

Liquidator:	Reviewer:	2023	GOVERNMENT OF PUERTO RICO DEPARTMENT OF THE TREASURY	2023	Serial Number
Field audited by:		COMPOSITE RETURN INDIVIDUAL OWNERS OF PASS-THROUGH ENTITIES			<input type="radio"/> AMENDED RETURN
Date: <u> </u> / <u> </u> / <u> </u>		FOR CALENDAR YEAR 2023 OR TAXABLE YEAR BEGINNING ON _____ AND ENDING ON _____			TAXABLE YEAR: 1 <input type="checkbox"/> CALENDAR 2 <input type="checkbox"/> FISCAL
R M N					3 <input type="checkbox"/> 52-53 WEEKS: Taxable year beginning on _____ and ending on _____
					4 <input type="checkbox"/> SHORT PERIOD: Beginning on _____ and ending on _____
Entity's Name		Employer Identification Number			Receipt Stamp
Postal Address		Industrial Code Municipal Code			
Zip Code		Telephone Number - Extension			
Location of Principal Industry or Business (Number, Street, City)		Date Created			
		Day / Month / Year			
Check the corresponding box, if applicable: <input type="radio"/> First return <input type="radio"/> Last return		Merchant's Registration Number			E-mail Address
EXTENSION OF TIME: <input type="radio"/> Yes <input type="radio"/> No		CHANGE OF ADDRESS <input type="radio"/> Yes <input type="radio"/> No			

Part I QUESTIONNAIRE

1. Type of taxpayer: <input type="radio"/> Partnership <input type="radio"/> Limited Liability Company <input type="radio"/> Corporation	4. Number of owners who are United States citizens _____
2. Number of owners for whom this composite return is being filed _____	5. Number of owners who are NOT United States citizens _____
3. Percentage share of the pass-through entity represented by the owners included on line 2 _____	6. Only with respect to owners who are United States citizens, indicate: (a) Number of spouses _____ (b) Number of dependents _____

Part II DETERMINATION OF TAX

1. Income subject to ordinary tax rates (From Part V, line 3)	(1)	00
2. Less:		
A) Personal exemption – Owners who are United States citizens (Line 4, Part I x \$3,500)	(2A)	00
B) Personal exemption – Spouses of owners who are United States citizens (Line 6(a), Part I x \$3,500)	(2B)	00
C) Exemption for dependents – (Line 6(b), Part I x \$2,500)	(2C)	00
D) Total personal exemption and exemption for dependents (Add lines 2(A) through 2(C))	(2D)	00
3. Net income (Subtract line 2(D) from line 1)	(3)	00
4. Net income subject to 0% rate (See instructions)	(4)	00
5. Net income subject to maximum rate (Subtract line 4 from line 3)	(5)	00
6. Tax (Line 5 x maximum rate) (See instructions)	(6)	00
7. Income subject to 10% rate (From Part V, line 6)	(7)	00
8. Tax (Line 7 x 10%)	(8)	00
9. Income subject to 15% rate (From Part V, line 9)	(9)	00
10. Tax (Line 9 x 15%)	(10)	00
11. Income subject to ____% rate (From Part V, line 12)	(11)	00
12. Tax (Line 11 x ____%)	(12)	00
13. Income subject to ____% rate (From Part V, line 15)	(13)	00
14. Tax (Line 13 x ____%)	(14)	00
15. REGULAR TAX BEFORE THE CREDIT (Add lines 6, 8, 10, 12 and 14)	(15)	00
16. Credit for taxes paid to foreign countries, the United States, its states, territories and possessions (See instructions)	(16)	00
17. TOTAL TAX DETERMINED:		
A) Regular tax (Subtract line 16 from line 15)	(17A)	00
B) Excess of alternate basic tax over regular tax (From Part VI, line 9)	(17B)	00
C) Total tax determined (Add lines 17(A) and 17(B))	(17C)	00
18. Less: Tax Credits (From Part III, line 23)	(18)	00
19. TAX LIABILITY (Subtract line 18 from line 17(C))	(19)	00

OATH

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

Name of Managing Owner, Officer or Agent (Print)	Signature of Managing Owner, Officer or Agent	Date
Specialist's name (Print)	Name of the Firm or Business	
Registration No.	Self-employed Specialist (fill-in here) <input type="radio"/>	Specialist's signature
		Date

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

Part III CREDITS

Use lines 20(A) through 20(F) of this part to claim only the tax credits that are considered Pre Tax Credits Manager. The Post Tax Credits Manager credits are claimed on line 22, Column B of this part.

Table with 3 columns: Description, Pre Tax Credits Manager, Post Tax Credits Manager. Rows include A. CREDITS SUBJECT TO THE LIMITATION PROVIDED BY SECTION 1051.13 OF THE CODE and B. CREDITS NOT SUBJECT TO THE LIMITATION PROVIDED BY SECTION 1051.13 OF THE CODE.

Part IV TAX DUE OR PAID IN EXCESS

Table with 3 columns: Description, Pre Tax Credits Manager, Post Tax Credits Manager. Rows include 24. Tax Withheld or Paid, 25. AMOUNT OF TAX DUE, 26. Less: Amount paid with the return, 27. BALANCE OF TAX DUE, 28. AMOUNT OVERPAID, 29. A) To be credited to estimated tax for 2024, B) Contribution to the San Juan Bay Estuary Special Fund, C) Contribution to the University of Puerto Rico Special Fund, D) TO BE REFUNDED.

Part V COMPUTATION OF TAXABLE INCOME

Table with 3 columns: Description, Pre Tax Credits Manager, Post Tax Credits Manager. Rows include 1. Income (or losses) subject to ordinary tax rates, 2. Charitable contributions, 3. Total income subject to ordinary rates, 4. Income (or losses) subject to 10% tax rate, 5. Charitable contributions, 6. Total income subject to 10% tax rate, 7. Income (or losses) subject to 15% tax rate, 8. Charitable contributions, 9. Total income subject to 15% tax rate, 10. Income (or losses) subject to ___% tax rate, 11. Charitable contributions, 12. Total income subject to ___% tax rate, 13. Income (or losses) subject to ___% tax rate, 14. Charitable contributions, 15. Total income subject to ___% tax rate, 16. Total income.

