INCOME TAX RETURN
OF TAXABLE CORPORATIONS

MESSAGE FROM THE SECRETARY OF THE TREASURY

Dear taxpayer:

I am including the income tax return corresponding to tax year 2013 and its informative booklet that will inform you about the most significant changes and will help you to comply with your tax responsibility. Make sure to comply with the filing date the next **April 15, 2014** or the corresponding date as established by the Puerto Rico Internal Revenue Code of 2011, as amended.

As you well know, last year was one of big challenges for all and it took difficult but necessary decisions to put Puerto Rico back on its course. We had to take comprehensive and unprecedented measures to stabilize our fiscal situation, establish solid foundations to promote our economic development and save our credit as a country. It was necessary to implement revenue rules in order to accomplish the promise to substantially reduce and finally eliminate the dangerous practice of borrowing money to cover the ordinary expenses of our government. As a result, we already are in our way to reduce in two thirds the structural insufficiency of funds that we inherited. Also, we have cut governmental costs and will continue doing so until we finally balance our budget, with recurrent funds, for the first time in many years.

We are changing the past decade's practice of subsidizing public corporations to transform them into solid and self-efficient enterprises at the service of our country. We are reestablishing the liquidity of the Government Development Bank to transform it again into an effective instrument to stimulate the development of Puerto Rico. Also, we took important measures to save the Retirement System and guarantee to the governmental employees that they will have their pensions for the future.

Our main objective is to create more employment opportunities. During the last year we have promoted the creation of over 20,000 jobs in the private sector and we keep focusing on the creation of 30,000 additional jobs in the next months.

Certainly there is still a lot of work to do but we are in our way to achieve what we set out to do. I encourage you to do your part, file on time and comply with your duty. **Make it for you, for your people and for Puerto Rico.**

Cordially,

Melba Acosta Febo

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TAXPAYER'S BILL OF RIGHTS

The Taxpayer Bill of Rights grants the following rights under the Puerto Rico Internal Revenue Code of 2011, as amended (Code):

To receive a proper, considerate and impartial treatment.

The information submitted will be confidential.

All interviews must be at a reasonable time and place for the taxpayer, in coordination with the employee of the Department of the Treasury (Department).

The interview or audit must not be used to harass or intimidate in any manner the person interviewed.

To receive a clear and simple explanation of the process to which the taxpayer will be subjected, and the rights that assist him.

To be assisted by an attorney, accountant, certified public accountant or any other authorized person, at any moment during the interview.

To be informed prior to the interview of the intention to tape the interview and to be able to obtain an exact copy of such recording prior to the payment of the cost thereof.

To be informed of the nature of your tax liability.

To be advised of your right against self-incrimination by your own testimony, to remain silent and that your silence should not be taken or commented against you, in case of a possible exposure to a criminal action.

To consult an attorney, accountant, certified public accountant, or agent authorized to represent you within the Department at any moment during the interview, or to be able to finish the interview even when it has commenced.

To be notified in writing of any adjustment made by the Department as a result of a tax audit when it involves the addition of interest, penalties and surcharges, as provided by the Code, as well as the exact amount of the adjustment and the reasons for such changes.

To claim the benefits of a payment plan if you can't pay the tax liability in full in the corresponding time.

To waive the rights described in the preceding paragraphs, if such waiver is made knowingly and voluntarily.

To grant a written power of attorney to authorize any person to represent you during a tax interview or process. Such person shall receive, for purposes of the interview, equal treatment as you, unless you are notified that such person is responsible for an unreasonable delay or interference with the audit.

No discrimination on the basis of race, color, sex, birth, origin or social condition, or political, religious ideas or association of any taxpayer or his representative. No records will be maintained of tax information for these purposes.

The Department's employees will explain to you and protect your rights during all phases of the process. If you believe that your rights have been violated, you should discuss this matter with the supervisor of the employee. If you do not agree with the action taken by the supervisor, you may file a complaint with the

OFFICE FOR THE PROTECTION OF TAXPAYER RIGHTS

The Office for the Protection of Taxpayer Rights (Ombudsman of the Taxpayer) was created to assure compliance with the provisions of the Taxpayer Bill of Rights. Said office is located at the Department of the Treasury in Old San Juan, Office 105. For assistance, please call (787) 977-6622, (787) 977-6638, or (787) 721-2020, extension 2180.

The Ombudsman of the Taxpayer is responsible for attending the problems and claims of the taxpayers and to facilitate the process between the taxpayers and the Department of the Treasury. Also, the Ombudsman of the Taxpayer has authority to prevent or correct any infringement of the rights of the taxpayer made by any employee of the Department.

For additional information, you can request the booklet: "*Carta de Derechos del Contribuyente*".

RELEVANT FACTS

NEW LEGISLATION

- Act 1-2013, known as "Jobs Now Act", among other things, provides that the Eligible Businesses that have granted a Special Agreement for the Creation of Employments and that constitute a New Business, as defined by this act, can:

  - choose between a 10% fixed tax rate or the lower tax rate under the Code, during the first operating year under the agreement, and 15% for the second operating year; and

  - deduct the net operating losses incurred during the first two years of the agreement, for a period of 10 years.

- Act 40-2013, known as "Tax Burden Redistribution and Adjustment Act", incorporate the following changes to the corporations tax system:

  - implement the tax rates of Act 120-1994, known as the "Puerto Rico Internal Revenue Code of 1994, as amended", restoring the maximum tax rate to 39%, the deduction allowed for purpose of computing the net income subject to surtax to $25,000, and the tax rates applicable to the surtax on gross income;

  - modifies the computation of the Alternative Minimum Tax, to among other adjustments, increase the tax rate to 30%, integrate to the calculation of this tax a fixed tax rate on services rendered outside Puerto Rico by related persons and purchases among related persons, and an additional tax on gross income. Also, it increases the adjustment for the excess of the net income per books over the alternative minimum net income to 60% and reduces the limit of Net Operating Loss to 80% of the alternative minimum net income;

  - an additional tax of 1% on the gross income to financial businesses;

  - provides a credit against the income tax to financial businesses of 50% of the additional tax on gross income paid for the taxable year; and

  - allows to revoke, with the filing of this return, the choice made with the tax return of the 2011 taxable year to calculate the income tax and file under the dispositions of the Internal Revenue Code of 1994, as amended (Option 94).

