, equal to 50% of the value of the eligible conservation easement. To claim this credit, you must obtain a certification issued by the Secretary.

For additional details, refer to Act 183-2001, as amended, and Internal Revenue Circular Letter No. 05-04 of March 23, 2005.

Line 5 - Credit for the purchase of tax credits

Enter the owner's distributable share on the balance of the tax credits subject to limitation acquired by the entity during the year through the purchase, exchange, or transfer from the primary investor.

Part VII of this form must be completed.

Line 6 - Other credits subject to limitation not included on the preceding lines

Enter the owner's distributable share in the balance of other credits subject to limitation not included on the preceding lines. If different concepts of credit are included on this line, a schedule showing a breakdown of such credits must be kept for your records. Copy of the schedule must be included with the Informative Return that the entity provides to the owner.

B. CREDITS NOT SUBJECT TO THE LIMITATION PROVIDED UNDER SECTION 1051.13 OF THE CODE

Line 7 - Credit for tax withheld at source on Industrial Development dividends (Act No. 8 of 1987)

The owners of an entity are entitled to claim, according to the percentage applicable to their distributable share in the entity, a credit

pursuant to Section 4(a) of the Incentives Act, against their tax due for the year in which the entity received, as an investor, a distribution from Industrial Development Income.

Enter the owner's distributable share on the balance of the tax withheld at source to the entity on dividends from Industrial Development.

Line 8 - Credit for investment in film industry development (Act 27-2011) - Film Project

Enter the owner's distributable share on the balance of the credit to be claimed for the investment in a Film Entity engaged in a Film Project under Act 27-2011.

This credit is subject to the request and approval by the Secretary of an administrative determination under Act 27-2011 and its regulations. For additional details, refer to Act 27-2011.

Line 9 - Credit for investment in film industry development (Act 27-2011) - Infrastructure Project

Enter the owner's distributable share on the balance of the credit to be claimed for the investment in a Film Entity engaged in a Infrastructure Project under Act 27-2011.

This credit is subject to the request and approval by the Secretary of an administrative determination under Act 27-2011 and its regulations. For additional details, refer to Act 27-2011.

Line 10 - Credit for the purchase or transmission of television programming made in Puerto Rico (Section 1051.14)

Enter the owner's distributable share in the balance of credit to be claimed for the purchase or transmission of television programming made in Puerto Rico, according to Section 1051.14 of the Code.

This credit will be subject to the entity obtaining a Compliance Certification issued by the Department of Economic Development, according to the provisions of Section 1051.14 of the Code and any regulations issued in this regard.

Line 11 - Credit for contributions to former governors' foundations

Enter the owner's distributable share in the balance of credit to be claimed for contributions to former governors foundations equivalent to 100% of the amount contributed during the taxable year to such foundations for operating expenses and those expenses related to the purposes for which they were created and/or those donations to a Depository of Files and Relics of Former Governors and Former First Ladies of Puerto Rico constituted according to the provisions of Act 290-2000 by itself or as a whole with public or private Higher Education entities, to cover the costs of construction, operation and other necessary expenses for the true fulfillment of the purposes of Act 290-2000 and Section 1051.10 of the Code. The tax credits to be granted cannot exceed \$500,000 in aggregate, for any taxable year.

To claim this tax credit a certification issued by the recipient entity must be submitted as evidence that the contribution was made and accepted; that the foundation is operationally active at the time of receiving the contribution; that it has in force the Certificate of Tax Exemption issued by the Department of the Treasury; and that it complies with the annual report that is submitted to the Commission of Legislative Funds for Community Impact (as provided in Section 1051.10(b) of the Code). The amount of the credit not used in the taxable year in which the contribution was made, may be carried over to subsequent taxable years, until totally used.

Line 12 - Credit for investment (Section 6 of Act 73-2008 and Section 5A of Act 135-1997)

Enter the owner's distributable share in the balance of credit to be claimed for industrial investment under Section 6 of Act 73-2008 and Section 5A of Act 135-1997. This amount shall be equal to 50% of the eligible investment to be claimed in two or more installments: the first half in the year in which the eligible investment is completed and the balance in the subsequent years.

The credit not used in a taxable year may be carried over to subsequent years, until totally used.

For additional details, refer to Act 73-2008, Act 135-1997 and its corresponding regulations.

Line 13 - Credit for investment in opportunity zones (Act 60-2019)

Enter the owner's distributable share in the balance of credit to be claimed for eligible investment in opportunity zones. The credit will be equal to the eligible percentage of eligible investment and must be claimed as indicated below:

- **If the eligible investment is made in the year the exempt business completed full construction of the Priority Project or when the exempt business begins operations (if the priority project does not require construction):**

The credit will be claimed in four (4) installments: 25% in the year in which the exempt business completes the construction or begins operations, whichever is later, and 25% of the balance of said credit in the next three (3) subsequent years.

- **If the eligible investment is made after the end of the construction of the Priority Project or that the exempt business has begun operations:**

The credit shall be claimed in four (4) installments: 25% in the year in which a significant expansion is made to the constructed real property or to the exempt business, as the case may be, and as the Secretary of Economic Development defines this term through any regulation, administrative determination, circular letter or general informative bulletin, for these purposes, and 25% of the balance of said credit in the next three (3) subsequent years.

Every eligible investment made during the investor's taxable year, will qualify for this tax credit, in that same year, provided it meets all applicable requirements.

This credit may be applied against any tax liability of the investor, determined according to Subtitle A of the Code, including the alternate basic tax applicable to individuals and the alternative minimum tax applicable to corporations.

The part of the credit not used in the taxable year may be carried over to subsequent taxable years, until totally used.

