

Reviewer:	Liquidator:	20	GOVERNMENT OF PUERTO RICO DEPARTMENT OF THE TREASURY	20	Serial Number
Field audited by:		EMPLOYEES OWNED SPECIAL CORPORATION			
Date ___/___/___		INFORMATIVE TAX RETURN			
R M N		TAXABLE YEAR BEGINNING ON			
		AND ENDING ON			
AMENDED RETURN <input type="checkbox"/>					
Receipt Stamp					

Entity's Name
Postal Address
Zip Code
Location of Principal Industry or Business - Number, Street, Town
Type of Principal Industry or Business
Date of election to operate as Employees Owned Special Corporation

Employer's Identification Number	
Industrial Code	Municipal Code
Telephone Number - Extension	
Date Incorporated	
Month	Day
Year	
Place Incorporated	
Total Forms 480.6 CPT	

Computation of the Net Operating Income		Amount
Part I	1. Net operating income (or loss) before adjustments (Part VI, line 42)..... (1)	00
	2. Allowable deduction to manufacturing businesses that do not have an exemption under any Industrial or Tax Incentives Act (2)	00
	3. Deduction for the creation of new jobs (Submit Schedule ET):	
	a) Enter 15% of payroll or total income advances attributable to the creation of 3 to 5 jobs..... (3a)	00
	b) Enter 20% of payroll or total income advances attributable to the creation of 6 to 10 jobs..... (3b)	00
	c) Enter 25% of payroll or total income advances attributable to the creation of 11 or more jobs..... (3c)	00
	d) Enter the applicable deduction (3d)	00
	4. Total operating income (or loss) (Subtract lines 2 and 3(d) from line 1)..... (4)	00

Distributable Share per Category		Amount
Part II	1. Net long term capital gain (or loss) on sale or exchange of capital assets (Schedule D Corporation) (1)	00
	2. Net short term capital gain (or loss) on sale or exchange of capital assets (Schedule D Corporation) (2)	00
	3. Net gain (or loss) on sale or exchange of substantially all assets dedicated to an activity under Act 78-1993 (Schedule D Corporation)..... (3)	00
	4. Net gain (or loss) on sale or exchange of property used in the business (Schedule D Corporation)..... (4)	00
	5. Net operating income (or loss) of the corporation (Part I, line 4)..... (5)	00
	6. Net income (or loss) from partially exempt income (Schedule L (CPT), Part I, line 3)..... (6)	00
	7. Eligible distribution of dividends from corporations or profits from partnerships (See instructions)..... (7)	00
	8. Charitable contributions..... (8)	00
	9. Total (Add lines 1 through 8)..... (9)	00

Credits		Amount
Part III	1. Credit for taxes paid to foreign countries, the United States, its territories and possessions (Schedule C Corporation)..... (1)	00
	2. Credit for investment in the Capital Investment Fund, Tourism, other funds or direct investment (Schedule Q)..... (2)	00
	3. Credit attributable to losses in the Capital Investment Fund or other funds (Schedule Q) (3)	00
	4. Credit for tax withheld at source from Industrial Development dividends (Act No. 8 of 1987) (4)	00
	5. Other credits not included on the preceding lines (See instructions) (5)	00
	6. Credit for the purchase of tax credits (Submit detail) (6)	00
	7. Total tax credits (Add lines 1 through 6) (7)	00

Withholdings		Amount
Part IV	1. Tax withheld at source on eligible distributions of profits or dividends..... (1)	00
	2. Tax withheld at source (Form 480.6B or 480.6C)..... (2)	00
	3. Total (Add lines 1 and 2)..... (3)	00

Part V	1. Netsales..... (1)		00	
	Less: Cost of goods sold or direct costs of production:			
	2. Inventory at the beginning of the year <input type="checkbox"/> "C" <input type="checkbox"/> "C" or "MV" (2)		00	
	3. Purchase of materials or merchandise..... (3)		00	
	4. Direct wages..... (4)		00	
	5. Other direct costs (Detail on Part VII)..... (5)		00	
	6. Cost of goods available for sale (Add lines 2 through 5)..... (6)		00	
	7. Less: Inventory at the end of the year <input type="checkbox"/> "C" <input type="checkbox"/> "C" or "MV" (7)		00	
	8. Total cost of goods sold or direct costs of production (Subtract line 7 from line 6)..... (8)		00	
	9. Gross profit on sale or production (Subtract line 8 from line 1)..... (9)			00
	10. Gain (or loss) from the sale or exchange of property used in business..... (10)			00
	11. Rent..... (11)			00
	12. Interest..... (12)			00
	13. Commissions..... (13)			00
	14. Miscellaneous income..... (14)			00
15. Total Gross Income (Add lines 9 through 14)..... (15)			00	