- Act 68-2013 amends Act 216-2011 to extend the benefits granted by this act to the housing units which phase of construction is at least 50% of its realization as of June 30, 2013.

SIGNIFICANT CHANGES IN THE RETURN

Return

Line 19, in **Part III** is provided to indicate the additional tax on gross income in case of financial businesses; **line 8** in **Part IV** to indicate the total of cost of goods sold or direct costs of production; **line 43 and 44** in **Part V** to detail the expenses related to royalties and management fees, **Column (A)** to indicate the deductible portion of the expenses incurred or paid to a related person and expenses of a home office charged to a branch in Puerto Rico, and **Column (B)** to indicate the total of deductible expenses; **lines 5 and 15** in **Part VII** to detail other current assets and liabilities; and **line 5(e)** in **Part VIII** to indicate the non deductible portion of the expenses charged from a related person not engaged in trade or business in Puerto Rico.

Schedule A Corporation

This schedule is modified in order to adjust it to the requirement of Act 40-2013 related to the calculation of the Alternative Minimum Tax, including the new Additional Tax on Gross Income.

Schedule B Corporation

Line 21 in **Part II** is provided to claim the credit for the additional tax on gross income paid in case of financial businesses. Also, a detail is provided on **lines 6, 7 and 8** of **Part III** to breakdown the tax withheld in diferent types of income of Partnerships, Special Partnerships and Revocable Trusts or Grantor Trusts.

Schedule E

Line (f) is provided to indicate the amount of vehicles under financial lease.

Schedules R and R1 Corporation

Line 1 is provided to indicate the partner's distributable share on the entity gross income. Also, **lines 4(i) and 7(c)** are added to indicate the partner's debts assumed and guaranteed by the partnership, and the partnership's current liabilities assumed and guaranteed by the partner, respectively.

Schedule S Corporation

Lines 30 and 31 in **Part II** are provided to detail the expenses related with royalties and management fees. Two Columns are included in **Part II**: **Column (A)** to indicate the deductible portion of the expenses incurred and paid to related persons and home office expenses charged to a branch in Puerto Rico and **Column B** to indicate the total deductible expenses.

Schedule T Corporation

One column is added in **Part II** to indicate the additional installment corresponding to the 2013 taxable year, as provided in Section 1061.21, as result of the amendment introduced by Act 117-2013.

PAYMENTS FOR THE PREPARATION OF THE RETURN AND SANCTIONS TO RETURNS' SPECIALISTS

Indicate if you paid for the preparation of your 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 INCOME TAX RETURN SPECIALISTS WHO FAIL TO SUBMIT THIS INFORMATION OR WHO DO NOT MEET ANY OTHER STATUTORY REQUIREMENTS.

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 registration number and be signed by the authorized person.

AREA CODE

You must indicate the area code **(787** or **939)** in the parenthesis located in the spaces provided in the heading of the return to write the phone number.

RETURNED CHECKS

Every returned check drawn on behalf of the Secretary of the Treasury will be subject to a $25.00 minimum charge. This charge is in addition to any other interest, surcharges or penalties provided by the Code or any other fiscal law for omissions in fulfilling your tax responsibility. The Department will make the collection in a traditional or electronic manner.

FINANCIAL STATEMENT'S REQUIREMENT

If the entity has a volume of income during a taxable year equal or greater than $3 millions, 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 to or greater 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 total or partial withholding waiver of the 7% on payments for services rendered.

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

Act 163-2013 established the requirement to include additional information on the financial statements attached with this return. In order to get additional information about the Guides for the Preparation of the Required Supplementary Information, please refer to the Administrative Determination No. 14-06 of March 6, 2014. The due date of the Supplementary Information must be not later than the last day of the month following to the due date to file the income tax return, including the request for extension of time to file the income tax return. That is, a corporation with calendar year must file the return on April 15, therefore the due date of the Supplementary Information will be not later than May 31. In case that the corporation requests an extension of time to file the income tax return, the due date of the return will be July 15, therefore, in this case the due date of the Supplementary Information will be August 31.

Also, Section 1061.15(a) of the Code establishes the requirement to submit consolidated financial statements including the result of operations for each member of the Group of Related Entities doing business in Puerto Rico. About this, the Administrative Determination No. 14-07 of March 12, 2014, establishes that this requirement will be considered as met by means of the filing of Form AS 2652.1, which must include the information corresponding to each entity member of the Group of Related Entities, including those that do not have the requirement to file the financial statements.

Every entity member of a group of related entities and that according with the previously indicated rules has the requirement to file audited financial statements, will have the requirement to submit the supplementary information described in Section 1061.15(b) of the Code.

Therefore, for purposes of complying with the requirement to include audited financial statements with the income tax return of taxable years beginning after December 31, 2012, every entity that has generated volume of business of more than $1 million during such year and that is a member of a group of related entities subject to the provisions of Section 1061.15(a)(4) of the Code, for the reason that the volume of business of such group of related entities is more than $3 million, will be able to submit financial statements showing the financial position and the results of operation of such entity individually, without the need to submit consolidated or combined financial statements, as long as it includes, in the notes to such financial statements, a list of all related entities that are engaged in trade or business in Puerto Rico. Such information must include the name of each entity member of the group of related entities engaged in trade or business in Puerto Rico. An entity member of a group of related entities subject to the provisions of Section 1061.15(a)(4) of the Code but has not derived volume of business in excess of $1 million for a taxable year, will not be obligated to submit audited financial statements for such year.

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.