For additional details, refer to Act 60-2019.

Line 14 - Credit for the purchase of tax credits

Enter the owner's distributable share in the tax credits not subject to limitation acquired by the entity during the year through the purchase, exchange or transfer from the primary investor.

Part VII of this form must be completed.

Line 15 - Other credits not subject to limitation not included on the preceding lines

Enter the owner's distributable share in the balance of other credits not subject to limitation not included on the preceding lines. If different concepts of credit are included on this line, a schedule showing a breakdown of such credits must be kept for your records. Copy of the schedule must be included with the Informative Return that the entity provides to the owner.

PART VII - BREAKDOWN OF THE PURCHASE OF TAX CREDITS

Enter the owner's distributable share in the amount of credit acquired by the entity. Select the block corresponding to the act (or acts) under which the credit was acquired. Transfer the amount from lines 7 and 15 to Part VI of this form, lines 5 and 14, respectively.

For additional details in the case of purchase of Post-TCM credits, refer to AD 22-11, IR CL 23-02, IR CL 23-14 and upcoming publications that will be issued by the Department.

PART VIII - TAX CREDITS POST TAX CREDITS MANAGER

Use this part to report only tax credits transferred to the owners of the pass-through entity that are considered Post TCM credits, including those acquired through purchase and that are considered Post TCM credits.

Section 1051.16(b)(1) of the Code defines the term *Post TCM Credit* as any tax credit granted under the Code, the Puerto Rico Incentives Code, Previous Incentives Acts, or any other special act, from the date of the implementation the TCM. As established in AD 22-11, the implementation date of the TCM was January 1, 2023.

Subsection (d) of Section 1051.16 provides that it will be an essential requirement to be entitled to claim any Post TCM credit, that it must be registered in the TCM. **Post TCM credits that are not registered in the TCM cannot be claimed against the tax liability.** For detailed information on the process of registering the tax credits in the TCM, refer to IR CL 23-02.

As a general rule, tax credits can be transferred or sold on only one occasion. However, in the case of pass-through entities, the transfer of a tax credit to its owners is not considered a sale. This means that, if a pass-through entity generates a tax credit, it may be transferred to its owners, and they may either sell the credit or claim it against their income tax as if they were the original holders of such credit. In the case of a tax credit purchased by the pass-through entity, it cannot be sold again. It will only be available for use by the pass-through entity or the owners, against the income tax.

Post TCM Credits generated or acquired by a Pass-Through Entity or a Disregarded Entity may be transferred to its owners. In the case of Pass-Through Entities, the credits must be transferred to their owners in the TCM. At the same time, and before being able to claim the credit on the return, the owner must accept the transfer of the credits in the TCM so that they may be reflected as available, in the "Access to my Tax Credits" link on the income tax account. For details on the process of transferring Post TCM Credits from a pass-through entity to its owners, refer to IR CL 23-14.

With respect to the Post TCM Credits generated or acquired by a Disregarded Entity during the taxable year for which an election to be treated as such is effective, the Department will authorize the transfer of the Post TCM Credits registered in the TCM from the

Disregarded Entity's account in SURI to the owner's account. The Disregarded Entity must request the transfer by sending an email to mcc@hacienda.pr.gov. Said request must include all the details of the transaction, including the information of the Disregarded Entity, the owner, the tax credit, and the amount requested to be transferred.

Once the transfer and acceptance of the tax credits are completed, the credits reported in this Part may be claimed by the owner according to the rules of use established in the special act under which they were granted and the applicable provisions of the Code. When the act under which the tax credit was granted allows it, the owner may transfer, sell or assign the tax credit in whole or in part.

To determine the percentages, limitations, possibility of transfer and/or carryover of the credits listed in this Part, you must refer to the determination or credit certification that has been granted, the rules of use established in the special act under which the credits were granted and the applicable provisions of the Code.

The amount of credit to be entered on the corresponding line in this Part must be the exact amount duly transferred from the entity to its owner.

Any credit included in this Part that is not properly reflected in the owner's TCM will be adjusted and will receive a Notice of Mathematical Error in accordance with the provisions of Section 6010.02(g) of the Code.

For additional information, refer to AD 22-11, IR CL 23-02, IR CL 23-14, IR CL 24-02, and upcoming publications to be issued by the Department.

If you have doubts or questions related to the operation of the TCM, please send an email to mcc@hacienda.pr.gov.

PART IX – DISTRIBUTABLE SHARE ON THE NET INCOME SUBJECT TO PREFERENTIAL RATES

Indicate in this part the owner's distributable share on the net income and income tax withheld in those cases in which the entity operates with a tax exemption grant under the Puerto Rico tax incentives acts.

Also indicate the owner's distributable share on gross income and tax withheld on income earned through of subsidiary pass-through entities, as reported on lines 1 through 7, Columns C and D, Part IX of Form 480.60 EC received by the pass-through entity.

In the Columns for "Net Income" and "Tax Withheld" you must indicate the owner's attributable amount from Schedules CI, V, W, X, Y, Z and AA Pass-Through Entity, Part XIV of Form 480.20(EC), as applicable. Also, specify the applicable tax rate in the spaces provided for this purpose on lines 1 through 7.

The total tax withheld indicated on line 8 of this part, must have been paid by the entity on behalf of its owners.

In case the result of more than one operation subject to a preferential rate is included on the same schedule, or the distributable share on net income (or loss) subject to a preferential rate of two or more subsidiary pass-through entities, the pass-through entity must prepare and deliver to the owner a detail including the case number, the owner's distributable share on the net income (or loss) subject to preferential rate, and the preferential rate of each operation covered by an exemption decree under the Puerto Rico tax incentives acts.