



Taxes Paid to Foreign Countries, the United States, its States, Territories and Possessions

Table with columns for Foreign Country, State, Territory or Possession of the United States (A, B, C), United States, and Total. Rows include Name of the country, state, territory or possession, Type of form, and Net income/Tax paid.

Credits

Table for reporting tax credits. Includes instructions and a list of 17 credit categories (A and B) with corresponding amounts in the Pre Tax Credits Manager column.

Breakdown of the Purchase of Tax Credits

Table for reporting tax credits acquired through purchase. Includes instructions and a list of 15 credit categories (A and B) with corresponding amounts in the Pre Tax Credits Manager column.

**Tax Credits Post Tax Credits Manager (See instructions)**

The tax credits reported in this part must be duly registered in the Tax Credits Manager.		Post Tax Credit Manager
Part VI	1. Credit for stockholders who are individuals (Act 8 of 1987, as amended; or Act 135-1997, as amended) ..... (1)	00
	2. Credit to hospital units for eligible payroll expenses (Act 168 of 1968, as amended) ..... (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)	00
	4. 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)) ..... (4)	00
	5. 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) ..... (5)	00
	6. 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) ..... (6)	00
	7. 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) ..... (7)	00
	8. Credit for industrial investment (Act 135-1997, as amended - Section 5A; or Act 73-2008, as amended - Section 6) ..... (8)	00
	9. Credit for contributions to former governors' foundations (Act 1-2011, as amended - Section 1051.10) ..... (9)	00
	10. Credit for construction investment in urban centers (Act 212-2002, as amended) ..... (10)	00
	11. Credit for Puerto Rico conservation easement (Act 183-2001, as amended) ..... (11)	00
	12. Credit for investment in rental housing to the elderly (Act 77-2015, as amended) ..... (12)	00
	13. Credit for investment in film project (Act 27-2011, as amended; or Act 60-2019, as amended) ..... (13)	00
	14. Credit for investment in housing infrastructure (Act 98-2001, as amended) ..... (14)	00
	15. Credit for investment in infrastructure project for film projects (Act 27-2011, as amended) ..... (15)	00
	16. Credit for investment in opportunity zones (Act 60-2019, as amended) ..... (16)	00
	17. Credit for payments of membership certificates of employees-owned special corporations (Act 1-2011, as amended - Section 1113.14) ..... (17)	00
	18. Credit for the purchase or transmission of television programming made in Puerto Rico (Act 1-2011, as amended - Section 1051.14) ..... (18)	00
	19. Credit for tourism investment - Alternate credit (Act 74-2010, as amended; or Act 60-2019, as amended) ..... (19)	00
	20. Credit for tourism investment - Regular credit (Act 74-2010, as amended) ..... (20)	00
	21. Other Post Tax Credits Manager credits not included on the preceding lines (Submit detail) ..... (21)	00

**Charitable Contributions**

Part VII	Name and address of institutions to which payment was made	Employer Identification Number	Nature of the organization	Amount
				00
				00
				00
				00
				00
				00
1. Total (Transfer to Part II, line 2A) ..... (1)				00

**Medical Expenses (includes the purchase of technological assistance equipment and the amount paid in the purchase of medicines through medical prescription)**

Part VIII	Name and address of institutions to which payment was made	Employer Identification Number	Amount
			00
			00
			00
			00
			00
1. Total (Transfer to Part II, line 2B) ..... (1)			00

**Home Mortgage Interests on Qualified Residential Property Located in Puerto Rico**

Part IX	Name and address of institutions to which payment was made	Employer Identification Number	Control No. Form 480.7A	Electronic Filing Confirmation No. Form 480.7A	Amount Paid
					00
					00
					00
					00
1. Total (Transfer to Part II, line 2C) ..... (1)					00

**Casualty Loss on Real Property that Constitutes the Grantor's Principal Residence**

Part X	1. Total (Transfer to Part II, line 2D) ..... (1)	00
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**Loss of Personal Property as a Result of Certain Casualties**

<b>Part XI</b>			00
	1. Total (Transfer to Part II, line 2E) ..... (1)		00

**Contributions to the Trust by the Grantors**

<b>Part XII</b>	Trustee's name	Trustee's address	Social Security Number	Share percentage in the Corpus of the Trust	Amount contributed to the Trust during the year
					00
					00
					00
					00

**Distributions to Beneficiaries**

<b>Part XIII</b>	Beneficiaries' Share			Column A	Column B
	Beneficiary's name and address	Social Security Number	Relationship	Amount paid or set apart	Share in the income tax withheld at source
				00	00
				00	00
				00	00
				00	00
				00	00
				00	00

**Allowable Deduction for Private Equity Investment (Section 2042.03(d) of Act 60-2019, as amended, or Act 185-2014, as amended)**

<b>Part XIV</b>			00
	1. Initial investment deduction amount (See instructions) ..... (1)		00

Retention Period: Ten (10) years



Rev. 09.24

Government of Puerto Rico  
Department of the Treasury

# REVOCABLE TRUST OR GRANTOR TRUST INFORMATIVE INCOME TAX RETURN FORM 480.80(F)

## GENERAL INSTRUCTIONS

### WHO MUST FILE THIS RETURN?

Every revocable trust or grantor trust ("Trust") subject to the provisions of Sections 1083.05 and 1083.06 respectively, of the Puerto Rico Internal Revenue Code of 2011, as amended ("Code"), must file a return to report the income received during the corresponding taxable year.

For purposes of this return, the term "grantor trust" includes a trust created under the laws of Puerto Rico and that by virtue of the provisions of the Federal Internal Revenue Code of 1986, as amended ("IRC"), is treated as a grantor trust at the federal level.