Part VI	16. Salaries or income advance earned (Submit Schedule ET)..... (16)		00	
	17. Salaries, commissions and bonuses to employees..... (17)		00	
	18. Commissions to businesses..... (18)		00	
	19. Social security tax (FICA)..... (19)		00	
	20. Unemployment tax..... (20)		00	
	21. State Insurance Fund premiums..... (21)		00	
	22. Medical or hospitalization insurance..... (22)		00	
	23. Insurance..... (23)		00	
	24. Interest..... (24)		00	
	25. Rent..... (25)		00	
	26. Property tax: (a) Personal _____ (b) Real _____..... (26)		00	
	27. Other taxes, patents and licenses (Do not include sales and use tax. See instructions)..... (27)		00	
	28. Sales and use tax (See instructions)..... (28)		00	
	29. Losses from fire, storm, other casualties or theft..... (29)		00	
	30. Motor vehicle expenses..... (30)		00	
	31. Meal and entertainment expenses (Total _____)..... (31)		00	
	32. Travel expenses..... (32)		00	
	33. Professional services..... (33)		00	
	34. Contributions to pensions and other qualified plans (See instructions. Submit Form AS6042.1)..... (34)		00	
	35. Depreciation and amortization (Submit Schedule E)..... (35)		00	
	36. Bad debts (See instructions)..... (36)		00	
	37. Organization expenses..... (37)		00	
	38. Deduction for employers who employ handicapped persons..... (38)		00	
	39. Expenses incurred or paid for disaster assistance qualified payments to employees (See instructions)..... (39)		00	
40. Other deductions (Submit detail)..... (40)		00		
41. Total deductions (Add lines 16 through 40)..... (41)			00	
42. Net operating income (or loss) (Subtract line 41 from line 15. Enter on Part I, line 1)..... (42)			00	

Part VII	1. Salaries, wages and bonuses..... (1)	00	9. Utilities..... (9)	00
	2. Social security tax (FICA)..... (2)	00	10. Depreciation (Submit Schedule E)..... (10)	00
	3. Unemployment tax..... (3)	00	11. Rent..... (11)	00
	4. State Insurance Fund premiums..... (4)	00	12. Cleaning, maintenance and waste collection..... (12)	00
	5. Medical or hospitalization insurance..... (5)	00	13. Other expenses (Submit detail)..... (13)	00
	6. Other insurance..... (6)	00	14. Total other direct costs (Add lines 1 through 13. Transfer to Part V, line 5)..... (14)	00
	7. Excise taxes/Use tax..... (7)	00		
	8. Repairs..... (8)	00		

Comparative Balance Sheet

	Assets	Beginning of the Year		Ending of the Year		
		Total		Total		
Part VIII	1. Cash on hands and in bank (1)		00	(1)	00	
	2. Accounts receivable (2)	00		(2)	00	
	3. Less: Reserve for bad debts (3)	(00)	00	(3)	(00)	
	4. Inventories (4)		00	(4)	00	
	5. Other current assets (5)		00	(5)	00	
	6. Notes receivable (6)		00	(6)	00	
	7. Investments (7)		00	(7)	00	
	8. Depreciable assets (8)	00		(8)	00	
	9. Less: Reserve for depreciation (9)	(00)	00	(9)	(00)	
	10. Land (10)		00	(10)	00	
	11. Other assets (11)		00	(11)	00	
	12. Total Assets (12)		00	(12)	00	
	Liabilities and Net Worth					
	Liabilities					
	13. Accounts payable (13)	00		(13)	00	
	14. Accrued expenses (not paid) (14)	00		(14)	00	
	15. Other current liabilities (15)	00		(15)	00	
	16. Long-term notes payable (16)	00		(16)	00	
	17. Other long-term liabilities (17)	00		(17)	00	
	18. Total Liabilities (18)		00	(18)	00	
	Net worth					
	19. Collective Reserve Account (19)	00		(19)	00	
	20. Social Fund Account (20)	00		(20)	00	
21. Internal Capital Account (21)	00		(21)	00		
22. Total Net Capital (22)		00	(22)	00		
23. Total Liabilities and Net Worth (23)		00	(23)	00		

Reconciliation of Net Income (or Loss) per Books with Net Taxable Income (or Loss) per Return