CONTRACTS WITH GOVERNMENTAL ENTITIES

Every person, natural or juridical, contracted by a governmental entity must comply with the Executive Order 91-24, as amended, and the provisions of the Circular Letters in force at the time of processing the contracts. According to said provisions, every contract subscribed by a governmental entity must include a clause to certify that the contracted party filed the income tax returns for the last five years, and that the income, property, unemployment, temporary disability and driver's social security taxes, as applicable, have been paid.

In addition, in order to approve a contract or purchase order, the governmental entity must require the tax return filing (Form SC 6088) and debt (Form SC 6096) certifications from the Internal Revenue Area of this Department, the property tax certification from the CRIM and the corresponding certification from the Department of Labor and Human Resources. These documents must be requested annually.

In order to expedite the process of issuing the certifications, every person who has filed income tax returns for the last 5 years and who does not have tax debts, or if having debts, has formalized a payment plan, will receive the Tax Return Filing and Debt Certification automatically by mail (Form SC 2628). **For this purpose, it is necessary that if the corporation is contracted by a governmental entity, indicate so in the heading of the return, page 1.**

Sometimes a certification can not be issued in connection with the last taxable year since such return may have not been already processed. Because of this possibility, it is recommended to personally file the original return along with a copy, in order to receive back said copy sealed with the Department's receipt stamp. This service will be offered at the Department of the Treasury, Intendente Ramírez Building in Old San Juan, at the District Offices, at the Internal Revenue Collections Offices, and at the Orientation and Return Preparation Centers.

COUPON'S BOOKLET FOR THE PAYMENT OF ESTIMATED TAX (FORM 480.E-2)

The four installments of estimated tax corresponding to the 2014 calendar year or to the 2014-2015 taxable period, will be made with the booklet revised on 11.13. Payments made with coupons revised on previous dates may have problems in their application.

TAXPAYER'S SERVICE FACILITIES

In the Taxpayer Service Centers, besides **informing about the status of your refund**, other services are offered such as: Tax Return Filing Certifications, Return Copies, assistance for Cases of Inheritance and Donations, Individuals, Corporations or Partnerships and Professional Services Withholding Waivers.

Following are the postal address and telephone number of the Calls and Correspondence Center and the location of each one of our Service Centers:

- **Call and Correspondence Center**
  PO BOX 9024140
  SAN JUAN PR 00902-4140
  Telephone: **(787) 722-0216**

- **San Juan Services Center**
  Intendente Ramírez Building
  10 Paseo Covadonga
  Office 101

- **San Juan Services Center - Mercantil Plaza**
  Mercantil Plaza Building
  255 Ponce de León Ave.
  Stop 27½, Hato Rey

- **Aguadilla Service Center**
  Punta Borinquen Shopping Center
  Bert St., East Parade St. Intersection
  Malezas Abajo Ward, Ramey Base

- **Arecibo Service Center**
  Governmental Center
  372 José A. Cedeño Ave.
  Building B, Office 106

- **Bayamón Services Center**
  Road #2
  2nd Floor, Gutiérrez Building

- **Caguas Services Center**
  Goyco Street, Acosta Corner
  1st Floor, Governmental Building, Office 110

- **Mayagüez Services Center**
  Governmental Center
  50 Nenadich Street, Office 102

- **Ponce Services Center**
  Governmental Center
  2440 Las Américas Ave., Office 409

TECHNICAL ASSISTANCE

For additional information on the technical contents of this booklet or to clarify any doubts, please call **(787) 722-0216, option number 8 in the directory.**

HACIENDA MAKING CONNECTION

Access the Department of the Treasury's website: **www.hacienda.pr.gov**. Here you can find information about the following services, among others:

- Electronic transfer of the Individual Income Tax Return using programs or applications certified by the Department
- 2013 W-2 and Informatives Returns Program
- Employer's Quarterly Return of Income Tax Withheld Filing and Preparation Program
- Payments Online
- Puerto Rico Internal Revenue Code of 1994, as amended (Spanish only)
- Act 1-2011, Puerto Rico Internal Revenue Code of 2011, as amended (Spanish only)
- Forms, Returns and Informative Booklets, such as:
  - Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Program
  - Form AS 4809 - Information of Identification Number - Organizations (Employers)

- Form AS 2778.1 - Power and Declaration of Representation for Digital Signature by Returns, Declarations and Refund Claims Specialists

- *Modelo SC 2800 - Planilla de Contribución sobre Caudal Relicto* (Spanish only)

- *Modelo SC 2800 A - Planilla Corta de Contribución sobre Caudal Relicto* (Spanish only)

- *Modelo SC 2800 B - Planilla de Contribución sobre Caudal Relicto (Causantes fallecidos a partir del 1 de enero de 2011)* (Spanish only)

- *Modelo SC 2788 - Planilla de Contribución sobre Donaciones* (Spanish only)

- *Modelo SC 2788 A – Planilla de Contribución sobre Donaciones (Aplica a donaciones efectuadas a partir del 1 de abril de 2011)* (Spanish only)

- Informative Booklet to Provide Orientation about your Income Tax Return (Spanish and English)

- Informative Booklet to Provide Guidance on the Income Tax Responsibilities of Federal, Military and Other Employees

- Informative Booklet regarding the Withholding of Income Tax at Source in Case of Professional Services (Spanish and English)

- *Folleto Informativo de Contribución sobre Ingresos de Sacerdotes o Ministros* (Spanish only)

- *Folleto Informativo para Aclarar sus Dudas sobre Aspectos Contributivos en la Venta de Ciertas Propiedades* (Spanish only)

- Withholding of Income Tax at Source on Wages - Instructions to Employers (Spanish and English)

✐ Circular Letters and Administrative Determinations, such as:

- Internal Revenue Circular Letter No. 02-09 of June 28, 2002 – Withholding on Payments for Services Rendered