Section 1083.05 of the Code establishes that a trust will be considered as a revocable trust when at any time the power to reinvest in the grantor title to any part of the corpus of the trust resides:

- 1) in the grantor, either by itself or jointly with any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom, or
- 2) in any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom, then the income of such part of the trust will be included when computing the net income of the grantor.

### WHEN AND WHERE THE RETURN MUST BE FILED?

This return must be filed no later than the 15th day of the third month following the close of the trust's taxable year. For example, a revocable trust or a grantor trust whose accounting year is a calendar year (closing on December 31, 2023), must file the return no later than March 15, 2024.

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

DEPARTMENT OF THE TREASURY  
PO BOX 9024140  
SAN JUAN PR 00902-4140

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

### AUTOMATIC EXTENSION OF TIME TO FILE THE RETURN

A six (6) month 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.

**Every Trust that needs to file an automatic extension of time (Form AS 2644), must file it electronically through**

the Pass-Through Entity account in the Internal Revenue Integrated System ("SURI", for its Spanish acronym) or through SURI's main page without the need to register or login. For additional information on the electronic filing process of the Automatic Extension Request for tax year 2023, refer to Internal Revenue Circular Letter No. 24-04 of February 12, 2024.

**An extension of time to file the return does not extend the time for the payment of the tax corresponding to the share of the trustee in the income of the trust.**

### COLUMN OF CENTS

When filing out the return, the column of cents will not be used. That way we can expedite its processing. **It is important to remind you that it is not about rounding to the nearest dollar, but about eliminating the cents. See the following example:**

**\$480.90 = \$480**

**\$475.25 = \$475**

### TAXPAYER'S ASSISTANCE

For additional information on the technical content of this booklet or to clarify any doubts, please call (787) 622-0123 or send a message through your SURI account.

### SCHEDULES THAT COMPLEMENT THE REVOCABLE TRUST OR GRANTOR TRUST INFORMATIVE INCOME TAX RETURN

To complete this return, you will need to use those schedules of the Individual Income Tax Return, Form 482.0 ("Form 482.0 - Individuals Return") that are necessary to determine the total items of income (or loss) that are summarized in line 1, Part II of page 1 of the return.

Refer to the instructions of Form 482.0 - Individuals Return, where you'll find the specific instructions to complete those schedules that you have to use to prepare the Trust's return. The schedules that you may need to complete the Trust's return are indicated below. Both, Form 482.0 - Individuals Return with its respective instructions are available in our website at: [www.hacienda.pr.gov](http://www.hacienda.pr.gov).

Schedule B Individual - Recapture of Credits Claimed in Excess, Tax Credits, and Other Payments and Withholdings

Schedule C Individual - Credit for Taxes Paid to Foreign Countries, the United States, its States, Territories and Possessions

Schedule D Individual - Capital Assets Gains and Losses, Total Distributions from Qualified Pension Plans and Annuity Contracts

- Schedule E - Depreciation
- Schedule E1 - Depreciation for Businesses with Volume of \$3,000,000 or Less
- Schedule F Individual - Other Income
- Schedule FF Individual - Interests, Dividends and Miscellaneous Income
- Schedule IE Individual - Excluded and Exempt Income
- Schedule J Individual - Manufacturing Income
- Schedule K Individual - Income from the Sale of Goods
- Schedule L Individual - Farming Income
- Schedule M Individual - Income from Services Rendered
- Schedule N Individual - Rental Income
- Schedules Q and Q1 - Investment Funds
- Schedule R Individual - Pass-Through Entities (Reconciliation)
- Schedule R1 Individual - Pass-Through Entities

### INFORMATIVE RETURN

Every revocable trust or grantor trust must complete to each grantor a Revocable Trust or Grantor Trust - Informative Return (Form 480.60 F) and report the distributable share of every grantor on the income and expenses, gains or losses and credits generated by the trust during the taxable year. Said informative returns must be filed only by electronic means through SURI, regardless of whether the return has to be filed on paper. Copy of these informative returns must be included with the filing of Form 480.80(F).

### SIGNATURE AND OATH OF THE RETURN

The return must be signed and sworn by the trustee or agent of the trust for which this Revocable Trust or Grantor Trust Informative Income Tax Return is made.

### SIGNATURE OF THE RETURN BY THE SPECIALISTS

The Tax Return Specialist must declare under penalty of perjury that he/she has 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 a specialist duly registered with the Department of Treasury ("Department"), it must include the registration number and be signed by the authorized person.

**Indicate if you paid for the preparation of the return and request the specialist to sign and include the registration number on the return.** THE CODE PROVIDES CIVIL AND CRIMINAL SANCTIONS TO THOSE SPECIALISTS WHO FAIL TO SUBMIT THIS INFORMATION OR WHO DO NOT MEET ANY OTHER REQUIREMENTS ESTABLISHED BY THE CODE.

## INSTRUCTIONS TO COMPLETE THE RETURN

### HEADING OF THE RETURN

If the taxable year of the trust is a calendar year, it is not necessary to enter the date on which the taxable year begins and ends, and only the corresponding year must be entered. Otherwise, if it is a fiscal year, you must enter the date on which the taxable year begins and ends in the space provided in the trust return.

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

Fill in the corresponding oval to indicate if you are filing the first or the last return and include the corresponding documents. Complete the information about the telephone number, date and place where the trust was created.

Enter the amount of Forms 480.60 F included with the return. A copy of Forms 480.60 F provided to each one of the trustees must be included with this return.

Indicate if there was a change of address and if you derived income subject to any tax incentive act, in which case you should enter the number of the act granting the benefit. If the trust is engaged in a trade or business, enter the merchant's registration number in the corresponding box.

### CHANGE OF ADDRESS

If there was a change of address at the moment of filing the return, fill in the corresponding oval and write clearly and legible the new address. This allows us to keep our records up to date and send you any notice to the correct address.