Part IX	1. Net income (or loss) per books (1)	00			
	2. Taxable income not recorded on books this year (Itemize, use schedule if necessary) (a) _____ (b) _____ (c) _____ Total (2)	00			
	3. Expenses recorded on books this year not claimed on this return (Itemize, use schedule if necessary) (a) Meal and entertainment (amount not claimed) _____ (b) Depreciation _____ (c) _____ (d) _____ Total (3)	00			
	4. Total (Add lines 1 through 3) (4)	00			
	5. Income recorded on books this year not included on this return (Itemize, use schedule if necessary) (a) Exempt interest from credit notices for productivity and patronage _____ (b) Credit notices credited to the internal capital account _____ (c) _____ Total (5)				00
	6. Deductions on this tax return not charged against book income this year (Itemize, use schedule if necessary) (a) Depreciation _____ (b) _____ Total (6)				00
	7. Total (Add lines 5 and 6) (7)				00
	8. Net taxable income (or loss) per return (Subtract line 7 from line 4)(Same as line 9, Part II) (8)				00

Analysis of Capital Accounts per Books

	Collective	Reserve	Social Fund	Internal Capital	Total
1. Balance at beginning of the year (1)		00	00	00	00
2. Net income (or loss) (2)		00	00	00	00
3. Increases:					
a) Members contributions (3a)		00	00	00	00
b) Others (3b)		00	00	00	00
4. Decreases:					
a) Housing financing programs (4a)			00	00	00
b) Contributions (4b)			00	00	00
c) Property (4c)		00			00
d) Others (4d)		00	00	00	00
e) Permanent improvements (4e)		00			00
5. Distribution of credit notices for productivity and patronage (5)				00	00
6. Balance at end of the year (6)		00	00	00	00

Questionnaire

Part XI

	YES	NO	N/A		YES	NO	N/A
1. Did the Employees Owned Special Corporation keep any part of its records on a computerized system during this year? (1)				7. Did you submit financial statements certified by a CPA licensed in Puerto Rico? (Required if the gross income exceeds \$3,000,000. See instructions) (7)			
2. The Employees Owned Special Corporation books are in care of: Name: _____ Address: _____ (E-mail) _____ Telephone _____				8. Did the Employees Owned Special Corporation claim deductions for expenses connected with: (a) Vessels? (8a) (b) Living expenses? (8b) (c) Employees attending conventions or meetings outside Puerto Rico or the United States? (8c)			
3. Indicate if the corporation had partially exempt income under the following acts: <input type="checkbox"/> Act No. 52 of 1983 <input type="checkbox"/> Act No. 26 of 1978 <input type="checkbox"/> Act 78-1993 <input type="checkbox"/> Act No. 8 of 1987 <input type="checkbox"/> Act No. 57 of 1963 <input type="checkbox"/> Other: _____				9. Did the corporation had earnings or profits related to periods when it was not an Employees Owned Special Corporation, or received in liquidations or reorganizations? (9) Enter amount: _____			
4. Indicate if this year you elected an exemption provided by: <input type="checkbox"/> Act No. 52 of 1983 <input type="checkbox"/> Act No. 26 of 1978 <input type="checkbox"/> Act 78-1993 <input type="checkbox"/> Act No. 8 of 1987 <input type="checkbox"/> Act No. 57 of 1963 <input type="checkbox"/> Other: _____				10. Did the Employees Owned Special Corporation distribute profits during the taxable year? (10)			
5. Indicate accounting method used: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify): _____				11. Is the Employees Owned Special Corporation a member of other Employees Owned Special Corporation? (11) Name: _____ Employer's identification number: _____ Indicate the proportion: _____			
6. Did the corporation file the following documents? (a) Informative Returns (See instructions) (6a) (b) Withholding Statement (Form 499R-2/W-2PR) (6b)				12. Enter the amount of exempt interest: _____ 13. Did the corporation made charitable contributions to municipalities? (13) Enter the amount: _____ 14. Enter the amount of members: _____ 15. Number of new jobs: _____			

OATH

We, the undersigned, president (or vice president or other principal officer) and treasurer (or assistant treasurer) of the corporation for which this Employees Owned Special Corporation Informative Tax Return is made, each for himself, declare under the penalty of perjury, that this return (including schedules and statements attached) has been examined by us, and to the best of our knowledge and belief, is a true, correct and complete return, made in good faith, pursuant to the Puerto Rico Internal Revenue Code of 2011, as amended, and the Regulations thereunder.

President's or vice president's signature

Treasurer's or assistant treasurer's signature

Agent

Specialist's Use Only

I declare under the penalty of perjury that this return (including schedules and statements attached) has been examined by me and to the best of my knowledge and belief is a true, correct and complete return. The declaration of the person that prepares this return is with respect to the information received, and this information may be verified.