Part VI COMPUTATION OF THE ALTERNATE BASIC TAX		
1. Income subject to ordinary rates (From Part II, line 5)	(1)	00
2. Plus: Distributable share in the adjustments for purposes of the alternate basic tax (See instructions)	(2)	00
3. Net income subject to alternate basic tax (Add lines 1 and 2)	(3)	00
4. Net income subject to alternate basic tax per owner (Divide the amount from line 3 of this Part VI between the number of owners included on line 2 of Part I)	(4)	00
5. If the amount on line 4 is less than \$25,000, enter zero. Otherwise, determine the alternate basic tax as follows:		
(a) Over \$25,000 but not over \$50,000, multiply line 3 by 1%.		
(b) Over \$50,000 but not over \$75,000, multiply line 3 by 3%.		
(c) Over \$75,000 but not over \$150,000, multiply line 3 by 5%.		
(d) Over \$150,000 but not over \$250,000, multiply line 3 by 10%.		
(e) Over \$250,000, multiply line 3 by 24%	(5)	00
6. Credit for taxes paid to foreign countries, the United States, its states, territories and possessions (Submit Schedule C Individual. See instructions)	(6)	00
7. Alternate basic tax net of the credit (Subtract line 6 from line 5)	(7)	00
8. Net regular tax (From Part II, line 17(A))	(8)	00
9. Excess of Net Alternate Basic Tax over Net Regular Tax (If line 8 is more than line 7, enter zero. If line 7 is more than line 8, enter here the amount of line 7 less line 8 and transfer to line 17(B) of Part II)	(9)	00

Part VII BREAKDOWN OF THE PURCHASE OF TAX CREDITS		
Use this Part to claim only the tax credits acquired through purchase and that are considered Pre Tax Credits Manager. The purchase of Post Tax Credits Manager credits is claimed in Part VIII.		Pre Tax Credits Manager
Check the box corresponding to the act (or acts) under which you acquired the credit and enter the amount:		
A. CREDITS SUBJECT TO THE LIMITATION PROVIDED BY SECTION 1051.13 OF THE CODE		
1. <input type="checkbox"/> Solid Waste Disposal (Act 159-2011)	(1)	00
2. <input type="checkbox"/> Capital Investment Fund (Act 46-2000)	(2)	00
3. <input type="checkbox"/> Housing Infrastructure (Act 98-2001)	(3)	00
4. <input type="checkbox"/> Conservation Easement (Act 183-2001)	(4)	00
5. <input type="checkbox"/> Revitalization of Urban Centers (Act 212-2002)	(5)	00
6. <input type="checkbox"/> Other: _____ (Submit detail)	(6)	00
7. Total credit for purchase of tax credits subject to limitation (Add lines 1 through 6. Transfer to Part III, line 20(B))	(7)	00
B. CREDITS NOT SUBJECT TO THE LIMITATION PROVIDED BY SECTION 1051.13 OF THE CODE		
8. <input type="checkbox"/> Tourism Development (Act 78-1993 and Act 74-2010)	(8)	00
9. <input type="checkbox"/> Eligible Tourism Investment (Act 60-2019)	(9)	00
10. <input type="checkbox"/> Film Project Investment (Act 27-2011 and Act 60-2019)	(10)	00
11. <input type="checkbox"/> Investment in Research and Development Activities (Section 5(c) of Act 73-2008, Article 2.11(c) of Act 83-2010 and Section 3030.01 of Act 60-2019)	(11)	00
12. <input type="checkbox"/> Economic Incentives (Industrial Investment) (Section 6 of Act 73-2008)	(12)	00
13. <input type="checkbox"/> Opportunity Zones (Act 60-2019)	(13)	00
14. <input type="checkbox"/> Other: _____ (Submit detail)	(14)	00
15. Total credit for the purchase of tax credits not subject to limitation (Add lines 8 through 14. Transfer to Part III, line 20(E))	(15)	00

Part VIII TAX CREDITS POST TAX CREDITS MANAGER (SEE INSTRUCTIONS)		Post Tax Credits Manager	
The tax credits claimed in this part must be duly registered in the Tax Credits Manager. The amount included must be the amount you are claiming against the tax in the return, net of all limitation.			
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
22. Total Post Tax Credits Manager Tax Credits (Add lines 1 through 21. Transfer the total to Part III, line 22, Column B)	(22)		00

Schedule I (C)

Rev. 12.23



**COMPOSITE RETURN
INDIVIDUAL OWNERS OF PASS-THROUGH
ENTITIES**

Sworn Statement

(To be filed with Form 482.0(C))

Taxable year beginning on _____ and ending on _____

2023

Name _____

Social Security Number _____

Address _____

Personal Circumstances

Citizen of the United States: Yes No

If yes:

Personal Exemptions (1 if single, 2 if married) _____

Number of dependents _____

The undersigned, under penalty of perjury, being duly sworn, hereby certifies and agrees as follows:

- 1. My name, social security number, address and personal circumstances are as stated above.
- 2. I was not a resident of Puerto Rico during any part of the taxable year indicated in this form.
- 3. I am an owner of the pass-through entity described on line 4.

4. Entity's Name: _____

Entity's employer identification number: _____

Entity's address: _____

Type of Entity: Partnership Corporation
 Limited Liability Company (LLC)

Taxpayer's percentage share in the entity's income, gains or losses: _____%

5. The type of income for which this sworn statement and agreement applies is:

- Distributed or undistributed Puerto Rico income from a Partnership.
- Distributed or undistributed Puerto Rico income from an LLC taxed as a Pass-Through Entity.
- Distributed or undistributed Puerto Rico income from a Corporation taxed as a Pass-Through Entity.

6. I have no other Puerto Rico source income or income taxable in Puerto Rico other than from the entity described on line 4.

7. I agree to be included in the composite return to be filed by the entity described on line 4, and that any refund resulting thereof be disbursed to said entity.

8. This sworn statement applies for the taxable year indicated in this form.

9. I submitted a Sworn Statement under Section 1062.07(a)(1)(B) of the Code: Yes No

The undersigned understands that any false statement contained herein could be punished by fine, imprisonment or both.

Under penalty of perjury, I declare that I have examined this sworn statement and agreement and, to the best of my knowledge and belief, it is true, correct and complete.

Signature of owner _____

Date _____



COMPOSITE RETURN

INDIVIDUALS OWNERS OF PASS-THROUGH ENTITIES

Rev. 04.24

FORM 482.0(C) GENERAL INSTRUCTIONS

WHO MUST FILE THIS RETURN?