You can also change your address at any time of the year through your account in SURI following the steps indicated below: (i) Log in to your SURI account; (ii) In the *More options* section, locate the *Taxpayer's information* option and select the *Manage Names and Addresses* link; (iii) In the *Addresses* menu, choose the address that you are interested in changing and select the *Change this address* link; (iv) Enter the new address and select the *Verify Address* link; (v) Once the address is validated, press on the *Next* option to continue with the next screen; (vi) On the *Review and Submit* screen, ensure to select 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 said number in your records.

If you do not have a SURI account, and do not have to file the return yet, you must notify any change of address using Form SC 2898 (Change of Address). You may obtain this form through our webpage: [www.hacienda.pr.gov](http://www.hacienda.pr.gov).

### PART I – QUESTIONNAIRE

#### Line 1 - Type of trust

Fill in the corresponding oval to indicate if it is a revocable trust or a grantor trust.

#### Line 2 - Indicate the accounting method used by the trust

Fill in the corresponding oval to indicate the accounting method used by the trust.

#### Line 3 - Indicate the name and address of the trustee

Enter the name and address of the trustee or trustees.

### PART II – ATTRIBUTABLE ITEMS PER CATEGORY

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

#### Line 1 - Income (or losses)

Enter on lines 1A through 1W the total of each type of income or deductible loss, and provide detailed information for each one of them on the corresponding Schedules.

The amount presented in each of these lines should be distributed among the grantors and shall be reported as part of the Forms 480.60 F filed by the Trust through SURI.

#### Line 1A - Total distributions from qualified retirement plans

Enter the lump-sum distributions received by the trust during the year, as reported on line 25, Part IV of Schedule D Individual.

#### Line 1B - Gain (or loss) on the sale or exchange of short-term capital assets

Enter the net gain or loss derived from the sale or exchange of capital assets held by the trust for one year or less, as determined on line 7, Part I of Schedule D Individual.

#### Line 1C - Gain (or loss) on the sale or exchange of long-term capital assets

Enter the net gain or loss derived from the sale or exchange of capital assets held by the trust for more than one year, as determined on line 17, Part II of Schedule D Individual.

#### Line 1D - Gain (or loss) on the sale or exchange of capital assets realized under special legislation

Enter the net gain or loss derived from the sale or exchange of capital assets held by the trust and realized under special legislation, as determined on lines 18 through 20, Part III of Schedule D Individual.

#### Line 1E - Interests on deposits from financial institutions

Enter the interest income derived from 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 institutions established in Puerto Rico, as well as the 10% amount withheld, if such election was made. Determine the total interests received from financial institutions engaged in trade or business in Puerto Rico adding the total of line 1(c) of Columns B, C, D and E, Part I of Schedule FF Individual and subtracting only the total of expenses incurred to generate such income as reported on line 2 of Columns B, C, D and E, Part I of Schedule FF Individual.

**Do not consider the interest exemption included on Part I, line 3, of Schedule FF Individual. This is only applicable to individual taxpayers, therefore it is not applicable to Trusts.**

**Line 1F – Other interests subject to 10% withholding**

Enter on this line the interest income derived from bonds, notes and other obligations that are deemed eligible interest under Section 1023.05(b) of the Code, as well as the amount withheld of 10%, if the election was made. Determine the total interest received of line 1(a), Column A, Part I of Schedule FF Individual and subtracting the total expenses incurred to generate such income, as reported on line 2, Column A, Part I of Schedule FF Individual. This amount should not be more than the amount determined on line 4, Column A, Part I of Schedule FF Individual, along with the corresponding tax withheld.

**Line 1G - Other interests subject to withholding of \_\_\_\_%**

Enter on this line the income from taxable interests received or credited that were subject to a fixed special tax rate not specified previously, as reported on line 4 of Column F, Part I of Schedule FF Individual, along with the corresponding tax withheld. Specify the applicable corresponding rate in the space provided for it.

**Line 1H - Other interests not subject to withholding**

Enter the total taxable interests received or credited from deposits, certificates of deposit, current accounts held in savings cooperatives and associations held in any commercial bank or financial institution located outside of Puerto Rico, as reported on line 4 of Column G, Part I of Schedule FF Individual.

**Line 1I - Eligible dividend distributions from corporations subject to 15% withholding**

The grantors may claim separately in their returns the dividends received by the trust from eligible dividend distributions, as defined in Section 1023.06 of the Code, according to the share in the trust, along with the portion of the tax withheld.

Enter on this line the total eligible dividend distributions received by the trust that were subject to the 15% tax rate according to provisions of Section 1023.06 of the Code, as reported on line 3, Column A, Part II of Schedule FF Individual, along with the 15% of tax withheld.

**Line 1J – Dividend distributions subject to withholding of \_\_\_\_%**

Enter on this line the total dividend distributions, made under the provisions of special legislation that provides a preferential rate different to 15%, received by the trust, as reported on line 3, Columns B and C, Part II of Schedule FF Individual, along with the corresponding tax withheld.

**Line 1K - Other dividends not subject to withholding**

Enter the total net dividends received from any foreign corporation not engaged in trade or business in Puerto Rico, or which income is substantially from sources outside of Puerto Rico, as determined on line 3, Column D, Part II of Schedule FF Individual.

**Line 1L - Other income**

Enter the total other income received by the trust not itemized in any part of the return. Use Part V of Schedule F Individual or

Part III, Schedule FF Individual, as applicable, to inform such income (See instructions of Schedules F and FF Individual).

**Line 1M - Dividends from Capital Investment or Tourism Fund**

If you received dividends from an investment in a Capital Investment Fund or Tourism Fund, use Schedule Q1 to determine this income.

**Line 1N - Net long-term capital gain (or loss) on Capital Investment Funds**

If you derived a long-term capital gain (or loss) in Capital Investment Funds, use Schedule Q1 to determine such gain or loss.