Specialist's name (Print letter)	Registration No.	Date	Check if self employed <input type="checkbox"/>
Firm's name			
Specialist's signature			
Address			Zip Code

NOTE TO TAXPAYER

Indicate if you made payments for the preparation of your return: Yes No. If you answered "Yes", require the Specialist's signature and registration number.

Schedule ET

Rev. 09.18



List of Salaries or Income Advances Earned for Ordinary Members During the Taxable Year

20 _____

Type of Industry or Business _____

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

Taxpayer's Name			Employer's Identification Number	
Ordinary Member Name	Social Security Number	Beginning date of employment	Classification (N=New) (E=Existent)	Salary or income advance earned during the taxable year
TOTAL				

Schedule L (CPT)

Rev.09.18



PARTIALLY EXEMPT INCOME

20__

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

Entity's Name

Case Number

Employer's Identification Number

Partially Exempt Income (Check one): Act No. 52 of 1983 Act 78-1993 Other _____
 Act No. 47 of 1987 Act 225-1995 _____

Part I Net Income (or Loss)

1. Net operating income (or loss) for the year (Part III, line 41)	(1)	00
2. Exempt amount <input type="text"/> %	(2)	00
3. Net income (or loss) from partially exempt activities (Subtract line 2 from line 1. Enter here and on Part II, line 6 of the return)	(3)	00

Part II Gross Profit on Sales or Production and Other Income

1. Net sales	(1)	00
Less: Cost of goods sold or direct costs of production		
2. Inventory at the beginning of the year <input type="checkbox"/> "C" <input type="checkbox"/> "C" or "MV"	(2)	00
3. Purchase of materials or merchandise	(3)	00
4. Direct wages	(4)	00
5. Other direct costs (Detail on Part IV)	(5)	00
6. Total cost of goods available for sale (Add lines 2 through 5)	(6)	00
7. Less: Inventory at end of year <input type="checkbox"/> "C" <input type="checkbox"/> "C" or "MV"	(7)	00
8. Total cost of goods sold or direct costs of production (Subtract line 7 from line 6).....	(8)	00
9. Gross profit on sales or production	(9)	00
10. Capital assets gain (or loss) (Schedule D Corporation)	(10)	00
11. Gain (or loss) from the sale of property other than capital assets (Schedule Corporation)	(11)	00
12. Interest	(12)	00
13. Other income (Submit detail)	(13)	00
14. Total gross income (Add lines 9 through 13)	(14)	00

Parte III Deducciones e Ingreso Neto en Operaciones

15. Compensation to partners (stockholders) or officers.....	(15)		00
16. Salaries, bonuses and commissions to employees.....	(16)		00
17. Commissions to businesses.....	(17)		00
18. Social security tax (FICA).....	(18)		00
19. Unemployment tax.....	(19)		00
20. State Insurance Fund premiums.....	(20)		00
21. Medical or hospitalization insurance.....	(21)		00
22. Insurance.....	(22)		00
23. Interest.....	(23)		00
24. Rent.....	(24)		00
25. Property tax (a) Personal _____ (b) Real _____.....	(25)		00
26. Other taxes, patents and licenses (Do not include sales and use tax. See instructions. Submit detail).....	(26)		00
27. Sales and use tax (See instructions).....	(27)		00
28. Losses from fire, storm, theft or other casualties.....	(28)		00
29. Motor vehicle expenses (Do not include depreciation).....	(29)		00
30. Meal and entertainment expenses (Total _____).....	(30)		00
31. Travel expenses.....	(31)		00
32. Professional services.....	(32)		00
33. Contributions to pensions and other qualified plans (See instructions. Submit Form AS6042.1).....	(33)		00
34. Depreciation and amortization (Submit Schedule E).....	(34)		00
35. Bad debts (See instructions of line 36 of the return. Submit detail).....	(35)		00
36. Charitable contributions.....	(36)		00
37. Repairs.....	(37)		00
38. Expenses incurred or paid for disaster assistance qualified payments to employees (See instructions).....	(38)		00
39. Other deductions (Submit detail).....	(39)		00
40. Total deductions (Add lines 15 through 39).....	(40)		00
41. Net operating income (or loss) for the year (Subtract line 40 from line 14. Enter here and on Part I, line 1).....	(41)		00