The individuals owners of a pass-through entity engaged in trade or business in Puerto Rico are considered engaged, in their individual character, to such trade or business in Puerto Rico according to the provisions of Section 1071.01 of the Puerto Rico Internal Revenue Code of 2011, as amended (Code). Therefore, as long as the pass-through entity is engaged in the conduct of a trade or business in Puerto Rico, its nonresident individual owners (whether United States citizens or nonresident aliens) earn income related to the conduct of a trade or business in Puerto Rico.

According to the provisions of Administrative Determination No. 12-07 of March 14, 2012 ("AD 12-07"), nonresident individual owners of a pass-through entity engaged in trade or business in Puerto Rico may choose to file this composite return.

This return must be filed by the pass-through entity on behalf of the nonresident individual owners that choose to be included in the Composite Return and duly complete Schedule I (C), following the instructions provided below. This mechanism of a composite return is an election of each nonresident individual who is a owner of a pass-through entity. Therefore, from now on, these instructions refer to a owner of such entities as the "Owner" and to the entity as "Entity".

EXCEPTION: Section 1091.07(b) of the Code provides that, subject to those conditions, limitations and exceptions established by the Secretary, nonresident individual owners that are treated as engaged in trade or business in Puerto Rico only because of Section 1071.01 of the Code, can be exempted from the obligation to file an income tax return if the income tax withheld by the Entity and submitted to the Department of the Treasury on behalf of those owners satisfy their tax responsibility in Puerto Rico.

Nonresident individual owners who choose NOT to be included in the composite return (or who cannot file the composite return because of having earned other income from Puerto Rico sources or being a part-year resident of Puerto Rico) will have the obligation to file an income tax return in Puerto Rico in their individual character, according to the provisions of the Code.

WHEN AND WHERE TO FILE?

This Composite Return must be filed not later than the 15th day of the fourth month following the closing of the taxable year of the entity that files on behalf of its nonresident individual owners who chose to meet their tax responsibility by filing this Composite Return.

The return must be filed in the Department of the Treasury, Returns Processing Bureau, located at 10 Paseo Covadonga,

Intendente Ramírez Building in Old San Juan, or sent by mail to the following address:

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

It may also be filed 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 not later than the due date to file the return.

The Entity, on behalf of the nonresident individual owners who request to meet their tax responsibility by means of the composite return, may request this extension of time by electronically filing a Request for Extension of Time to File the Income Tax Return (Form AS 2644) through the Resident Entity's account in the Internal Revenue Integrated System ("SURI", for its Spanish acronym), according to the following steps:

1. Log in to your SURI account.
2. In the *Summary* section, find the *Pass-Through Entity* account, and in the *Account* option, choose the *View returns, periods, and other options* link.
3. In the *Periods* menu, select the corresponding taxable period of the Extension Request, and choose the *Request income tax return extension* link that is available in the upper right corner.
4. Follow the system's instructions. In the *Taxpayer type* screen, choose *Pass-Through Entity* and in the *Type of return* option, select the *Form 482.0(C)*.
5. Once you have submitted the Automatic Extension of Time Request, the system will issue a confirmation message and you will have the choice to select *Printable confirmation* to get a copy of the submitted Request for Extension of Time. We recommend you keep a copy of said document in your records.

You can also file the Extension Request through the main page of the SURI system without log in to the taxpayer's SURI account. For additional information regarding the Automatic Extension of Time Request for taxable year 2023, refer to the Internal Revenue Circular Letter No. 24-04.

This extension must be in addition to the one that may be requested by the Resident Entity to file the Informative Income Tax Return Pass-Through Entity (Form 480.20(EC)).

An extension of time to file the return does not extend the time for the payment of the corresponding tax.

COLUMN OF CENTS

When filling out the return, do not use the column for cents. That way we can expedite its processing. **It is important to remind you that it 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 contact us at **(787) 622-0123**.

SCHEDULE THAT COMPLEMENTS THE RETURN

The Entity must file this Return on behalf of those nonresident individual owners who complete the affidavit using Schedule I (C) - "Composite Return Individual Owner of Pass-Through Entities - Sworn Statement". Form 482.0(C) must include a Schedule I (C) for each owner included on line 2 of Part I (Questionnaire) of the Composite Return, Form 482.0(C).

The Entity must include with this Return the **originals** of the affidavits, as submitted by the owners.

SIGNATURE AND OATH OF THE RETURN

The return must be signed and sworn by a managing owner, officer or agent of the Entity filing on behalf of its Nonresident Owners that choose to be included in the Composite Return and that duly complete Schedule I (C).

SIGNATURE OF THE RETURN BY THE SPECIALISTS

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 a tax return specialist duly registered with the Department of the Treasury, it must include the registration number and be signed by the authorized person.

Indicate if you paid for the preparation of the return and make sure that the specialist signs the return and includes his/her registration number. THE CODE PROVIDES CIVIL AND CRIMINAL SANCTIONS TO THOSE 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

You must indicate the beginning and ending dates of the taxable year in the space provided in the heading below the return title. In the Taxable Year box, select the corresponding alternative. In the case of a fiscal year of 52-53 weeks, you must enter the date on which said taxable year begins and ends in the space provided. Similarly, in the case that the Entity files a return for a period of less than twelve months, it must select the "Short Period" option and include the date on which the period begins and ends.

Enter in the corresponding space the name, address, telephone number, e-mail and employer identification number of the Entity. Your employer identification number is required to process the return.

Indicate in the corresponding box if this is the first or last return being filed. Enter in the corresponding box the Entity's date and place of creation. Complete the information requested and include the corresponding documents.

Fill in the corresponding oval to indicate if you submit a "Request for Extension of Time to File the Income Tax Return" (Form AS 2644).

If the Entity is engaged in trade or business, enter in the corresponding box the merchant's registration certificate.

CHANGE OF ADDRESS

To notify a change of address at the moment of filing the return, check the applicable box and write the new address clearly and legibly in the space provided for this purpose in the return's heading. This allows us to update our records and send correspondence to the correct address.

You can also change your address at any time of the year through your account in the Internal Revenue Integrated System ("SURI", for its Spanish acronym) as follows: (i) Log in to your SURI account; (ii) In the *More Options* section, locate the box *Taxpayer's Information* and select the link *Manage names and addresses*; (iii) in the *Addresses* section, select the address you want to change and click the link *Change this address*; (iv) Enter the new address and click the link *Verify address*; (v) Once the address is validated, click the option *Next* to continue to the next screen; (vi) On screen *Review and submit*, be sure to click the *Submit* link. The system will provide you with a confirmation number of the change of address request. We encourage you to keep this number for your records.