**Line 1O - Distributable share on profits (or losses) from pass-through entities**

The trust may be an owner in a pass-through entity. The trust must receive a Form 480.60 EC (Informative Return - Pass-Through Entity) where such participation is reported.

If you received a distributable share on benefits from pass-through entities, reported in a Form 480.60 EC, use Schedules R and R1 Individual to determine this income and transfer to this line of the return the amount determined on line 5, Part III of Schedule R Individual. (See instructions of Schedules R and R1 Individual).

Complete Schedule R1 Individual if the trust is an owner in one or more pass-through entities. Schedule R1 Individual is used each year to determine the adjusted basis and the net income or loss on the taxpayer's share in each pass-through entity, including the loss carryover from previous years.

**Line 1O*i* - Gross income from pass-through entities**

Enter here the Trust's distributable share on the total gross income of pass-through entities. This amount will be determined on line 6, Part I of Schedule R Individual, which come from the sum of the amounts reported by said entities on line 25, Part III of all Forms 480.60 EC received by the Trust for the taxable year.

**Line 1O*ii* - Gross income related to services rendered of pass-through entities**

In the case of income related to services rendered by pass-through entities, enter the income reported on line 1, Part I of Schedule R Individual, which comes from the amount reported on line 25(a), Part III of all Forms 480.60 EC received by the Trust for the taxable year.

**Line 1O*iii* - Gross income of subsidiary pass-through entities**

Enter here the Trust's distributable share on the total gross income of subsidiary pass-through entities, as determined on line 7, Part I of Schedule R Individual, which comes from the amount reported by the pass-through entity on line 26, Part III of all Forms 480.60 EC received by the Trust for the taxable year.



**Line 10iv - Gross income from services rendered of subsidiary pass-through entities**

In the case of income related to services rendered by subsidiary pass-through entities, enter the amount determined on line 2, Part I of Schedule R Individual, which comes from the amount reported on line 26(a), Part III of all Forms 480.60 EC received by the Trust for the taxable year.

**Lines 1P through 1T- Gains (or losses) attributable to industry or business or from an activity for the production of income**

If you received income from a trade or business or an activity for the production of income, use the applicable Schedule from Form 482.0 - Individuals Return. For any doubt related to these schedules, you may refer to the instructions of Form 482.0 - Individuals Return. Income will be reported in the following Schedules:

Line 1P Schedule J Individual - to inform the manufacturing income;

Line 1Q Schedule K Individual - to inform the income from the sale of goods;

Line 1R Schedule L Individual - to inform the farming income;

Line 1S Schedule M Individual - to inform income from services rendered; and

Line 1T Schedule N Individual - to inform the rental income.

The total gain determined on line 9, Part IV of Schedules J, K, L, M and N Individual, as applicable, will be transferred to lines 1P through 1T. In the space to indicate total (Total \$ \_\_\_\_\_) that is included on lines 1P through 1T, transfer the gross income reported on line 3, Part II of Schedules J, K or L Individual; the sum of lines 1 and 6, Part II of Schedule M Individual; or the income on line 1, Part II of Schedule N Individual, as applicable.

In cases where applicable, you must indicate if the income is covered under any special act that provides tax incentives and include the number of the act that grants such benefit.

It is important to point out that on lines 1P through 1T, where the total gain determined on line 9, Part IV of Schedules J, K, L, M and N Individual is transferred, losses will only be allowed when the activity constitutes the principal source of income of the Trust and it has been so indicated in the questionnaire of the corresponding schedule. If such activities do not constitute the Trust's principal source of income, losses determined in such schedules should not be transferred. In this case, enter zero on lines 1P through 1T, as it corresponds.

**Line 1U - Exempt income**

Enter the total amount of exempt income from Schedule IE Individual, line 45, First Column, Part II. You must include with the return the duly completed Schedule IE Individual.

**Line 1V - Exempt income subject to alternate basic tax**

Enter the total amount of exempt income from Schedule IE Individual, line 45, Second Column, Part II. You must include with the return the duly completed Schedule IE Individual.

**Line 1W - Adjustment for purposes of the alternate basic tax**

Enter here any adjustment to the income of the Trust that, at the trustee's level, is considered income subject to alternate basic tax, such as non deductible expenses for purposes of the alternate basic tax at the trustee's level.

**Line 2 - Deductions**

Enter on lines 2A through 2F the total of each type of allowable deductions and provide detailed information on the corresponding part of this return.

**Line 2A – Charitable contributions**

Enter here the total amount of charitable contributions as detailed in Part VII, page 3 of this return.

**Line 2B – Medical expenses incurred and paid for the benefit of the grantor or beneficiary**

Enter here the total amount of medical expenses as detailed in Part VIII, page 3 of this return.

**Line 2C – Home mortgage interests on residential property located in Puerto Rico**

Enter here the total amount of home mortgage interests as detailed in Part IX, page 3 of this return.

**Line 2D – Casualty loss on real property that constitutes the grantor's principal residence**

Enter here the total amount of losses as detailed in Part X, page 3 of this return.

**Line 2E – Loss of personal property as result of certain casualties**

Enter here the total amount of losses as detailed in Part XI, page 4 of this return.

**Line 2F- Allowable deduction for Private Equity investment**

Enter here the total of the deduction determined in Part XIV, page 4 of this return.

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

Enter in this part the net income from sources outside Puerto Rico derived by the Trust and the taxes paid by the Trust outside of Puerto Rico on said net income. Use line 1 to determine the net income derived by the Trust from sources of each country, territory, state or possession indicated, and

include on line 2 the taxes paid or accrued to each one of these jurisdictions.

In this Part III it is provided to indicate the place of origin, the type of form and the income by country (up to 3 countries, in addition to the United States). If you received income from sources in, or paid taxes to, more than 3 jurisdictions in addition to the United States, you must detail the items of 2 of the jurisdictions in Columns A and B, and totalize the items of the remaining jurisdictions in Column C.