- *Carta Circular de Rentas Internas Núm. 02-10 de 9 de julio de 2002 - Exclusión de la Retención del Siete por Ciento (7%) sobre los Pagos por Servicios Prestados a los Contratistas por Concepto de Construcción de Obras* (Spanish only)

- *Carta Circular de Rentas Internas Núm. 02-13 de 24 de julio de 2002 – Retención sobre Pagos Efectuados por Servicios Prestados a Ciertos Sectores o Categorías de Empresas o Negocios* (Spanish only)

- *Carta Circular de Rentas Internas Núm. 06-27 de 28 de diciembre de 2006 - Enmiendas a la Carta Circular de Rentas Internas Núm. 02-13 de 24 de julio de 2002 Relacionada a la Retención sobre Pagos Efectuados por Servicios Prestados a Ciertos Sectores o Categorías de Empresas o Negocios* (Spanish only)

- *Carta Circular de Rentas Internas Núm. 11-01 de 3 de enero de 2011 - Procedimiento para Reclamar Créditos Contra la Contribución sobre Ingresos, Notificar la Venta de Créditos o Solicitar Cupones de Pago para Cubrir Gastos de Energía Eléctrica, Agua y Alcantarillado* (Spanish only)

- *Determinación Administrativa Núm. 05-02 de 10 de junio de 2005 - Tratamiento Contributivo sobre Pagos Realizados Mediante Acuerdos Transaccionales* (Spanish only)

- *Determinación Administrativa Núm. 07-01 de 12 de enero de 2007 - Tratamiento Contributivo de Indemnización Recibida por Concepto de Daños y Perjuicios, por Razón de Incapacidad Ocupacional y No Ocupacional; y Pagos por Terminación de Empleo* (Spanish only)

- *Determinación Administrativa Núm. 07-03 de 4 de abril de 2007 - Aportaciones y Transferencias de Cuentas de Aportación Educativa* (Spanish only)

- *Determinación Administrativa Núm. 08-04 de 22 de mayo de 2008 - Enmienda a la Determinación Administrativa Núm. 07-01 Relativa al Tratamiento Contributivo de Indemnización Recibida por Concepto de Daños y Perjuicios, por Razón de Angustias Mentales Incidentales a Daños Físicos* (Spanish only)

- *Determinación Administrativa Núm. 11-10 de 30 de junio de 2011 - disposiciones bajo el Código de Rentas Internas para un Nuevo Puerto Rico (Ley de Incentivos de Energía Verde de Puerto Rico)* (Spanish only)

- *Determinación Administrativa Núm. 11-13 de 16 de noviembre de 2011 - Disposiciones bajo el Código de Rentas Internas para un Nuevo Puerto Rico (Requisito de Estados Financieros)* (Spanish only)

- *Determinación Administrativa Núm. 12-04 de 14 de febrero de 2012 - Disposiciones Relacionadas a la Elección o Conversión a Sociedad bajo el Capítulo 7 del Subtítulo A del Código de Rentas Internas del 2011* (Spanish only)

- *Determinación Administrativa Núm. 12-09 de 29 de mayo de 2012 – Disposiciones Relacionadas a la Elección y Notificación de Tratamiento como Sociedad bajo el Capítulo 7 del Subtítulo A del Código de Rentas Internas de 2011* (Spanish only)

- Administrative Determination No. 12-12 of August 8, 2012 – Nonresident Foreign Corporations Subject to the Income Source Rule under Section 1035.05 of the Puerto Rico Internal Revenue Code of 2011

- Administrative Determination No. 12-13 of September 14, 2012 – All Employers that Claim a Deduction for Contributions to Employee Exempt Trusts under Section 1081.01(a) of the Puerto Rico Internal Revenue Code of 2011

INSTRUCTIONS TO COMPLETE THE CORPORATION'S AND PARTNERSHIP INCOME TAX RETURN

WHO MUST FILE THIS RETURN?

In general, every domestic or foreign corporation engaged in trade or business in Puerto Rico must file this return.

The following entities are not required to file this return: (1) entities covered by the Incentives Acts or Tourism Development Act; (2) entities with partially exempt income under the Puerto Rico Agricultural Tax Incentives Act, as amended, or under any other special acts; (3) entities with partially exempt income under the Tax Incentives Act to Hospital Facilities; (4) entities which have earned income from Film Projects or Infrastructure Projects; (5) non-profit organizations with a tax exemption grant issued by the Department of the Treasury which has not been rejected; (6) foreign or domestic life insurance companies; (7) corporations of individuals; (8) partnerships; (9) special partnerships; or (10) employees-owned special corporations and ordinary and extraordinary members. Nevertheless, these entities must file a return designed by the Department of the Treasury, in accordance to the laws under which they operate.

The term *corporation* includes limited companies, joint stock companies, private corporations, insurance companies, and any other corporation organized under Act 164-2009, as amended, known as the “General Corporations Act”, that derive income or taxable profits.

WHEN AND WHERE IT MUST BE FILED?

The income tax return of domestic or foreign corporations engaged in trade or business in Puerto Rico, must be filed on or before the fifteenth day of the fourth month following the end of the taxable year. In case of a foreign corporation not having any office or place of business in Puerto Rico, the return must be filed on or before the fifteenth day of the sixth month following the end of the taxable year.

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 mailed to:

(a) **Returns with Refund:**
DEPARTMENT OF THE TREASURY
PO BOX 50072
SAN JUAN PR 00902-6272

(b) **Returns with Payment and Others:**
DEPARTMENT OF THE TREASURY
PO BOX 9022501
SAN JUAN PR 00902-2501

It may also be delivered to the Internal Revenue Collections Office of your municipality, the District Offices of the Department, or the Orientation and Return Preparation Centers.

AUTOMATIC EXTENSION OF TIME TO FILE THE RETURN

A 3 months 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. This will be done using Form AS 2644.

Every corporation must pay with the request for an automatic extension of time, the entire amount of tax determined.

An extension of time to file the return does not extend the time for the payment of tax or any installment of the same.