If you do not have a SURI account, and you still do not have to file the return, you must notify any change in your address using Form AS 2898 (Change of Address). This form is available accessing our website: www.hacienda.pr.gov.

PART I – QUESTIONNAIRE

Line 1 – Check in the corresponding box to indicate if it is a Partnership, a Limited Liability Company or Corporation.

Line 2 – Indicate the number of owners for whom this Composite Return is being filed. For each one of them, you must include a Schedule I (C) duly completed as detailed later in the instructions of said schedule.

Line 3 – Enter the percentage share in the pass-through entity represented by the owners for whom the Composite Return is being filed, as indicated on line 2. In order to calculate the percentage, add the percent indicated by each one of the nonresident individual owners on line 4 of Schedule I (C).

Line 4 – Enter the number of owners who are United States citizens, as indicated by each nonresident individual owner in the **Personal Circumstances** box of Schedule I (C).

Line 5 – Enter the number of owners who are NOT United States citizens, as indicated by each nonresident individual owner in the **Personal Circumstances** box of Schedule I (C).

Line 6 – Only with respect to owners who are United States citizens, as indicated on line 4, enter (a) the number of spouses and (b) number of dependents as indicated by each one of the nonresident individual owners in the **Personal Circumstances** box of Schedule I (C).

PART II – DETERMINATION OF TAX

The tax responsibility of the owners included in the Composite Return will be determined in the aggregate.

Line 1 – Income subject to ordinary tax rates

Transfer the income subject to ordinary tax rates as determined in Part V, line 3.

Line 2 – Personal exemptions and exemption for dependents

To complete the information required on this line, consider only those nonresident individual owners who have indicated to be United States citizens when completing the **Personal Circumstances** box of Schedule I (C).

The Entity may claim for the benefit of all owners, the personal exemptions and exemption for dependents corresponding to the owners who are United States citizens. The Entity cannot claim personal exemptions and exemption for dependents with respect to owners who are not United States citizens.

Line 2(A) – Enter the amount resulting from multiplying \$3,500 by the amount of nonresident individual owners who are United States citizens, as indicated on line 4 of Part I – Questionnaire.

Line 2(B) – Enter the amount resulting from multiplying \$3,500 by the amount of nonresident individual owners who are United States citizens and informed to be married and claim the personal exemption of their spouses, as indicated on line 6(a) of Part I – Questionnaire.

Line 2(C) – Enter the amount resulting from multiplying \$2,500 by the amount of dependents informed by the nonresident individual owners who are United States citizens, as indicated on line 6(b) of Part I – Questionnaire.

Line 2(D) – Add the total of personal exemptions as indicated on lines 2(A) through 2(C).

Line 4 – Net income subject to 0% rate

For taxable years beginning between January 1 and December 31, 2023, the first bracket of net income subject to tax at 0% rate

is \$9,000. Therefore, you must enter on this line the amount resulting from multiplying \$9,000 by the amount of nonresident individual owners as indicated on line 2 of Part I - Questionnaire.

Line 5 - Net income subject to 33% rate

Enter on this line the amount resulting from subtracting line 4 from line 3.

Line 6 - Tax

The maximum income tax rate for taxable years beginning between January 1 and December 31, 2023 is 33%. Therefore, the net income subject to tax in excess of \$9,000 per owner (as computed on line 4 in the aggregate) is taxed at 33%.

Enter on this line 95% of the amount resulting from multiplying line 5 by 33%. Nevertheless, in those cases where line 3, Part II is \$100,000 or less, enter on this line 92% of the amount resulting from multiplying line 5 by 33%.

Line 7 - Net income subject to 10% rate

Transfer the income subject to 10% rate as determined in Part V, line 6.

Line 9 - Net income subject to 15% rate

Transfer the income subject to 15% rate as determined in Part V, line 9.

Line 11 – Income subject to ___% rate

Transfer the income subject to ___% rate (as informed on line 10 of Part V) as determined in Part V, line 12.

Line 13 – Income subject to ___% rate

Transfer the income subject to ___% rate (as informed on line 13 of Part V) as determined in Part V, line 15.

Line 16 – Credit for taxes paid to foreign countries, the United States, its states, territories and possessions

If one or more Forms 480.60 EC corresponding to the nonresident individual owners included on this Return report any amount in Part V, you must complete a combined Schedule C.

Enter on line 1(h) of Part I of the combined Schedule C, in the corresponding column, the amount resulting from adding the amount reported on Form 480.60 EC, line 1, Part V only with respect to the owners included on this Return.

Enter on line 2 of Part II of the combined Schedule C, in the corresponding column, the amount resulting from adding the amount reported on Forms 480.60 EC, line 2, Part V only with respect to the owners included on this Return.

Complete the rest of the combined Schedule C as indicated in the Instructions of Schedule C Individual.

PART III – CREDITS

Use lines 20(A) through 20(F) of this part to claim only the tax credits that are considered Pre Tax Credits Manager. The Post Tax Credits Manager credits are claimed on line 22, Column B of this Part III.

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 Credit Manager ("TCM") as part of the electronic system of the Department. In general terms, the TCM is a tool that allows the Department to manage and supervise the 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 by the Department on December 22, 2022, the TCM implementation date for purposes of the determination of Pre TCM and Post TCM Credits, was January 1, 2023.

A Pre TCM Credit will be considered: (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) all tax credits, including any carryforward balance from previous years, granted by administrative determination or certification issued by any Regulatory Agency, as such term is defined in Section 1051.16(b)(3) of the Code, which the date of issuance is prior to January 1, 2023. In the case of Credits for Investment in Research and Development Activities, those registered in the Integrated Tax Credit Portal (CCI Portal, for its Spanish acronym) as of January 18, 2023 will also be considered Pre TCM Credits. **Pre TCM Credits will not be registered in the TCM.**

On lines 20(A) through 20(F) 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.

The credits provided below may be claimed subject to the rules of use established in the special act under which they were granted and the applicable provisions of the Code. However, Pre TCM credits may be claimed during a period of three (3) taxable years after the date of implementation of the TCM ("Transition Period"). Any available balance not used from Pre TCM credits at the end of the Transition Period, may not be claimed or carried over to subsequent taxable years.