## PART IV - CREDITS

**Use this Part to report only the tax credits that are considered Pre Tax Credits Manager. The Post Tax Credits Manager credits are reported in Part VI of this return.**

Act 52 of June 30, 2022 ("Act 52-2022") added Section 1051.16 to the Code to authorize the Secretary of the Treasury ("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.

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 17 of this part, the taxpayer may identify the Pre TCM Credits as subject or not subject to the limitation provided under Section 1051.13 of the Code. These credits may be claimed subject to the rules of use established by the special act under which they were granted and 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 on AD 22-11, the first taxable year of the Transition Period is the 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 said Pre TCM Credits.

The credits acquired through purchase may only be claimed on lines 5 and 16 of this Part IV, as applicable.

**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") and to upcoming publications that will be issued by the Department.**

It is important to point out, 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.

### **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 on this line the amount of the credit for investment in housing infrastructure recommended by the designated officials 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. The credit 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. You must include with the return copy of the Administrative Determination issued by the Department of the Treasury.

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

#### **Line 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)**

Enter the amount of credit for investment in the acquisition, construction or rehabilitation of affordable rental housing to the elderly.

Act 140-2001, as amended (Act 140-2001), provides that every owner of an affordable rental housing project to 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. You must include with the return copy of the Administrative Determination issued by the Department.

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

Enter on this line the amount of credit for construction investment in 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 concession of the credit is subject to the trust's request and the approval by the Secretary of the Treasury of an administrative determination. You must submit with the return copy of the Administrative Determination issued by the Department.

Also, you shall include with the return for each year in which the credit is claimed, a schedule with a breakdown of the date in which the credit was granted, the taxable years for which the credit has been claimed, the expiration date, the total amount of the credit and the amounts claimed in previous years.

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 here the amount of credit for the establishment and donation of a conservation easement. The trust may elect for a credit equal to 50% of the value of the eligible conservation easement.

To claim this credit you must include a certification issued by the Secretary. For additional details, refer to Act No. 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**

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

Enter here the total tax credits acquired by the Trust during the year through the purchase, exchange or transfer, that are subject to the limitation provided under the Code or the Special Act that grants the credit.

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

You must complete Part V of page 2 of the return.

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

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

**B. Credits Not Subject to the Limitation Provided under Section 1051.13 of the Code:**

**Line 7 - Credit for Investment in Tourism Development (Act 78-1993, Act 74-2010 and Act 60-2019)**

Enter the amount of credit for tourism investment. Every investor may claim a credit for tourism investment equal to 50% of its eligible investment. The credit may be claimed in two installments: the first half in the year in which the financing for the total construction of the tourism project was obtained and the balance of the credit, in the following years.

To claim this credit, you must include with your return Schedules Q and Q1 duly completed.

You must submit with the return copy of the notification by sworn statement issued by said agency, where the distribution of the credit is informed. You must also include copy of the Certification issued by the pertinent agencies.

**Line 8 - Credit for tax withheld at source from Industrial Development dividends (Section 4(a) of Act No. 8 of 1987 or Section 3(b) of Act 135-1997)**

The grantors of a Trust are entitled to claim, according to the percentage applicable to the distributable share in the Trust, a credit as established in Section 4(a) of Act No. 8 of 1987 or in Section 3(b) of Act 135-1997, against the tax due for the year in which the Trust receives, as an investor, a distribution from Industrial Development Income. Regarding to the dividends under Act 8 of 1987, provide with the return the information required of Box 7 of Form 480.6B.

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

**Line 9 and 10 - Credit for investment in film industry development (Act 27-2011)**

Enter in the corresponding line the amount of credit to be claimed for investment in a Film Entity engaged in a Film Project and/or Infrastructure Project under Act 27-2011.

You must submit with the return copy of certification issued by the Puerto Rico Film Corporation, which is ascribed to the Department of Economic Development of Puerto Rico or the Administrative Determination issued by the Department.

For additional details, refer to Act 27-2011.

**Line 11 - Credit for the purchase or transmission of television programing made in P.R. (Section 1051.14)**

Enter here the amount of credit for the purchase or transmission of television programming made in Puerto Rico, according to Section 1051.14 of the Code. Every investor may claim up to 15% of the expenses paid by the television channel in the taxable year for which the credit is claimed.

This credit shall be subject to the entity obtaining a Compliance Certificate 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 12 - Credit for contributions to former governors' foundations**

Enter here the amount 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 charitable contributions 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 the aggregate for any taxable year.

To claim this tax credit, you must submit the certification issued by the recipient entity as evidence that the contribution was made and accepted; that the entity is operationally active; have a current certificate of tax exemption from the Department of Treasury; and complied with the annual certificate filed to the Legislative Funds Commission for Community Impact (as established on 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.

For more information, refer to Administrative Determination No. 19-09 of December 28, 2019.

### **Line 13 - Credits for payments of Membership Certificates by Ordinary and Extraordinary Members of Employees-Owned Special Corporations**

Any person to whom a certificate of membership is issued as ordinary or extraordinary member of an Employees-Owned Special Corporation, is entitled to a credit of 25% of the total amount paid for said certificate up to a maximum of \$1,000. The credit should be claimed against the income tax determined for the year in which the payments to acquire the certificate are made, whether totally paid or paid in installments in one or more taxable years, as applicable. The credit granted shall not be applicable against the alternate basic tax for individuals.

If the amount of credit allowed exceeds the income tax determined for the taxable year, the excess may be carried forward during the next two taxable years.

Refer to Section 1113.14 of the Code for qualifications and requirements to benefit from this credit.

### **Line 14 - Credit for investment (Section 6 of Act 73-2008)**

Enter on this line the amount of credit to be claimed for industrial investment under Section 6 of Act 73-2008. This amount must 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 subsequent years.