SCHEDULE TO COMPLETE THE CORPORATION INCOME TAX RETURNS

The following schedules are used, when it is necessary, to file the income tax return of corporation.

Schedule A Corp.	- Alternative Minimum Tax
Schedule B Corp.	- Recapture of Credit Claimed in Excess, Tax Credits, and Other Payments and Withholdings
Schedule B1 Corp.	- Credits for Purchase of Products Manufactured in Puerto Rico and Puerto Rican Agricultural Products
Schedule B4 Corp.	- Returning Heroes and Wounded Warriors Work Opportunity Tax Credit
Schedule C Corp.	- Credit for Taxes Paid to Foreign Countries, the United States, its Territories and Possessions
Schedule D Corp.	- Gains and Losses from Sale or Exchange of Property and Tax Computation at Preferential Rates
Schedule E	- Depreciation
Schedule IE Corp.	- Excluded and Exempt Income
Schedule Q	- Investment Funds - Credit for Investment, Losses and Amount to Carryover
Schedule Q1	- Investment Funds - Determination of Adjusted Basis, Capital Gain, Ordinary Income and Special Tax

Schedule R Corp. - Partnerships and Special Partnerships

Schedule R1 Corp. - Partnerships and Special Partnerships (Complementary)

Schedule S Corp. - Farming Income (Bona Fide Farmer)

Schedule T Corp. - Addition to the Tax for Failure to Pay Estimated Tax in Case of Corporations

Form AS 2652.1 - Apportionment of the Deduction for the Additional Tax Calculation and Determination of the Applicable Rate for Purposes of the Additional Tax on Gross Income - Group of Related Corporations

Form AS 2879 - Foreign Corporations and Partnerships Tax on Dividend Equivalent Amount and Effectively Connected Interest (Branch Profits Tax)

Form AS 6042.1 - Deduction for Contributions to Qualified Retirement Plans and Tax on Certain Contributions

The schedules and their instructions are available in our webpage: www.hacienda.gobierno.pr.

HEADING OF THE RETURN

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

NAME, EMPLOYER IDENTIFICATION NUMBER AND ADDRESS

Enter the name and the registry number of the corporation in the space indicated on the return, as it appears in the Department of State records.

Also, enter the employer identification number in the space indicated. **The employer identification number is required to process the return.**

If the corporation does not have an assigned employer identification number, you must request it from the Federal Internal Revenue Service and notify it to the Department of the Treasury using Form AS 4809.

Enter the Merchant's Registration Number assigned by the Department, the complete address where the business or principal office is located, and the telephone number.

Inform the type of industry or business (principal business activity). For example, if your principal activity is construction of furniture, enter **furniture manufacturing;** if it is retail sale of furniture, enter **furniture retail trade**. **Use the industrial code list provided on page 38, in order to facilitate the description of the commercial activity and enter the corresponding industrial code**.

Check the applicable box if it is the first or last return you are filing.

If the corporation informs a change of address at the moment of filing the return, check the applicable box, and write the new address clearly and legible. On the other hand, if the change of address is made at any other moment during the year, you must use Form SC 2898 (Change of Address). The same is available at the Forms and Publications Division, Office 603, of the Department of the Treasury in Old San Juan, or you may request it calling (787) 722-0216. Also you may obtain it accessing our webpage: www.hacienda.gobierno.pr.

Indicate in type of entity if it is a corporation, limited liability company, partnership (for those existing partnerships that could choose to continue to be taxed as a corporation) or other applicable type.

Also indicate whether the entity is a member of a group of related entities and the group number assigned by the Department of the Treasury. This number is assigned through the application available on our website, by completing Form SC 2652. If the entity is a member of a group of related entities you must enter the group number or the return will not be processed.

PART I - NET INCOME

Line 2 - Net operating loss deduction from preceding year

Enter the carryover balance of any net operating loss from the preceding year. Submit with the return a schedule with the determination of the loss to be deducted in the current taxable year and the origination and expiration dates of the loss carried from previous years.

The net losses can be used against the income of the next years as following:

- Years beginning before January 1, 2005 – the net operation losses can be carried over to each one of the following seven (7) taxable years.

- Years beginning after December 31, 2004 and before January 1, 2013 – the carryover period will be twelve (12) years.

- In case of net operating losses incurred in taxable years beginning after December 31, 2012 – the carryover period will be ten (10) years.

- The amount to be carried over to each one of such following taxable years will be:

  (1) the excess, if any, of the amount of such net operating loss over the sum of the net income for each one of the taxable years beginning before January 1, 2013, and

  (2) the ninety (90) percent of the net income for the taxable years beginning after December 31, 2012.

PART II - REDUCTIONS

Line 4 - Dividends or profits received from domestic corporations

Enter 85% of the amount received as dividends or profits from a domestic corporation taxable under the Code, but limited to 85% of the net income of the corporation.

If the dividend received is from industrial development income derived from operations covered by the provisions of Act No. 57 of June 13, 1963, as amended, the credit will be 77.5% of the amount received, but limited to 77.5% of the net taxable income.

The credit of 77.5% does not apply to dividends or profits distributions derived from operations covered under Act 78-1993, as amended, or Act 8 of January 24, 1987, as amended. Nevertheless, if the corporation receives dividends or benefits from a domestic corporation, it may use the 85% credit mentioned in the first paragraph of this part.

However, the Code provides the following exceptions:

1) In the case of a small business investment company operating in Puerto Rico under the Small Business Act of 1958, there shall be allowed as a credit an amount equal to 100% of the total amount received as dividends or profits from a domestic corporation taxable under the Code.