Pursuant to AD 22-11, the first taxable year of the Transition Period is taxable year 2023, therefore, Pre TCM Credits may be claimed until taxable year 2025. Commencing with the taxable year 2026, Post TCM Credits can only 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 assignee will be subject to the same limitations applicable to the seller on said Pre TCM Credits established in Section 1051.16 of the Code and AD 22-11.

The amount of credit that must be included on the corresponding line of this Part must be the amount of the tax credit available from the Entity to be distributed to the nonresident individual owners. It should be noted that in the case of Pre TCM Credits, they will be subject to the provisions of Section 1051.16(h) of the Code.

For additional information on the TCM, refer to AD 22-11, the Internal Revenue Circular Letter No. 23-02 ("IR CL 23-02") and to the next publications to be issued by the Department.

The distributable share of the nonresident individual owners in the credits provided below may be claimed subject to the rules of use established in the special act under which said credits are granted and the applicable provisions of the Code. However, credits covered under Section 1051.12(a)(4), (5) and (7) of the Code will be subject to the limitation of use provided in Section 1051.13 of the Code.

Credits acquired through purchase may only be claimed on lines 20(B) and 20(E) of this Part III, as applicable. Lines 20(A), 20(C), 20(D) and 20(F) of this Part III should only be used to claim credits generated during the current taxable year.

A. CREDIT SUBJECT TO THE LIMITATION PROVIDED BY SECTION 1051.13 OF THE CODE

Line 20(A) – Enter on this line the distributable share of the nonresident individual owners included in this Composite Return in the amount of credit attributable to losses or for investment in Capital Investment Funds, Tourism Funds, other funds or direct investments, as reported in Forms 480.6 EC.

Line 20(B) - Enter the total of the amounts reported on line 5, Part VI of Form 480.60 EC corresponding to the nonresident individual owners included on the Composite Return.

Line 20(C) - Enter the total of the amounts reported on line 6, Part VI of Form 480.60 EC corresponding to the nonresident individual owners included on the Composite Return.

If on this line you included credits from different concepts, you must submit a schedule showing a breakdown of such credits. You must also submit documents or evidence to support every credit claimed on this line.

B. CREDIT NOT SUBJECT TO THE LIMITATION PROVIDED BY SECTION 1051.13 OF THE CODE

Line 20(D) - Enter the total of the amounts reported on line 7, Part VI of Form 480.60 EC corresponding to the nonresident individual owners included on the Composite Return.

Line 20 (E) - Enter the total of the amounts reported on line 14 of Part VI of Form 480.60 EC corresponding to the nonresident individual owners included on the Composite Return.

Line 20 (F) - Enter the total of the amounts reported on line 15 of Part VI of Form 480.60 EC corresponding to the nonresident individual owners included on the Composite Return.

PART IV – TAX DUE OR PAID IN EXCESS

Line 24 – Tax Withheld or Paid

Enter the amount paid for income tax on lines 24A, 24B and 24C, as it corresponds.

Line 24(A) – Estimated tax payments made during the year

Enter the estimated tax payments made during the year by the Entity on behalf of the owners included on the Composite Return only.

Add the amounts reported on lines 5, 6, 7, 14, 15 and 16 (Column of “Tax Withheld”) of Part III of Forms 480.60 EC corresponding to the nonresident individual owners included on the Composite Return.

Line 24(B) – Tax withheld at source on dividends and interest

Enter the distributable share of the tax withheld at source on dividends and interest reported by the Entity only with respect to the owners included on the Composite Return. Add the amounts reported on lines 8, 9, 10, 12 and 13 (Column of “Tax Withheld”) of Part III of Forms 480.60 EC corresponding to the nonresident individual owners included on the Composite Return.

Line 24(C) – Amount paid with automatic extension of time

If for any reason the Entity understands that it will not be able to file the return on time, an extension of time must be requested not later than the due date to file the return. The request must be presented as indicated in the section for “Request for Extension of Time to File the Income Tax Return” of these instructions.

Enter on this line the amount paid by the Entity, if any, when filing **Form AS 2644**.

Line 26 – Amount paid with the return

The payment must be made only electronically through SURI. The payment methods available are the following: 1) Visa or Mastercard, 2) ACH Debit (Direct Debit) and 3) ACH Credit.

For more information on payment methods for transactions in SURI please refer to Internal Revenue Informative Bulletin No. 20-03: Payment methods accepted in transactions through the Internal Revenue Integrated System.

INTERESTS, SURCHARGES AND PENALTIES

Interests

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

Surcharges

When the payment of interests is applicable, a surcharge of 5% of the amount due will be assessed, if the delay in payment exceeds 30 days, but not over 60 days; or 10% of the amount due, if the delay exceeds 60 days.

Penalties

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

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

If any person voluntarily fails to file the above mentioned return, declaration, certification or report (within the terms required by the Code or regulations) with the intention to avoid or defeat any tax imposed by the Code, in addition to other penalties, he or she shall be guilty of a third degree felony.

Line 27 - Balance of Tax Due

This is the amount of tax that you owe and that you must pay on or before April 15 or, if you are filing on a fiscal year basis, on or before the fifteenth day of the fourth month after the close of the taxable year.

If this amount is not paid on the date provided by the Code, it will be subject to interests, surcharges and penalties as detailed in the instructions of line 26.

Line 28 – Amount Overpaid

An overpayment of tax arises when the total tax withheld, paid and refundable credits, including any amount paid with the automatic extension of time (if any) exceeds the tax determined.

Any overpayment of income tax will be applied against any eligible tax liability imposed by the Code.

In the absence of debts from previous years, you may elect to contribute all or part of the overpayment of tax to the 2024 estimated tax, the San Juan Bay Estuary Special Fund or the University of Puerto Rico Special Fund.

If you elect to do so, enter the amount that you want to credit to your estimated tax for the taxable year 2024 on line 29A, or the amount you wish to contribute to any of these Funds on lines 29B and 29C, respectively. Enter any balance to be refunded on line 29D.

If a refund is claimed, the Department will pay it to the Entity since the nonresident individual owners included on the Composite Return authorized to do so by completing Schedule I (C).

The Entity must keep for its records evidence of the estimated tax payments (copy of cancelled or substitute checks, money orders, etc.).

PART V – COMPUTATION OF TAXABLE INCOME

Line 1 - Income (or losses) subject to ordinary tax rates

Line 1(A) – Net income (or loss) from the trade or business of the pass-through entity

Include on this line the distributable share of the nonresident individual owners included on this Composite Return on the net income or loss of the business generated by the Entity. Do not include on this line income, gains or losses identified on other lines of this Part.