To claim this tax credit the trust must submit with the return copy of the Administrative Determination issued by the Department granting the credit.

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 and the corresponding regulations.

### **Line 15 - Credit for investment in opportunity zones (Act 60-2019)**

Enter the amount of credit to be claimed for eligible investment in opportunity zones. The credit will be equal to the eligible percentage of your eligible investment and may be taken as indicated below:

- **If the eligible investment is made in the year in**

### **which the exempt business completed the total construction of the Priority Project or when the exempt business begins operations (if the priority project does not require construction):**

The credit will be taken in four (4) installments: 25% in the year in which the exempt business completed the construction or when the exempt business began 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 will be taken in four (4) installments: 25% in the year in which a significant expansion has been made in the real property constructed or in the exempt business, as applicable, and as such term is defined by the Secretary of Economic Development through any regulations, administrative determination, circular letter, or 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 taxable year, as long as it meets all the requirements.

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

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

The Trust must include with its return copy of the Administrative Determination issued by the Department of Economic Development and Commerce granting said credit.

The Trust must also include with the return of every year in which the credit is claimed, a schedule detailing the year in which the credit is available to be used, the taxable years in which it has been claimed, its expiration date, the total amount of the credit and the amounts claimed in previous years.

For additional details, refer to Act 60-2019, as amended.

### **Line 16 - Credit for the purchase of tax credits**

The grantors of a Trust are entitled to claim their distributable share on tax credits not subject to limitation acquired by the Trust through the purchase, exchange or transfer from investors that generated the credits under any of the acts that grant tax credits. The Trust, as the buyer of the credits, and the grantors, are subject to the limitations imposed to the investor from whom the credits were acquired with respect to the taxable years on which those credits can be considered, and the maximum amount of the credits to be claimed on each taxable year.

Enter here the total taxable credits acquired by the Trust during the year through the purchase, exchange or transfer and that are not subject to the limitation under the Code.

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

You must complete Part V of page 2 of the return.

**Line 17 - Other credits not subject to limitation not included on the preceding lines**

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

**PART V – BREAKDOWN OF THE PURCHASE OF TAX CREDITS**

Use this part to report only the tax credits acquired through purchase and that are considered Pre TCM. The purchase of Post TCM Credits is reported in Part VI of this return. **In the case of purchase of Post TCM credits, you must refer to AD 22-11, IR CL 23-02, IR CL 23-14 and forthcoming publications to be issued by the Department for more details.**

Check the block corresponding to the act (or acts) under which you acquired the credit and indicate the amount thereof. Enter the amount of tax credit available from the trust for the taxable year. Transfer the amount of lines 7 and 15 to Part IV, lines 5 and 16, respectively.

The limitation applicable to certain credits will be determined by the grantor when filing the income tax return and will not be made on each credit included in this part.

In order to claim any of the credits included in this part, the Trust must include with the return a sworn statement notifying to the Secretary the purchase or transfer of the credit.

In addition, evidence of the credits claimed must be submitted, for example, the Administrative Determination issued by the Department to the investor granting the credit and a schedule with a detail of the taxable year in which the credit is available to be used, the taxable years in which it was claimed, the expiration date, the total amount of credit and the amounts claimed in prior years.

**PART VI - TAX CREDITS POST TAX CREDITS MANAGER**

**Use this Part to report only tax credits that are considered Post TCM, including credits acquired through purchase and that are considered Post TCM.**

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 incentive acts, or any other special act granted from the date of the TCM implementation. According to AD 22-11, the date of implementation of the TCM was January 1, 2023.

Subsection (d) of Section 1051.16 provides that must be an essential requirement to be entitled to claim any Post TCM credit, that the same has to 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.

Include in this Part those tax credits granted from the date of the TCM implementation and that are duly registered. **The amount of credit that should be entered, on lines 1 through 21 of this Part, as applicable, should be the exact amount that will be claimed against the tax in the grantor's return, net of any limitations, rather than the total amount of credit available.** This is because the amount entered in this part is the amount for which the available credit in the TCM will be reduced.

Credits provided in this Part may be claimed according to the rules of use established by the special act under which they were granted and the applicable provisions under the Code. When the act under which the tax credit was granted allows it, the taxpayer may transfer, sell, or assign the tax credit partially or totally. Once the legal transfer of the tax credits is finalized, the seller must initiate the transaction notification process through the TCM and the buyer must ensure that the transaction is completed. This is necessary so that the tax credits may be reflected under the account of the new credit holder, who can include them in this part and claim them against their income tax.

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

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

**Any credit reported in this Part that is not properly reflected in the taxpayer's TCM will be adjusted and the taxpayer will receive a Mathematical Error Notice 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, Internal Revenue Circular Letter No. 24-02, and upcoming publications to be issued by the Department.

**If you have doubts or questions related to the operation of the MCC, please send an email to [mcc@hacienda.pr.gov](mailto:mcc@hacienda.pr.gov).**

**PART VII – CHARITABLE CONTRIBUTIONS**

Enter here the total amount of charitable contributions paid during the taxable year to a nonprofit religious, charitable, scientific, literary, educational or museological organizations, or to organizations for the prevention of cruelty or abuse of children, the elderly or disabled, or to animals, organizations for the prevention of domestic violence or hate crimes, or to organizations of war veterans in the United States or Puerto Rico. However, no

part of the net earnings of any organization to which you contribute may benefit any private shareholder or individual.

You may also claim a deduction for contributions paid to:

- the Government of Puerto Rico, the United States Government, or any of its states, territories, possessions, or any political subdivision thereof, or the District of Columbia, when the contributions or donations are used exclusively for public purposes;
- university level accredited educational institutions established in Puerto Rico;
- the José Jaime Pierluisi Foundation;
- the Fund for the Financing of Cultural Affairs of Puerto Rico;
- the Puerto Rico Communitarian Foundation;
- the Corporation of the Symphonic Orchestra of Puerto Rico; or
- the Fund for Services Against Remediable Catastrophic Illnesses.