2) Subject to certain requirements imposed by the Code, a credit of 100% is allowed against the net income from the total amount received as dividends by corporations organized under the laws of any state of the United States or the Commonwealth of Puerto Rico, that is the principal derived from industrial development income accrued during taxable years beginning prior to January 1, 1993 and invested in obligations of the Commonwealth of Puerto Rico, its instrumentalities or political subdivisions, or invested in mortgages secured by the Puerto Rico Housing Bank and Finance Agency or in loans or other securities guaranteed by mortgages granted under any general character pension or retirement system established by the Legislative Assembly of Puerto Rico, the municipalities and the agencies, entities or public corporations of the Commonwealth of Puerto Rico.

3) There shall be granted a 100% credit against the net income from the total amount received as dividends by corporations organized under the laws of any state of the United States or the Commonwealth of Puerto Rico, that is the principal derived from industrial development income accrued during taxable years beginning prior to January 1, 1993 and invested in obligations of the Governmental Development Bank for Puerto Rico or any of its subsidiary corporations, for the financing through the purchase of mortgages, or the construction, purchase or housing improvements in Puerto Rico made after December 31, 1984.

4) A 100% credit will be granted against the net income from the total amount received as dividends or profits from a domestic controlled corporation.

Line 6 - Surtax net income credit

Enter **$25,000**, except in case the corporation belongs to a controlled group of corporations which are 50% or more owned, directly or indirectly, by the same person or persons. In those cases, the allowed credit will be only $25,000 for the entire group of corporations.

If a corporation is a component member of a controlled group of corporations by December 31, the credit allowed to such corporation for the taxable year that includes such December 31, shall be an amount equal to $25,000 distributed among the corporations that are component members of the group or the applicable amount according to the apportionment plan.

If a corporation has a taxable year of less than twelve months that does not include December 31, and is a component member of a controlled group of corporations with respect to such taxable year, the allowable credit for that taxable year will be $25,000 distributed among the number of corporations that are component members of the group as of the last day of said taxable year.

In case of group of related corporations, the deduction for the computation of the surtax must be prorated among all corporations that are members of the related group of corporations. The group of corporations must file Form SC 2652 where the deduction distribution shall be reported. This form must be filed electronically.

This amount cannot exceed $25,000 for the year.

PART III - COMPUTATION OF TAX

Line 8 – Normal tax

Indicate the corresponding tax rate and multiply this by the amount on line 5.

A 20% tax will be levied, collected and paid on the net income subject to normal tax of every corporation.

Nevertheless, a corporation that have granted a Special Agreement for the Creation of Employments and constitutes a New Business under the provisions of Act 1-2013, will be subject to a 10% normal tax during the first operating year. For the taxable year following the year which the Agreement is signed the tax rate will be 15 %.

If you claim the Returning Heroes and Wounded Warriors work opportunity tax credit provided by the VOW to Hire Heroes Act of 2011, indicate (☐) if you used Schedule B4 Corporation. **Do not complete lines 13 through 19, go to Schedule B4 Corporation and submit it with the return.**

Line 9 – Surtax

Multiply line 7 by the applicable tax rate according to the following table, and enter the result.

Surtax Computation Table for taxable years beginning after December 31, 2012.

If the income subject to surtax is:	The tax will be:
Not over $75,000	5%
In excess of $75,000, but not over $125,000	$3,750 plus 15% of the excess over $75,000
In excess of $125,000, but not over $175,000	$11,250 plus 16% of the excess over $125,000
In excess of $175,000, but not over $225,000	$19,250 plus 17% of the excess over $175,000
In excess of $225,000, but not over $275,000	$27,750 plus 18% of the excess over $225,000
In excess of $275,000	$36,750 plus 19% of the excess of $275,000

Line 11 - Alternative Tax - Capital Gains and Preferential Rates

Enter the amount determined on Schedule D Corporation, Part V, line 40.

If the net long-term capital gains exceed the net short-term capital losses, the corporation may elect to pay an alternative tax. The alternative tax is determined by taxing the net income excluding net long-term capital gains at the normal tax rates, plus a 15% on such gains.

On the other hand, any corporation may exercise the option of paying a special tax equal to 10% of the total eligible interest earned on debt of corporations engaged in trade or business in Puerto Rico from new mortgages on residential property located in Puerto Rico.

Compute the alternative tax on capital gains and determine the tax on eligible interest on Schedule D Corporation - Gains and Losses on Sales or Exchanges of Property and Computation of the Tax at Preferential Rates, only if the special rate option was exercised. Include the schedule with your return.

Line 16 - Alternative minimum tax

Enter the excess of tentative minimum tax over adjusted regular tax from Schedule A Corporation, Part VII, line 52.

Every corporation (except those not engaged in trade or business in Puerto Rico) will be subject, in addition to any other tax imposed by the Code, to a tax equal to the excess, if any, of:

1) the tentative minimum tax for the taxable year, over

2) the adjusted regular tax for the taxable year.

To compute the excess of the alternative minimum tax over the adjusted regular tax, you must complete Schedule A Corporation and include it with your return.

Line 17 - Branch profits tax

In addition to any other tax imposed by the Code, those foreign corporations engaged in trade or business in Puerto Rico that operate as branches, **are subject to a 10% tax** of the amount equivalent to the dividend or profit distribution for the taxable year.

This provision shall not be applicable to any taxable year in which the foreign corporations engaged in a trade or business in Puerto Rico derived at least 80% of its gross income from sources within Puerto Rico or from income effectively connected or treated as effectively connected to operations from a trade or business in Puerto Rico, during the 3 taxable years period ended at the closing of said taxable year.

Corporations subject to said additional tax, must complete the Branch Profits Tax (Form AS 2879), and include it with their return.

Line 18 – Income tax at preferential rates

Enter the total tax at preferential rates under special acts from Schedule D Corporation, Part VI, line 43.

Line 19 – Additional tax on gross income in case of financial business

A 1% additional tax will be levied, collected and paid on the gross income of every financial business.

In case of a controlled group or a group of related entities that includes one or more financial businesses, for purposes of determining the rate of the additional tax on gross income applicable to each corporation that is a member of such group, it will be determined separately for each one of them.