Add the total of the amounts reported on line 5 of Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line.

Line 1(B) – Short-term gain (or loss) on the sale or exchange of capital assets

Include on this line the distributable share of the nonresident individual owners included on this Composite Return on the gain or loss derived from the sale or exchange of capital assets owned by the Entity for one year or less. Do not include on this line income, gains or losses identified on other lines of this Part.

Add the total of the amounts reported on line 2, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line. If such total is less than zero, enter zero.

Line 1(C) – Loss on the sale or exchange of property used in the business

Include on this line the distributable share of the nonresident individual owners included on this Composite Return from the

loss on the sale or exchange of property used in the business. Do not include on this line income, gains or losses identified on other lines of this Part.

Add the total of the amounts reported on line 4, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line. If such total is more than zero, enter zero on this line and enter the total on line 7(B), of this Part V.

The loss deduction will be limited to the amount resulting from multiplying the number of owners included on the Composite Return (line 2, Part I – Questionnaire) by \$1,000, provided that the loss has been generated during the current taxable year.

Line 1(D) – Net income (or loss) from partially exempt income (Net of exemption)

Include on this line the distributable share of the nonresident individual owners included on this Composite Return on the net income or loss from operations covered under Act 52-1983, Act 47-1987, Act 78-1993, Act 165-1996, Act 74-2010 or Act 132-2010. Do not include on this line income, gains or losses identified on other lines of this Part.

Add the total of the amounts reported on line 6, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line.

Line 1(E) – Distributable share on income or loss from pass-through entities owned by the entity

The Entity can be a owner in other entity (inferior entity). Enter on this line the distributable share of the nonresident individual owners included on this Composite Return on the income or loss of the inferior entity attributable to the Entity if it pays taxes based on ordinary rates.

Add the total of the amounts reported on lines 14 and 15, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line as long as such amount is taxed on an ordinary rate basis. If such total is less than zero, enter zero.

Line 1(F) - Other income

Enter the total of other income not included on previous lines as long as such income is taxed on an ordinary rate basis. If on this line you included income from different concepts, you must submit a schedule showing a breakdown of such income.

Add the total of the amounts reported on line 16, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line as long as such amount is taxed on an ordinary rate basis.

Line 2 – Charitable contributions

Enter here the distributable share of the nonresident individual owners included on this Composite Return on the total contributions or donations paid during the taxable year, by the Entity, to 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 particular owner.

Enter on this line the proportion of the total charitable contributions reported in Part III of Form 480.60 EC of each one of the nonresident individual owners included on this Composite Return that are attributable to income subject to ordinary tax rates. To determine this ratio, you should divide the total income subject to ordinary tax rates (reported on line 1(G)) between the sum of the amounts reported on lines 1(G), 4(F), 7(F), 10(C) and 13(C). Enter on this line the amount resulting from applying the percentage (%) determined herein to the sum of the charitable contributions reported on line 23, Part III of Form 480.60 EC of each one of the nonresident individual owners included on this Composite Return.

The deduction will not exceed 50% of the net income reported on line 1(G).

Line 4 – Income (or losses) subject to tax at a 10% tax rate

Line 4(A) – Distributable share on income or loss from pass-through entities owned by the Entity

The Entity can be a owner in other entity (inferior entity). Enter on this line the distributable share of the nonresident individual owners included on the Composite Return on the income or loss of the inferior entity attributable to the entity if it is taxed at the 10% rate.

Add the total of the amounts reported on lines 14 and 15, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line as long as such amount is taxed at the 10% rate. If such total is less than zero, enter zero.

Line 4(B) – Interest income from deposits in financial institutions located in Puerto Rico

Include on this line the distributable share of the nonresident individual owners included on this Composite Return on the interest income from deposits in financial institutions located in Puerto Rico if such income is taxed at the 10% rate.

Add the total of the amounts reported on line 10, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line as long as such amount is taxed at the 10% rate.

Line 4(C) – Income from other interests subject to withholding at 10% rate

Include on this line the distributable share of the nonresident individual owners included on this Composite Return on the interest income from certain bonds, notes, obligations and mortgages if such income is taxed at the 10% rate.

Add the total of the amounts reported on line 12, Part III of Form 480.60 EC (Column of “Amount”) representing interest income from certain bonds, notes, obligations and mortgages only with respect to the nonresident individual owners included on the

Composite Return and include the total on this line as long as such amount is taxed at the 10% rate.

Line 4(D) - Distribution of dividends subject to withholding at 10% rate

The nonresident individuals owners included on the Composite Return can inform their distributable share on the dividends received by the Entity and claim a credit for their distributable share on the 10% tax withheld.

Add the amount reported on line 9, Part III of Form 480.60 EC (Column of “Amount”) only with respect to nonresident individuals owners included in the Composite Return and include the total on this line as long as such amount is taxed at the 10% rate.

Line 4(E) – Other income

Include the total of other income not included on previous lines as long as such income is taxed at the 10% rate. If this line includes income from different concepts, you must submit a schedule itemizing the same.

Add the total of the amounts reported on line 16, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line as long as such amount is taxed at the 10% rate.

Line 5 – Charitable contributions

Enter on this line the proportion of the total charitable contributions reported on Part III of Form 480.60 EC of each one of the nonresident individual owners included on this Composite Return that are attributable to income that is taxed at the 10% rate. To determine this ratio, you should divide the total amount of income that is taxed at the 10% rate (reported on line 4(F)) between the sum of the amounts reported on lines 1(G), 4(F), 7(F), 10(C) and 13(C). Enter on this line the amount resulting from applying the percentage (%) determined herein to the sum of the charitable contributions reported on line 23, Part III of Form 480.60 EC of each one of the nonresident individual owners included on this Composite Return.

The deduction will not exceed 50% of the net income reported on line 4(F).

For additional details refer to the instructions of line 2 of this Part V.

Line 7 – Income (or losses) subject to tax at a 15% tax rate

Line 7(A) – Long-term gain (or loss) on sale or exchange of capital assets

Include on this line the distributable share of the nonresident individual owners included on this Composite Return from the gain or loss from the sale or exchange of capital assets held by the Entity for more than one year. Do not include on this line income, gains or losses identified on other lines of this Part.

Add the total of the amounts reported on line 1, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line. If such total is less than zero, enter zero.