Qualified entities must have an Administrative Determination issued by the Secretary that accredits them as a nonprofit entity under Section 1101.01 of the Code. The Secretary shall promulgate a list of nonprofit entities qualified to receive charitable contributions.

The contributions made to a municipality that conducts an activity or event of historic or cultural value, as certified by the Institute of Puerto Rican Culture or the Cultural Center of each municipality, or that makes possible the realization of any cultural or historic work, may be claimed as charitable contributions, when the contributed amount is \$50,000 or more, and is made in connection with the celebration of the centennial foundation of the municipalities. The total of said contributions is not subject to the limitations provided by the Code. Likewise, any contribution made to the Puerto Rico Public Broadcasting Corporation will not be subject to the limitations provided in the Code, as provided in Article 4 of Act 216-1996, as amended. If this type of contributions are included on this line, you must submit a schedule itemizing those contributions.

Enter the name, address, employer identification number and nature of the nonprofit entity to whom the contribution was made and the amount paid. Transfer the total of charitable contributions to line 2A of Part II, page 1 of the return.

### PART VIII – MEDICAL EXPENSES

Enter the total medical expenses incurred and paid by the trust to the benefit of the grantor that were not compensated by insurance or in any other form. Medical expenses are:

- 1) professional services rendered by physicians, dentists, radiologists, clinical pathologists, surgeons, nurses or hospitals, within or outside Puerto Rico;
- 2) health or accident insurance premiums;
- 3) medicines for human consumption, destined to be used in the diagnosis, cure, mitigation, treatment or prevention of illnesses, that were acquired solely and exclusively by

medical prescription, if they have been prescribed by a doctor authorized to practice the medical profession in Puerto Rico and were dispatched by a pharmacist licensed in Puerto Rico; and

- 4) expenses incurred in the acquisition of any technological assistance equipment for persons with disabilities, specialized treatments or chronic illnesses.

For purposes of this deduction, the term "technological assistance equipment" means any object, equipment or system part, purchased by the consumer, or provided by any agency or governmental dependency, that is original, modified or adapted, and that is used to maintain, increase or improve the capability of persons with disabilities. This includes but is not limited to wheelchairs, motorized wheelchairs, motorized equipment used for mobility, adapted computers, electronic communication equipment, adapted computer programs, mechanic equipment used to read, hearing aids, among others.

You must keep for your records the invoice or receipt that indicates the cost of the equipment and a medical certificate that indicates that the equipment is necessary for the condition or illness of the patient, and copy of the cancelled or substitute checks, or receipts evidencing the payments made for medical assistance.

### PART IX – HOME MORTGAGE INTERESTS ON QUALIFIED RESIDENTIAL PROPERTY LOCATED IN PUERTO RICO

Enter the amount of home mortgage interests paid to acquire, refinance, improve or construct a property that constitutes a qualified residence. In addition, include the name and address of the bank or financial institution, the employer identification number, the control number and the electronic filing confirmation number of the Informative Return - Mortgage Interests (Form 480.7A).

Qualified residence means:

- 1) the principal residence of the taxpayer;
- 2) a second residence located in Puerto Rico and used by the taxpayer, or by any other person that has an interest in that property or by any member of his/her family, as a residence for a number of days that exceeds the larger of:
  - a. 14 days, or
  - b. 10% of the number of days during the taxable year in which the property has been rented at the prevailing rental market value.

Interest payments attributable to any portion of the mortgage debt in excess of the residence fair market value are not deductible.

A participant trust of a housing cooperative association may deduct payments representing home mortgage interests.

If you use a personal loan to acquire, construct or improve a qualified residence, which is not accepted by a mortgage institution as a mortgage guarantee or equity, you must keep for your records a copy of the property tax exemption application or of the appraised revision of the property.

Also, loan origination fees (Points) paid directly by the borrower and loan discounts (Points) paid directly by the borrower, will

be allowed as home mortgage interest deduction for the year in which they were incurred, as long as the following requirements are met:

- 1) they are reported on Form 480.7A,
- 2) they are paid to acquire the principal residence,
- 3) they are paid by the taxpayer; if they are financed through the mortgage loan, they will be deductible throughout the term of the loan, and
- 4) you must keep for your records a copy of the cancelled or substitute check.

If they are financed through a home mortgage loan, the deduction that you may claim will be the apportioned amount paid during the term of the loan.

It is important to point out that for taxable years beginning after December 31, 2016, a taxpayer may claim the deduction even though is not a debtor or codebtor of the loan entirely guaranteed with a mortgage, when taxpayer can prove that:

- (i) is the legal owner of the property that guarantees the debt or the person who will suffer the real effect of its foreclosure;
- (ii) made the entire payments of the debt during the taxable year directly to the person required to file the informative return described in Section 1063.04 of the Code (Form 480.7A); and
- (iii) the debtor or codebtor of the loan wholly guaranteed with a mortgage did not claim the deduction.

In order to claim this deduction, the taxpayer must submit, along with the return, a sworn statement according to the requirements established in Section 1033.15(a)(1)(G) of the Code. The Trust must include with its Informative Return, copy of this sworn statement.

#### **PART X – CASUALTY LOSS ON REAL PROPERTY THAT CONSTITUTES THE GRANTOR'S PRINCIPAL RESIDENCE**

Enter the **losses with respect to real property used as the principal residence of the grantor**, occurred during the taxable year, not compensated by insurance or in any other form. Such losses must be **caused by hurricane, earthquake, storm, tropical depression, floods, fire or other casualties**.

You must keep for your records a certification stating the amount of the loss and the type of damage suffered.