Financial business means every trade or business consisting of services and transactions of commercial banks, saving and loans associations, mutual or savings banks, finance companies, investment companies, brokerage houses, collection agencies and any other activity of similar nature to those mentioned above, carried out by any industry or business. The term “financial business” shall not include investment activities by a person of their own funds, when the investment does not constitute the main business activity.

Line 22 - Credit for the payment of additional duties on luxury automobiles under Act 42-2005

The amount of the credit to be claimed will be equal to the amount of the duty paid for the government label (*marbete*) for the luxury vehicle plus 5% annual interest on that amount from March 16, 2007 to December 31, 2011, minus 33% for attorney’s fees. People who were part of the first list claimed 50% of the credit in the 2011 and 2012 returns, respectively. On the other hand, people who were identified for the second list claimed 50% of the credit in the 2012 return and the remaining 50% will be claimed in the 2013 return. Enter on this line, the amount that was notified to you by the Department of Treasury for tax year 2013.

Line 23 - Returning Heroes and Wounded Warriors work opportunity tax credit

Enter the amount previously determined on Schedule B4 Corporation, Part II, line 15.

Line 24 - Balance of tax due

Subtract the sum of lines 21 to 23 from line 20 and enter the difference on line 24(a) titled Tax. Otherwise, if the sum of lines 21 through 23 is larger than line 20, there is an excess of tax paid or withheld that you must enter on line 26.

INTEREST, SURCHARGES AND PENALTIES

Interest

The Code provides for the assessment of interest at a 10% annual rate over any tax balance not paid by its due date.

Surcharges

In case that imposition of interest is applicable, a surcharge of 5% of the amount due will be assessed, if the delay in paying 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, shall be guilty of a third degree felony.

Line 25 - Addition to the Tax for Failure to Pay Estimated Tax

Enter the addition to the tax for failure to pay the minimum estimated tax required, previously determined on Schedule T Corporation. (See instructions to complete the Schedules).

Line 26 - Excess of tax paid or withheld

Enter on this line the difference between line 20 and the sum of lines 21 through 23 only in those cases where the sum of lines 21 through 23 is larger than line 20.

If line 25 is zero, transfer the amount entered on this line to line 28.

Line 27 - Amount paid with this return

Make the check or money order payable to the Secretary of the Treasury. **Indicate the employer identification number and Form 480.2.** If you decide to pay in cash, you can do it at any of our Internal Revenue Collections Offices. Make sure to obtain an official receipt from the Collector at the time of payment.

If you filed the return after the filing due date or you requested an extension of time but did not pay the total amount due, you must compute the applicable interest and surcharges, from the filing due date to the date on which the return was filed.

Line 28 - Amount overpaid

If the sum of the lines 20 and 25 is less than the sum of lines 21 through 23, indicate the distribution of line 26 on line 28A (to be credited to estimated tax for 2014), 28B (contribution to the San Juan Bay Estuary Special Fund), 28C (contribution to the Special Fund for the University of Puerto Rico) or 28D (to be refunded).

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

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

Itemize in Part VI of the return the other direct costs shown on line 5. Note that the flexible depreciation of assets used in manufacture will be included as other direct costs in Part IV, line 5 and Part VI, line 11. The flexible depreciation of assets other than the ones used in manufacture must be entered in Part V, line 39.

Indicate on line 8 the total cost of goods sold or direct costs of production (Line 6 less line 7).

Enter on line 11 the rental income. If the rental income is derived from the lease of a New Construction Property or Qualified Residential Property, it is fully exempt under the provisions of Act 132-2010. This exemption applies from January 1, 2011 up to December 31, 2020, regardless of the date on which the contract has been subscribed. Do not include on this line the income received under this concept, include it on Schedule IE Corporation, Part II, line 15.

For more information refer to Act 132-2010 and its corresponding regulations.

Enter on line 12 the eligible interest that you elected to pay taxes at the regular tax rates, among others.

Enter on line 15 the distributable share on the profit from partnerships and special partnerships. To determine this income, complete Schedule R Corporation and Schedule R1 Corporation, if necessary. (See instructions for Schedules R and R1 Corporation).

Enter on line 16 the amount determined on **Schedule S Corporation - Farming Income**. In case that the agricultural activity is not the principal source of income, any loss incurred may only be carried against any income derived from the agricultural activity.

PART V - DEDUCTIONS AND NET OPERATING INCOME (OR LOSS)

Use the Column (A) of the lines 21 through 48 to report the deductible portion (that is, 49% of total) of those expenses attributable to the conduct of an industry or business in Puerto Rico and that are not subject to income tax or to withholding at source under the Code in the taxable year in which they are incurred or paid, if such expenses:

- are expenses incurred or paid to stockholders that own 50% or more of a corporation's interest, or
- are expenses incurred or paid to any related person or entity affiliated to the corporation. For these purposes the rules applicable to determine the members of a controlled group of corporations or a group of related entities, established in Sections 1010.04 and 1010.05 of the Code, will be applicable when determining the relation of the Corporation with its stockholders and affiliates.

The non deductible portion of these expenses (that is 51% of total expenses) must be included on line 5(e) of Part VII of the return.

In Column (B) enter the total of each item of deductible expenses of the year, which will include the amount indicated in Column (A).

We provide information about some of those deductions, as follows.

Line 21 - Compensation to officers or partners

Enter the compensation paid or accrued to all officers of the corporation and detail in Part X of the return.

Line 22 – Salaries, commissions and bonuses to employees

If you claim the Returning Heroes and Wounded Warriors work opportunity tax credit provided by the VOW to Hire Heroes Act of 2011 (Schedule B4 Corporation), you must reduce from the salaries deduction, the amount of the credit claimed on Schedule B4 Corporation, Part I, line 2. Therefore, indicate in the parenthesis provided the total of salaries paid and on the line (21) the deductible portion after reducing the total of salaries by the amount of credit claimed.

Line 29 - 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 32 - Other taxes, patents and licenses

Submit a schedule detailing the excise taxes, licenses or other taxes paid.