Line 7(B) – Gain on the sale or exchange of property used in the business

Include on this line the distributable share of the nonresident individual owners included on this Composite Return from the gain on the sale or exchange of property used in the business.

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

Add the total of the amounts reported on line 4, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line. If such total is less than zero, enter zero.

Line 7(C) – Eligible distribution of dividends from corporations

The nonresident individual owners included on the Composite Return can inform their distributable share on the dividends received by the Entity and claim a credit for their distributable share on the 15% tax withheld.

Add the total of the amounts reported on line 8, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line.

Line 7(D) – Gain (or loss) on sale or exchange of substantially all assets dedicated to an activity under Act 78-1993 (Net of exemption)

Include on this line the distributable share of the nonresident individual owners included on this Composite Return on the gain or loss from the sale or exchange of substantially all assets dedicated to an activity under Act 78-1993. Do not include on this line income, gains or losses identified on other lines of this Part.

Add the total of the amounts reported on line 3, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line.

Line 7(E) – Other income

Include the total of other income not included on previous lines as long as such income is taxed at the 15% rate. If this line includes income from different concepts, you must submit a schedule itemizing the same.

Add the total of the amounts reported on line 16, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line as long as such amount is taxed at the 15% rate.

Line 8 – Charitable contributions

Enter on this line the proportion of the total charitable contributions reported on Part III of Form 480.60 EC of each one of the nonresident individual owners included on this Composite Return that are attributable to income that is taxed at the 15% rate. To determine this ratio, you should divide the total amount of income that is taxed at the 15% rate (reported on line 7(F)) between the sum of the amounts reported on lines 1(G), 4(F), 7(F), 10(C) and 13(C). Enter on this line the amount resulting

from applying the percentage (%) determined herein to the sum of the charitable contributions reported on line 23, Part III of Form 480.60 EC of each one of the nonresident individual owners included on this Composite Return.

The deduction will not exceed 50% of the net income reported on line 7(F).

For additional details refer to the instructions of line 2 of this Part V.

Line 10 - Income (or loss) subject to tax at a ___% tax rate

Enter on this line the distributable share of the nonresident individual owners on the Entity’s income or losses subject to a preferential rate other than 10% or 15%.

Include the applicable percentage on line 10 and include an explanatory schedule with the Composite Return.

Line 10(A) – Distributable share on income or loss from pass-through entities owned by the Entity

The Entity can be a owner in other entity (inferior entity).

Enter on this line the distributable share of the nonresident individual owners included on the Composite Return on income or loss of the inferior entity attributable to the Entity if it is taxed at the preferential rate informed on line 10.

Add the total of the amounts reported on lines 14 and 15, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line as long as such amount is taxed at the preferential rate informed on line 10. If the total amount is less than zero, enter zero.

Line 10(B) – Other income

Include the total of other income not included on previous lines as long as such income is taxed at the preferential rate informed on line 10. If this line includes income from different concepts, you must submit a schedule itemizing the same.

Add the total of the amounts reported on line 16, Part III of Form 480.60 EC (Column of “Amount”) only with respect to the nonresident individual owners included on the Composite Return and include the total on this line as long as such amount is taxed at the rate informed on line 10.

Line 11 – Charitable Contributions

Enter on this line the proportion of the total charitable contributions reported on Part III of Form 480.60 EC of each one of the nonresident individual owners included on this Composite Return that are attributable to income that is taxed at the preferential rate informed on line 10. To determine this ratio, you should divide the total amount of income that is taxed at the preferential rate informed on line 10 (reported on line 10(C)) between the sum of the amounts reported on lines 1(G), 4(F), 7(F), 10(C) and 13(C). Enter on this line the amount resulting from applying the percentage (%) determined herein to the sum of the charitable contributions reported on line 23, Part III of Form 480.60 EC of each one of the nonresident individual owners included on this Composite Return.

The deduction will not exceed 50% of the net income reported on line 10(C).

For additional details refer to the instructions of line 2 of this Part V.

Line 13 - Income (or loss) subject to tax at a ___% tax rate

Enter on this line the distributable share of the nonresident individual owners on the Entity's income or losses subject to a preferential rate other than 10% or 15% or the rate informed on line 10.

Include the applicable percentage on line 13 and include an explanatory schedule with the Composite Return.

Line 13(A) – Distributable share on income or loss from pass-through entity owned by the Entity

The Entity can be a owner in other entity (inferior entity).

Enter on this line the distributable share of the nonresident individual owners included on the Composite Return on income or loss of the inferior entity attributable to the Entity if it is taxed at the preferential rate informed on line 13.

Add the total of the amounts reported on lines 14 and 15, Part III of Form 480.60 EC (Column of "Amount") only with respect to the nonresident individual owners included on the Composite Return and include the total on this line as long as such amount is taxed at the preferential rate informed on line 13. If the total amount is less than zero, enter zero.

Line 13(B) – Other income

Include the total of other income not included on previous lines as long as such income is taxed at the preferential rate informed on line 13. If this line includes income from different concepts, you must submit a schedule itemizing the same.

Add the total of the amounts reported on line 16, Part III of Form 480.60 EC (Column of "Amount") only with respect to the nonresident individual owners included on the Composite Return and include the total on this line as long as such amount is taxed at the rate informed on line 13.

Line 14 – Charitable contributions

Enter on this line the proportion of the total charitable contributions reported on Part III of Form 480.60 EC of each one of the nonresident individual owners included on this Composite Return that are attributable to income that is taxed at the preferential rate informed on line 13. To determine this ratio, you should divide the total amount of income that is taxed at the preferential rate informed on line 13 (reported on line 13(C)) between the sum of the amounts reported on lines 1(G), 4(F), 7(F), 10(C) and 13(C). Enter on this line the amount resulting from applying the percentage (%) determined herein to the sum of the charitable contributions reported on line 23, Part III of Form 480.60 EC of each one of the nonresident individual owners included on this Composite Return.

The deduction will not exceed 50% of the net income reported on line 13(C).

For additional details refer to the instructions of line 2 of this Part V.

PART VI – COMPUTATION OF THE ALTERNATE BASIC TAX

An alternate basic tax will be assessed when the same is larger than the regular tax, as determined in this Part.

Line 1 - Net income subject to ordinary tax rate

Include the total income received and reported on Form 480.60 EC only with respect to the nonresident individual owners included on the Composite Return. This amount will be the result of the amount reported on line 16, Part V of Page 2 less the personal and dependent exemptions claimed on Part II line 2(D) of Page 1 of the return.