Part IV Other Direct Costs Detail

1. Salaries, wages and bonuses..... (1)	00	9. Utilities..... (9)	00
2. Social security tax (FICA)..... (2)	00	10. Depreciation (Submit Schedule E)..... (10)	00
3. Unemployment tax..... (3)	00	11. Rent..... (11)	00
4. State Insurance Fund premiums..... (4)	00	12. Cleaning, maintenance and waste collection..... (12)	00
5. Medical or hospitalization insurance (5)	00	13. Other expenses (Submit detail)..... (13)	00
6. Other insurance..... (6)	00	14. Total other direct costs (Add lines 1 through 13. Enter on Part II, line 5)..... (14)	00
7. Excise taxes / Use tax..... (7)	00		
8. Repairs..... (8)	00		

Retention Period: Ten (10) years

GOVERNMENT OF PUERTO RICO
DEPARTMENT OF THE TREASURY



Rev. 09.18

**INSTRUCTIONS FOR THE EMPLOYEES
OWNED SPECIAL CORPORATION
INFORMATIVE RETURN
FORM 480.20(CPT)**

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GENERAL INSTRUCTIONS

WHO MUST FILE THIS RETURN?

Every corporation or partnership engaged in industry or business in Puerto Rico that have elected the benefits of an Employees Owned Special Corporation must file a return for income earned during the corresponding taxable year.

WHEN AND WHERE IT MUST BE FILED?

This return must be filed not later than the 15th day of the fourth month following the closing of the corporation's taxable year.

The return must be filed in the Department of the Treasury, Returns Processing Bureau, located at 10 Paseo Covadonga, Stop 1, Intendente Ramírez Building, San Juan or sent by mail to the following address:

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

It may also be delivered to the Collections Office of your municipality.

AUTOMATIC EXTENSION OF TIME TO FILE THE RETURN

A three (3) months automatic extension of time will be granted for filing the return if it is requested not later than the due date to file the return. This is done through Form AS 2644.

COLUMN OF CENTS

While completing the tax return, the column of cents will not be used. **It is important to remind you that is not about rounding off, but eliminating the cents. See the following example:**

\$480.90 = \$480

\$475.25 = \$475

TAXPAYER'S ASSISTANCE

For additional information on the technical content of this pamphlet or to clarify any doubts, please call **(787)622-0123, option 8**.

INSTRUCTIONS TO COMPLETE THE RETURN

HEADING OF THE RETURN

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

Enter the name, address and employer's identification number of the corporation. **The employer's identification number is required to process the return.**

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

Enter in the corresponding box the number of Forms 480.6 CPT included with the return. A copy of the Forms 480.6 CPT given to each member must be included with the return.

PART I - COMPUTATION OF THE NET OPERATING INCOME

Line 2 - Allowable deduction to manufacturing businesses that do not have an exemption under any Industrial or Tax Incentives Act

The Employees Owned Special Corporation engaged in manufacturing business that do not have a tax exemption under any Industrial or Tax Incentives acts, will be granted one of the following deductions:

- 1) those Employees Owned Special Corporation which net income not assigned to the Collective Reserve Account and to the Social Fund and which has not been capitalized, exceeds \$200,000, and which has kept an average job or working position for ordinary members of 20 or more persons during said taxable year, may deduct the first \$40,000 of said income of the Credit Notices for Productivity and Patronage proportionally distributed to their ordinary and extraordinary members, that has not been capitalized, as applicable, so such amount may be totally exempt from the payment of income tax; or
- 2) those Employees Owned Special Corporation that in any taxable year derives a total net income smaller than \$20,000 per job or working

position for ordinary production members, may take a deduction equivalent to the 15% of their payroll or total advance production income up to a maximum of 50% of the Credit Notices for Productivity and Patronage distributed during the taxable year to its ordinary and extraordinary members, as applicable.

Line 3 - Deduction for the creation of new jobs

To claim this deduction you must include Schedule ET (List of Salaries or Income Advances Earned for Ordinary Members During the Taxable Year), listing the name of the employee or ordinary member, date on which began in the position, the classification and the salary or income advance earned during said taxable year.

Lines 3(a), 3(b) and 3(c) - Enter the deduction to which the Employees Owned Special Corporation is entitled according to the new jobs created.

To claim this annual deduction, the Employees Owned Special Corporation must keep the level of jobs or working positions for ordinary members, and the payroll or total average advances existing profit during the previous taxable year, as applicable.

PART II - DISTRIBUTABLE SHARE PER CATEGORY

Enter the amount derived from each activity and the corresponding tax withheld, if any. The Employees Owned Special Corporations do not have the option to consider as ordinary income the items described on lines 1 through 7 of this Part II.

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

Enter the gain or loss derived from the sale or exchange of capital assets held by the corporation more than one (1) year.