**Also, you must keep for your records a certification from the Civil Defense or Fire Department if the loss was from fire, and any other documents, public deeds or appraisals which reflect the value of the property subject to the loss.**

If after claiming the deduction, the Trust receives any compensation from an insurance company or from a local or federal agency, you must include on the return the total amount received as part of the Trust's gross income.

#### **PART XI – LOSS OF PERSONAL PROPERTY AS A RESULT OF CERTAIN CASUALTIES**

Enter the losses suffered by the Trust, with respect to automobiles, furniture, fixtures and other household goods (excluding the value of jewelry and cash), not compensated by an insurance or in any other form, occurred during the taxable year due to earthquakes, hurricanes, storms, tropical depressions and floods. The deduction is limited to \$5,000 for the year in which the loss was incurred.

**In order to be entitled to this deduction, the affected area must be declared as a disaster area by the Governor of Puerto Rico, and the taxpayer must have claimed at the appropriate place within the time limit to do so, the benefits from the assistance programs approved for disaster events.**

**You must keep for your records copy of the approved claim filed stating the damages suffered.**

#### **PART XII – CONTRIBUTIONS TO THE TRUST BY THE GRANTOR**

Enter the name, address, social security number and contributions made by each grantor during the taxable year. You must also indicate the percentage share of each one of the grantors in the total assets or corpus of the trust.

#### **PART XIII – DISTRIBUTIONS TO BENEFICIARIES**

Enter in this part the name, address, social security number and relationship of the beneficiaries of the Trust. In Column A you must enter the total amount distributed or paid, during the taxable year, to each beneficiary. If income tax was withheld at source on the amount distributed, indicate such amount withheld in Column B.

#### **PART XIV - ALLOWABLE DEDUCTION FOR PRIVATE EQUITY INVESTMENT (SECTION 2042.03(d) OF ACT 60-2019, AS AMENDED, OR ACT 185-2014, AS AMENDED)**

A Trust that, pursuant to Section 2042.03(d) of Act 60-2019, as amended ("Act 60-2019"), or Article 5(c) of Act 185-2014, as amended ("Act 185-2014"), is considered an accredited investor, may claim a deduction for its initial investment in a private equity fund ("PEF") or in a Puerto Rico private equity fund ("PEF-PR"). For these purposes, the trust will be considered as an accredited investor if at the moment of the initial investment in a PEF or PEF-PR is a trust with total assets of more than five millions dollars (\$5,000,000), that was not organized or created to purchase publicly traded securities and for which a sophisticated person makes the purchase.

The amount allowable as deduction will be as follows:

- If the initial investment was made in a PEF, 30% of the initial investment provided that such amount will not exceed 15% of the net income before the deduction; or
- If the initial investment was made in a PEF-PR, 60% of the initial investment provided that such amount will not exceed 30% of the net income before the deduction.

Use the following worksheet to determine the amount of the allowable deduction on this return:

<b>Determination of Deduction:</b>	
1. Amount of capital committed as initial investment that qualifies as contributed during the taxable year (From the certification issued by the PEF or PEF-PR) .....	\$ _____
2. Applicable percentage:	
<ul style="list-style-type: none"> <li>• If the investment was in a PEF, enter 30%</li> <li>• If the investment was in a PEF-PR, enter 60% .....</li> </ul>	_____ %
3. Amount of deduction for initial investment contributed during the year (Multiply line 1 by the applicable percentage on line 2).....	\$ _____
4. Amount of deduction not claimed in previous years .....	\$ _____
5. Total deduction for investment in a PEF or PEF-PR (Add lines 3 and 4).....	\$ _____
<b>Deduction Limitation:</b>	
6. Net income (Subtract the result of the sum of line 2(A) through 2(E) of Part II, page 1 of the return from the sum of lines 1A through 1T, Part II, page 1 of the return). If the result is a loss, enter zero .....	\$ _____
7. Applicable percentage:	
<ul style="list-style-type: none"> <li>• If the investment was made in a PEF, enter 15%</li> <li>• If the investment was made in a PEF-PR, enter 30% .....</li> </ul>	_____ %
8. Maximum amount allowed as a deduction (Multiply line 6 by the applicable percentage of line 7) .....	\$ _____
9. Allowable deduction on this return (Enter the smaller between lines 5 and 8. Transfer this amount to line 1, Part XIV, page 4 of the return) .....	\$ _____

- If the fund is PEF or PEF-PR;
- Name and employer identification number or social security number of the resident investor for which the certification is issued; and
- The amount of the capital committed as initial investment that was contributed during the taxable year by the resident investor for which the certification is issued, including any amount that has been contributed after the end of the taxable year but before the resident investor files the income tax return for such taxable year. This amount will be the one included on line 1 of the worksheet to be completed.

- (2) A schedule that includes the completed worksheet showing how this deduction was determined.
- (3) Copy of the Sworn Statement submitted under which the fund made the election under Act 185-2014 or copy of the election under Act 185-2014 or Act 60-2019, made through SURI according to the provisions of Internal Revenue Circular Letter No. 19-03 of February 5, 2019.
- (4) In those cases in which the taxpayer is claiming a deduction from previous years, a detail indicating the taxable year in which the deduction was generated, the amount of deduction generated by the investor, the amount of such deduction that was claimed in previous years, the amount of deduction available for the taxable year and the expiration date of any available unclaimed balance to be used in subsequent years.

The amount of the deduction not claimed in the first year may be carried forward for a maximum period of 10 years if the investment was made in a PEF and 15 years if the investment was made in a PEF-PR. For additional details, refer to Act 185-2014 or to Section 2042.03(d) of Act 60-2019.

To claim this deduction, the Trust must include with the return the following documents:

- (1) An official certification issued by the PEF or PEF-PR, printed with the fund's letterhead and signed by a managing partner or principal officer, with the following information:
  - Name and employer identification number of the PEF or PEF-PR;