

Form AS 6042.1

Rev. Mar 26 18



Government of Puerto Rico
DEPARTMENT OF THE TREASURY

Serial Number

Receipt Stamp

DEDUCTION FOR CONTRIBUTIONS TO QUALIFIED RETIREMENT PLANS AND TAX ON CERTAIN CONTRIBUTIONS

Taxable year beginning on _____ and ending on _____

Complete one Form for each plan to which a contribution was made that you claim as deduction under Section 1033.09 of the Code.

Taxpayer's Name Taxpayer's Employer Identification Number

Name of the Qualified Retirement Plan Trust's Employer Identification Number

Type of Plan: 1 Defined Benefit Plan, or 2 Defined Contribution Plan (Fill in all applicable ovals): 1 Profit-sharing 2 Money Purchase 3 Stock Bonus 4 Employee Stock Purchase Plan 5 Plan includes cash or deferred contributions arrangement 6 Self-employed individual benefit plan

PART I - COMPUTATION OF THE DEDUCTION FOR CONTRIBUTIONS TO THE PLAN

1. Maximum limit on the deduction (See instructions) (01) 00
2. Contributions to the Plan: A) Contributions for the current year (See instructions) (2A) 00 B) Pre-tax contributions (2B) 00 C) Employer contributions (matched, discretionary and others) (2C) 00 D) Total contributions for current year (Add lines 2A through 2C) 00
3. Contributions carried from previous years (2D) 00
4. Total contributions to the plan (Add lines 2D and 3) (04) 00
5. Deductible amount for current year (The smaller of line 1 or 4) (05) 00
6. Nondeductible contributions for current year (Subtract line 5 from line 4. If zero or less, enter zero) (06) 00

PART II - TAX ON NONDEDUCTIBLE CONTRIBUTIONS

7. Nondeductible contributions for the current year (Enter here the amount of Part I, line 6) (07) 00
8. Less: Share of nondeductible contributions attributable to: A) Contributions for taxable years beginning before January 1, 2011 (Section 1033.09(a)(5)(C)(i)(II) of the Code) (8A) 00 B) Contributions returned to the taxpayer before the last day to file the income tax return (Section 1033.09(a)(5)(D) of the Code) (8B) 00
9. Amount of nondeductible contributions subject to tax (Subtract lines 8A and 8B from line 7) (09) 00
10. Tax rate (10) x 10%
11. Tax on nondeductible contributions (See instructions) (11) 00

PART III - CAPITAL GAIN ON PROPERTY CONTRIBUTIONS

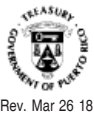
If the contributions to a plan for the current year were made totally or partially in property other than cash or employer's stocks, complete the following section:
12. Fair market value of the property contributed at the moment of the contribution (12) 00
13. Less: Adjusted basis of the property at the moment of the contribution (13) 00
14. Gain or loss on contributions (Transfer this amount to Schedule D of the taxpayer's return. See instructions) (14) 00

PART IV - TAX ON EXCESS CONTRIBUTIONS

If the plan includes a cash or deferred contributions arrangement and for the year of the plan that ended with or during the taxable year of the taxpayer the plan did not comply with the actual deferral percentage test of Section 1081.01(d)(3) of the Code, complete the following section:
15. Total excess contributions to the plan under the actual deferral percentage test (15) 00
16. Excess contributions corrected on or before the last day to file the income tax return (16) 00
17. Excess contributions not corrected on time (Subtract line 16 from line 15) (17) 00
18. Tax rate (18) x 10%
19. Tax on excess contributions (See instructions) (19) 00

PART V - GENERAL INFORMATION REGARDING THE PLAN

1. Effective date of the plan (01) Day ___ Month ___ Year ___
2. Date of the most recent qualification letter issued by the Department of the Treasury (02) Day ___ Month ___ Year ___
3. Date of the application for qualification of the plan / most recent amendments submitted to the Department of the Treasury (03) Day ___ Month ___ Year ___
4. Last day of the year of the plan that ended with or during the taxpayer's taxable year (04) Day ___ Month ___ Year ___
5. Number of employees of the taxpayer at the last day of the year of the plan (05)
6. Number of employees of the taxpayer eligible to participate in the plan at the last day of the year of the plan (06)
7. Number of participants in the plan at the last day of the year of the plan: A) Active participants (7A) B) Inactive and retired participants / separated receiving benefits (7B) C) Total participants (Add lines 7A and 7B) (7C)
8. Total compensation paid to participants in the plan during the current taxable year (08) 00
9. If the plan benefits individuals who are self-employed, enter the income earned by such individuals for the current taxable year with respect to the industry or business that keeps the plan (09) 00



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DEDUCTION FOR CONTRIBUTIONS TO QUALIFIED RETIREMENT PLANS AND TAX ON CERTAIN CONTRIBUTIONS (FORM AS 6042.1) INSTRUCTIONS

Complete this form if you claim a deduction for contributions to qualified retirement plans in Puerto Rico under Section 1081.01(a) of the Puerto Rico Internal Revenue Code of 2011, as amended (Code), if the 10% tax on nondeductible contributions to retirement plans or failure in the correction of excess contributions to retirement plans are applicable, or if you realized a capital gain for property contributions, other than cash, to retirement plans.

You must submit this form with the income tax return of every business (including self-employed individuals) that claims a deduction under Section 1033.09 of the Code for contributions to qualified retirement plans under Section 1081.01 of the Code.