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

Enter the gain or loss derived from the sale or exchange of capital assets held by the corporation for one (1) year or less.

Line 5 - Net operating income (or loss) of the corporation

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

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

Enter on this line the sum of the net operating income or loss covered under Act 52 of 1983, Act 78 - 1993 or Act 225 - 1995. Add lines 3 of Part I of all Schedules L (CPT) included in the return.

Line 7- Eligible distribution of dividends from corporations or profits from partnerships

Enter the amount of dividends received by the corporation from eligible distributions according to the definition on Section 1023.06(c) of the Code according to their distributable share. The portion of the corresponding 10% of tax withheld must be informed on line 1, Part IV.

Nevertheless, the distributive share which consists of dividends or benefits subject to the provisions of Section 1023.06 of the Code in the hands of the special corporation, will not retain the character of eligible distribution under such Section when the member is not himself an eligible person, as said term is defined in Section 1023.06(d) of the Code.

PART III - CREDITS

On March 7, 2017, the Financial Advisory Authority and Fiscal Agency of Puerto Rico ("AAFAF", for its Spanish acronym) issued Administrative Order No. OA-2017-01 by which it ordered the Secretary of Treasury ("Secretary") to carry out an inventory of the tax credits granted and to require the holders of tax credits to report the amount granted of said credits, in the manner that the Secretary establishes for said purposes. The administrative order also establishes that, any credit holder that does not show evidence issued by the Secretary of compliance with the information requirement, will not be able to claim said tax credits. Subsequently, AAFAF has issued several resolutions regarding the use and availability of tax credits.

For its part, on April 20, 2017, the Department of the Treasury ("Department") issued the Internal Revenue Informative Bulletin No. 17-08 to notify that the requirement to carry out the inventory of tax credits would be met by electronic filing Form 480.71.1 (Informative Return for Tax Credits Holders).

For these purposes, the Department established that the requirement imposed by AAFAF to submit evidence of compliance with the information requirement in order to claim the tax credits, would be met by electronic filing Form 480.71.1. Therefore, in order to claim a tax credit, it must be included in Form 480.71.1 that the credit holder submitted to the Department.

Any owned special corporation that claim a taxable credit, must accompany with its Informative Return copy of Form 480.71.1 duly filed in the Department.

Line 1 - Credit for taxes paid to foreign countries, the United States, its territories and possessions

For more information on how to complete Schedule C Corporation please refer to the INSTRUCTIONS TO COMPLETE THE SCHEDULES of the Income Tax Return of Taxable Corporations.

Line 2 - Credit for investment in the Capital Investment Fund, Tourism and other funds or direct investment

Enter the amount determined in Schedule Q.

To claim this credit you must submit with the return the following, as applicable:

- 1) Schedules Q and Q1 duly completed.
- 2) A document indicating or evidencing the credit earned for the investment in different capital investment funds or direct investments.
- 3) Copy of the certification issued by the regulatory agencies.
- 4) Copy of the notification or sworn statement issued by the regulatory agency to inform the credit distribution.

Line 3 - Credit attributable to losses in the Capital Investment Fund or other funds

Enter the amount determined in Schedule Q. This will be the credit attributable to losses in the Capital Investment Fund or other funds.

Line 4 - Credit for tax withheld at source from Industrial Development dividends (Act No. 8 of 1987)

Enter the tax withheld on dividends from Industrial Development income under the Tax Incentives Act (Act 8 of January 24, 1987).

Line 5 - Other credits not included on the preceding lines

Enter on this line the total of other taxable credits not included on preceding lines. If in this include credits for different concepts, submit a schedule detailing the same. Also submit documents or evidence of such credits.

Line 6 - Credit for the purchase of tax credits

Enter the tax credit acquired during the year through the purchase, exchange or transfer made by the investor or participant of the primary investor. See instructions of Schedule Q regarding the percentages and limitations to claim in the return.

To claim this credit, the transferor and the transferee must submit a sworn statement notifying the transfer to the Secretary. The sworn statement must be submitted with the income tax returns, in the year in which the transaction is made.

PART IV - WITHHOLDINGS

Enter on lines 1 and 2 the amount of tax withheld concerning the income indicated on these lines. You must submit the corresponding Forms in order to verify the amount claimed.

PART V - GROSS PROFIT ON SALES, MANUFACTURE AND OTHER INCOME

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

Itemize on Part VII of the return the other direct costs shown on line 5.

PART VI - DEDUCTIONS AND NET OPERATING INCOME

Enter the deductions related to your operations on lines 16 through 40. Information is provided regarding some of those deductions.