Line 2 – Distributable share in the adjustments for purposes of the alternate basic tax

Enter the distributable share in the adjustments for purposes of the alternate basic tax.

Add the total of the amounts reported on lines 19 (Exempt income subject to alternate basic tax), 20 (Adjustments for deductions not allowed for the alternate basic tax) and 21 (Other adjustments for purposes of the alternative basic tax) of Part III of Form 480.60 EC (Column of "Amount") only with respect to the nonresident individual owners included on the Composite Return and include the total on this line.

Line 4 – Net income subject to Alternate Basic Tax per owner

Enter the amount resulting from dividing the amount determined on line 3 between the total of nonresident individual owners included on the Composite Return, as reported on line 2 of Part I.

If the amount resulting from said division is more than \$25,000, continue with line 5. If on the contrary, the amount is equal or less than \$25,000, **enter zero** on line 5 and continue on line 6.

Line 6 – Credit for taxes paid to foreign countries, the United States, its states, territories and possessions

To determine the alternate basic tax, you may claim the credit for taxes paid to foreign countries, the United States, its states, territories and possessions with certain adjustments. Therefore, to determine the credit to be claim on this line it is necessary to recalculate the credit determined on the combined Schedule C Individual for purposes of the regular tax (line 16 of Part II of the return) substituting the tax determined by the alternate basic tax reflected on line 5 of this Part VI and the net income subject to regular tax by the net income subject to alternate basic tax, as determined on line 3 of this Part VI.

PART VII – BREAKDOWN OF THE PURCHASE OF TAX CREDITS

Use this Part to claim only the tax credits acquired through purchase and that are considered Pre Tax Credits Manager. The purchase of Post Tax Credits Manager credits is claimed in Part VIII.

Enter the distributable share of the nonresident individual owners included in this Composite Return on the amount of credit acquired by the Entity.

Check the box corresponding to the act (or acts) under which you acquired the credit and enter the amount of said credit acquired. Transfer the amount of line 7 to Part III, line 20(B) of the return and also transfer the amount of line 15 to Part III, line 20(E).

PART VIII - TAX CREDITS POST TAX CREDITS MANAGER

Use this Part to claim only the tax credits that are considered Post TCM credits. This includes the credits acquired through purchase and that are considered Post TCM credits.

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

Subsection (d) of Section 1051.16 provides that it will be an essential requirement to have the right to claim any Post TCM credit, that the same is registered with 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 tax credits in the TCM, refer to IR CL 23-02.

In this Part, you must include the tax credits granted as of the date of implementation of the TCM and that are duly registered. **The amount of credit to be included on the corresponding line must be the amount you are claiming against the return tax, net of any limitations, instead of the total amount of credit available.** This is because the amount you enter in this part is the amount by which the credit available in the TCM will be reduced.

As an example, the taxpayer has a Post TCM credit of \$10,000 duly registered in the TCM and the tax determined in the return is \$8,000. Assuming that the taxpayer has no other tax credit, you must enter \$8,000 on the corresponding line. Once you claim this amount in the return, the total credit available in the TCM of \$10,000 will be reduced to \$2,000 (that is, \$10,000 less \$8,000 of credit claimed on the return).

On the other hand, pursuant to AD 12-07, the partners or members of the Nonresident Intermediate Entities, that are not pass-through entities, will be required to file an income tax return in Puerto Rico in their individual capacity, in accordance with the provisions of the Code. When two or more of said partners or members of the Nonresident Intermediate Entities are nonresident individuals, the Department has available this composite return, which must be filed by the Entity on behalf of the nonresident individual owners. Based on the above, the Post TCM Credits that have been generated or acquired by the Entity may be claimed by the partners or members of the Nonresident Intermediate Entities in the income tax return that they are required to file in Puerto Rico. In these cases, the Post TCM Credits generated or acquired by the Entity must be transferred to the owners, that is, to the partners or members of the Nonresident Intermediate Entities in the TCM. Likewise, and before being able to claim the credit on their return, the owner must accept the transfer of the credits in the TCM in order that they are reflected as available, in the link "*Access my Tax Credits*", in their income tax account. Refer to Internal

Revenue Circular Letter No. 23-14 ("IR CL 23-14") for details on the process of claiming Post TCM Credits from a pass-through entity.

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

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

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

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

INSTRUCTIONS TO COMPLETE SCHEDULE I (C)**SCHEDULE I (C) "COMPOSITE RETURN INDIVIDUAL OWNER OF PASS-THROUGH ENTITIES - SWORN STATEMENT"**

Every nonresident individual owner must exercise the option to meet his/her tax responsibility by filing a Composite Return, submitting an affidavit on Schedule I (C) to the Entity every year as explained below:

HEADING SCHEDULE I (C)

Include the Name, Address, Social Security number and personal circumstances (if he/she is an American Citizen and if so, the number of personal exemptions and dependent's exemptions that he/she is entitled to claim). If the owner is single, he/she must enter one (1) personal exemption and if married, two (2) personal exemptions. The rules to determine the amount of dependents to which he/she is entitled to claim are the same that apply to every individual. For additional information, refer to the instructions of the Individual Income Tax Return (Form 482.0).

Also, he/she must certify under oath the following:

1. That the information provided in the Heading of Schedule I (C) is correct;
2. That he/she was not a resident of Puerto Rico during any part of the taxable year for which the election to file the Composite Return (Form 482.0(C)) is being made;
3. That he/she is a owner of the Entity described on line 4;
4. The name, employer identification number and address of the Entity of which he/she is a owner, the type of entity, and the participation percentage on the entity's income, gains and losses;
5. The type of income for which the affidavit applies (i.e. if it is regarding Puerto Rico income derived by a Partnership, by a Limited Liability Company that pays taxes as a Pass-through Entity or from a corporation that pay taxes as a Pass-Through Entity);
6. That he/she does not derive other income from Puerto Rico sources and that his/her only source of taxable income in Puerto Rico is the Entity;
7. That he/she agrees to be included on the combined return and that any refund resulting from the same will be disbursed directly to the Entity; and
8. That the affidavit applies to the year indicated in the upper right corner of Schedule I (C).

The nonresident individual owner must sign and date the Schedule certifying under oath that the information provided is true, correct and complete.

The Composite Return filed by the Entity, along with the affidavit submitted by the owner, will constitute for all purposes of the Code, the income tax return of said owner.