Complete one form for each retirement plan in which the taxpayer have made contributions during the taxable year or if the tax for nondeductible contributions is applicable.

At the top of this form include the name and employer identification number of the taxpayer who claims the deduction, the name of the retirement plan and the employer identification number of the trust or annuity contract that is part of the retirement plan, and indicate the type of retirement plan for which this form is being filed.

PART I – COMPUTATION OF THE DEDUCTION FOR CONTRIBUTIONS TO THE PLAN

Line 1 – Enter here the maximum deductible amount for contributions to retirement plans. For the maximum limits in the deduction for contributions to retirement plans, refer to the following Sections of the Code: (1) defined benefit pension plan – Section 1033.09(a)(1)(A)(i); (2) money purchase plan or defined contribution plan – Section 1033.09(a)(1)(A)(ii); (3) profit-sharing or stock bonus plan - Section 1033.09(a)(1)(C); (4) if the plan benefits participants who are self-employed individuals – see also Section 1033.09(a)(3); and (5) employee stock purchase plan – Sections 1033.09(a)(1)(G) and 1033.09(a)(4).

Line 2 – Detail the different types of contributions made to the plan for the taxable year covered by the form. A taxpayer shall be considered as if he/she has made a contribution to the plan for the last day of a taxable year if the contribution corresponds to such year and is made on or before the last day to file the income tax return, including any extension of time.

Line 3 – Enter the contributions to the plan carried from previous years, if any.

Line 5 – The deductible amount shall be the smaller between the maximum limit and the amount of contributions to the plan.

PART II - TAX ON NONDEDUCTIBLE CONTRIBUTIONS

Lines 7 through 10 – A taxpayer shall pay a 10% tax on the share of contributions to the plan that is not deductible during the current taxable year, but this tax shall not apply if the share of nondeductible contributions to the plan is returned by the plan to the taxpayer on or before the last day to file the income tax return for the taxable year covered by the form, including any extension of time.

Line 11 – Determine the tax to be paid on nondeductible contributions. This amount shall be paid with a separate check payable to the Secretary of the Treasury, at the moment of filing the employer's income tax return. You must indicate in the check the employer identification number of the retirement plan trust and include the phrase "AS 6042.1 - 2017, Part II, line 11".

PART III – CAPITAL GAIN ON PROPERTY CONTRIBUTIONS

If a taxpayer makes contributions of property, other than cash, to the retirement plan, the amount of the deduction shall be the fair market value of the property contributed at the moment of the contribution. The contribution shall be considered as a sale or disposal of such property by the taxpayer, and the taxpayer shall be required to recognize as a gain the difference between the fair market value of the property contributed (amount of the deduction) and the adjusted basis of such property. If the contribution of property results in a loss, it shall not be deductible by the taxpayer.

Line 12 – Enter the amount corresponding to the fair market value of the property at the moment of the contribution.

Line 13 – Enter the amount of the adjusted basis of the property contributed to the retirement plan.

Line 14 – Determine the gain or loss in the contribution of the property to the retirement plan. If it is a gain, enter the same on Schedule D of the taxpayer's return. If the taxpayer is an individual, enter the gain on Schedule D Individual, Part I if it is property held for a period no longer than one year, or in Part II if it is property held for a period longer than one year. If the taxpayer is a corporation, enter the gain on Schedule D Corporation, Part I if it is property held for a period no longer than one year, or in Part II if it is property held for a period longer than one year.

PART IV – TAX ON EXCESS CONTRIBUTIONS

If a defined contribution retirement plan that includes a cash or deferred contributions arrangement does not comply with the actual deferral percentage test (ADP test), the taxpayer who keeps or participates in the plan will have to pay a 10% tax on the amount of excess contributions made to the plan, but this tax shall not apply if the excess contributions are corrected on or before the last day to file the income tax return for the taxable year covered by the form, including any extension of time.

Line 15 – Enter the total excess contributions to the plan under the actual deferral percentage test.

Line 16 – Enter the amount of excess contributions corrected on or before the last day to file the employer's income tax return.

Line 19 – Determine the tax to pay on excess contributions. This amount shall be paid with a separate check payable to the Secretary of the Treasury, at the moment of filing the employer's income tax return. You must indicate in the check the employer identification number of the retirement plan trust and include the phrase "AS 6042.1 - 2017, Part IV, line 19".

PART V – GENERAL INFORMATION REGARDING THE PLAN

Include all the information required in this part in order to process the form.

Lines 1 and 2 – The effective date is the date established in the document of the plan, in which the employees begin to participate in the benefits provided by the plan. The qualification date is the date in which the Department of the Treasury (Department) issued the most recent determination regarding the qualification of the plan under Section 1081.01(a) of the Code or Section 1165(a) of the Puerto Rico Internal Revenue Code of 1994, as amended (1994 Code). For the rules with respect to the due date to complete the filings with the Department to qualify retirement plans in Puerto Rico and amendments to such plans, see the Internal Revenue Circular Letter No. 11-10 of December 16, 2011 (Spanish only).

Lines 5, 6 and 7 – The information regarding the number of taxpayer's employees and its participants only refers to those employees and participants that, according the taxpayer's files, are residents of Puerto Rico at the last day of the year of the plan that ended with or during the taxable year of the taxpayer covered by the form.

Line 8 – The total compensation paid to participants during the current taxable year is determined according to the definition of compensation established in the document of the plan and over which the benefits of the participant employees are determined, only taking into account those participants who are residents of Puerto Rico.