Line 24 - Interest

Enter the interest paid or accrued during the year. In case of a financial institution, no deduction shall

be allowed for that portion of exempt interest expenses attributable to exempt obligations acquired after December 31, 1987.

Line 27 - Other taxes, patents and licenses

Submit a schedule of the excise taxes, licenses and other taxes paid. Payments made during the year for sales and use tax will not be included as part of this deduction.

Line 28 - Sales and use tax

Enter on this line the amount of sales and use tax payments made by the corporation during the taxable year not claimed as credit in the sales and use tax monthly returns filed by the corporation. The tax to be claimed takes into consideration such amount paid in: (1) imports, (2) subcontracts, (3) purchase of tangible personal property and taxable services to Puerto Rico residents, (4) purchases of designated professional services, and (5) reverse charge in the purchase of services and goods (including designated professional services) to persons not engaged in trade or business in Puerto Rico.

This deduction will proceed as long as the corporation has not claimed credit for this tax paid.

Submit a schedule detailing the sales and use tax paid by the entity.

Line 31 - Meal and entertainment expenses

You may deduct 50% of the expenses actually paid or incurred, up to 25% of the gross income of the taxable year, for meal and entertainment expenses directly related with the industry or for the production of income. You cannot include as part of such expenses the items that do not constitute ordinary and necessary expenses of your trade or business.

No deduction shall be allowed for meal and entertainment expenses considered extravagant or sumptuous.

Line 34 - Contributions to pensions and other qualified plans

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

To claim this deduction for the contributions to any of said plans, it will be necessary to keep for your records the information required by regulation. You

must complete and include with the return Form AS 6042.1 - Deduction for Contributions to Qualified Retirement Plans and Tax on Certain Contributions. Such form will be required in order to determine the contribution over non deductible contributions and contributions in excess to qualified pension plans. This tax must be paid with the filling of this return.

Line 35 - Depreciation and amortization

Submit detail of the depreciation and amortization on Schedule E - Depreciation.

For property that is an automobile it is allowed a deduction for depreciation or leasing (including leases) to the less of the amount paid or \$6,000 annually up to a maximum of 5 years. In case of automobiles used by sellers, the amount of the depreciation deduction can not exceed \$10,000 annually up to a maximum of 3 years.

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

The base limit (\$30,000) and the useful life do not apply to those automobiles acquired by an entity engaged to the business of leases of automobiles or passengers' transport or load.

The Code allows a deduction for a goodwill amortization, as long as the goodwill have been acquired of third parties for purchase during taxable years beginning after June 30, 1995. The deduction will be determined using the straight line method and useful life of 15 years.

The Code also provide a deduction for amortization of intangible property, that not be goodwill, acquired by purchase or developed in taxable years beginning after December 31, 2009. The deduction will be determined using the straight line method and useful life of 15 years or the useful life of the intangible, whoever be less.

Line 36 - Bad debts

For taxable years beginning after June 30, 1995, you will not be able to use the reserve method to compute the deduction for bad debts. Instead, they may claim a deduction only for the debts that become uncollectable within the taxable year (direct write - off method).

Line 38 - Deduction for employers who employ handicapped persons

Enter \$400 for each severely handicapped person employed for at least 20 hours per week during nine months of the taxable year. The deduction is allowed

for a maximum of 5 persons severely handicapped.

In force regulations of the Vocational Rehabilitation Program of the Department of the Family will be used to determine the severely handicapped condition.

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

- 1) evidence showing that the handicapped person has been employed at least during 9 months of the taxable year, and
- 2) a certification issued by the Secretary of the Family stating that in accordance to its rules and procedures, the person for whom the deduction is claimed, is a severely handicapped person.

Line 39 - Expenses incurred or paid for disaster assistance qualified payments to employees

Enter the Amount of Qualified Payments for Disaster Assistance (Qualified Payments) realized in benefit of your employees and individual independent contractors, with the purpose of providing assistance and support on the process of repairing, mitigating or indemnifying any hurt and loss suffered as consequence of the hurricane María.

In order to claim a deduction for this concept, the payments must be according with the requirements and limitations established in the Administrative Determination No. 17-21 of October 4, 2017 ("DA 17-21"). In addition, the employer or withholding agent must have submitted a Sworn Statement to the Department with the required information of such qualified payments, as provided on DA 17-21.

Any amount related to Qualified Payments that have been made with relation to the income concepts reported in lines 17 and 33 of Part VI, must not be included on such lines. The total of such Qualified Payments must be included on this line 39.

For additional information, refer to DA 17-21 and the informative booklet "Questions and Answers - Disaster Assistance Qualified Payments under Administrative Determination No. 17-21".

Line 40 - Other deductions

The total amount of any expenses for which Part VI of the return does not provide specific lines to include them, must be entered as Other Deductions. **Submit a schedule of those deductions with the return.**

No deductions will be allowed for expenses connected with the ownership, use and maintenance of vessels, except for the expenses of vessels engaged in commercial fishing, transportation or commercial tourism.

PART VII - OTHER DIRECT COSTS

Enter the Other Direct Costs. The total of these costs should be entered on line 14 of this part and shall be equal to the amount on Part V, line 5 of the return.

PART VIII AND IX - COMPARATIVE BALANCE SHEET AND RECONCILIATION OF NET INCOME (OR LOSS) PER BOOKS WITH NET TAXABLE INCOME (OR LOSS) PER RETURN

If the entity has a volume of income during a taxable year equal or more than \$3 million, financial statements reporting the operations of the taxable year must be included with the return.

In cases in which the entity generates a volume of business equal or more than \$1 million but less than \$3 million, the entity may choose to submit financial statements which reflect the results of its operations for the taxable year. Every business that is up to date with its tax responsibility and under these conditions choose to include the financial statements, shall be entitled to a waiver on the withholding from payments for services rendered.

The financial statement must include a balance sheet, an income statement and a statement of cash flows. The same should be submitted with an Audit Report issued by a certified public accountant (CPA) licensed in Puerto Rico.

A report that includes consolidated financial statements in which the operations in Puerto Rico are presented as supplementary information will not be accepted. Also, compiled or reviewed statements are not acceptable. They must be audited.

For additional information about the requirements and details of the financial statements refer to Section 1061.15 of the Code, the Administrative Determination No. 14-06 of March 6, 2014, the Administrative Determination No. 15-24 of December 17, 2015 and the Administrative Determination No. 14-07 of March 12, 2014.

PART X - ANALYSIS OF CAPITAL ACCOUNTS PER BOOKS

Enter the net income or loss, the increases and decreases, and the distributions of credit notices for productivity and patronage.

Line 2 - Net income (or loss)

Enter the members share on the net income or loss from the special corporation.

Line 3 - Increases:

- a) Enter the increases in each account according to contributions, loans to the special corporation or additional contributions from members.
- b) Include in other increases the income from the sale of bonuses (not to members), capital contributions (not from members) and the net gain not assigned to the Internal Capital Account or Social Fund.

Line 4 - Decreases:

Enter on lines 4(a) to 4(e) those amounts used by the Collective Reserve Account, Social Fund and Internal Capital according to the use established for each account.

Line 5 - Distribution of credit notices for productivity and patronage

Instead of dividends distribution, the special corporation use the Credit Notices for Productivity in the case of ordinary members; and Credit Notices for Patronage in the case of special members.

PART XI - QUESTIONNAIRE

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

Line 6(a) - Indicate if the corporation filed the applicable Informative Return, as example, Form 480.6A (Informative Return- Income Not Subject to Withholding) and Form 480.6B (Informative Return - Income Subject to Withholding).

SIGNATURE AND OATH OF THE RETURN

The return must be signed and sworn before a notary by the president, vice president or other principal officer, and by the treasurer or assistant treasurer of the corporation.

SIGNATURE OF THE RETURN BY THE SPECIALISTS

If you pay for the preparation of the return, make sure that the return is signed by the Specialist and the registration number is included in a legible form. The Code imposes civil and criminal sanctions to those Specialists who fail to submit this information.

The Tax Return Specialist must declare under penalty of perjury that he/she examined the return and to the best of his/her knowledge and belief the return is correct and complete.

If the return is prepared by an accounting firm duly registered as a Tax Return Specialist, it must include the employer's identification number and be signed by the employee who prepared such return.

SCHEDULE L (CPT) - PARTIALLY EXEMPT INCOME

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

For each applicable act, a Schedule L (CPT) must be completed and included with the return.

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

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

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

PART I - NET INCOME (OR LOSS)

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

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

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

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

A net income or loss generated by an Employees Owned Special Corporation in a year in which a flexible exemption election was exercised under Article 3(a)(1)(D) of Act 78 - 1993, will be considered as a net income or loss from the corporation's eligible activity.

In the case of a special corporation that has renegotiated its rights under Act 78 - 1993, the members may claim as a deduction, the net losses incurred from operations under previous decrees (Industrial or Tourism Incentives Acts).

Add line 3, Part I of each Schedule L (CPT) used and enter the total on Part II, line 6 of the return.