Line 34- Automobile expenses

You may claim a deduction on this line, based on a standard mileage rate, for the expenses related to the use and maintenance of an automobile which are incurred to carry on an industry or business or for the production of income. Include on the mileage line the total miles used in the industry or business or for the production of income and multiply it by sixty cents ($ 0.60).

The expenses of automobile use and maintenance includes repairs, insurance, gasoline, oil and filter changes, cleaning, tires, annual license fees and other expenses of a similar nature. This expense does not include depreciation, rental payments on ordinary leases or financial leases which are claimed on line 39 on Schedule E. Also, do not include expenses related to the use of tolls or parking.

For these purposes, the term "automobile" does **not** include the following:

- those used directly in the business of transporting passengers or property for which compensation or payment is made, such as limousines, taxis and public vehicles;
- funeral cars, flower carriages, buses, ambulances, motorcycles, trucks, vans and any other similar vehicle used primarily for transport of cargo, and
- cars rented or held for rental by persons regularly engaged in the business of car leasing.

If you incurred expenses for vehicles which are not considered automobiles according to the above definition, you should claim them on line 34 and submit the details.

For additional details see Regulation No. 8297 of December 18, 2012.

For taxable years beginning after December 31, 2011 and before January 1, 2014, it will be allowed to claim in this line the actual expenses incurred for the use and maintenance of automobiles in those cases where the mileage information is not available. For additional details, see Administrative Determination No. 13-18 of September 27, 2013.

Line 35 - Other motor vehicles expenses

If you incurred expenses related to the use and maintenance of vehicles which are not considered automobiles, according to the definition of the previous line, these should be claimed on this line.

Line 36 - Meal and entertainment expenses

You may deduct 50% of the expenses actually paid or incurred, up to a limit of 25% of the gross income for the taxable year, for meal and entertainment expenses directly related with your trade or business or with 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 deductions shall be allowed for meal and entertainment expenses considered extravagant or sumptuous.

Line 39 - Contributions to pension or other qualified plans

Enter the amount contributed to pension, stock bonus, profit sharing or other qualified plans approved by the Secretary of the Treasury. This deduction is subject to certain limitations. See Section 1033.09 of the Code.

To claim this deduction, you must complete and include with the return Form AS 6042.1 - Deduction for Contributions to Qualified Retirement Plans and Tax on Certain Contributions. For additional details, see Regulation No. 8299 of December 18, 2012 and Administrative Determination No. 12-14 of September 14, 2012.

Line 40 – Depreciation and amortization

Flexible depreciation

Enter the amount of flexible depreciation you are entitled, and submit copy of the authorization for the flexible depreciation option.

The detail of the flexible depreciation will be included in Part (b) of Schedule E - Depreciation.

Accelerated depreciation

In order to be entitled to this deduction, an election to use the accelerated depreciation method must be exercised with the return. Said election may be exercised only with respect to property acquired during taxable years beginning after June 30, 1995. Once the option is exercised, it is irrevocable.

This depreciation method does not apply to automobiles, property used outside Puerto Rico, property used by exempt entities, property used totally or partially in activities under the Industrial Incentives Acts, Tax Incentives Act and Tourism Incentives Act, Tourism Development Act, Agricultural Tax Incentives Act, or any other act of similar nature or to intangible property.

Also, Act No. 212-2002, as amended (Act No. 212), provides a type of accelerated depreciation, where the constructed structure, that constitutes housing, can be depreciated using the straight-line method over a 7 year period. However, this deduction is available to persons that invest in housing construction or improvement in an urban center and that has not benefited from the credit provided in Article 4.03E or 4.03F of Act No. 212. For additional details, refer to Act No. 212 and Internal Revenue Circular Letter No. 08-14 of October 31, 2008 and its regulatory provisions.

The detail of accelerated depreciation shall be included in Part (c) of Schedule E - Depreciation.

Current depreciation, amortization, automobiles and vehicles under financial leases

Submit a detail of the current depreciation, amortization, automobiles and vehicles under financial leases in Parts (a), (d), (e) and (f), respectively, of Schedule E - Depreciation.

The maximum basis to depreciate an automobile acquired and used in a trade or business or for the production of income, is $30,000; the deduction shall not exceed $6,000 annually per automobile.

For depreciation purposes, the useful life of an automobile used exclusively in selling activities is 3 years, and 5 years for every other purpose.

The $30,000 basis limitation and useful life term do not apply to those automobiles acquired by corporations engaged in the leasing, transportation of passengers or cargo businesses.

Also, a deduction for goodwill amortization is granted, as long as the goodwill is purchased from third parties during taxable years beginning after June 30, 1995. The deduction will be determined using the straight-line method and a useful life of 15 years.

Every corporation which total income for the taxable year does not exceed $3,000,000 may choose to depreciate the total cost, including installation, of the computer systems equipment in the year of its acquisition and installation. Equipment previously depreciated by a shareholder of such corporation or acquired from a related person, will not qualify for the acceleration of the depreciation allowance. It may also be depreciated under the straight-line method, based on a useful life of 2 years, the land transportation equipment, except automobiles, and environmental conservation equipment.

Line 41 - Bad debts

Enter the accounts receivable that are considered uncollectible. For taxable years beginning after June 30, 1995, corporations 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 uncollectible within the taxable year (direct write- off method).

Neither will be deductible amounts owed to related persons who are foreign or nonresidents not engaged in trade or business in Puerto Rico. Act 163-2013 added a new paragraph (c) to Section 1040.04 – Period for Which the Deductions and Credits Must be claimed, to establish the following:

> Amounts owed to related persons who are foreign or nonresidents not engaged in trade or business in Puerto Rico.
>
> (1) In general – Any amount owed to a related person (as defined in Section 1010.05 of this Code) who is foreign or nonresident not engaged in trade or business in Puerto Rico and, that otherwise, be deductible under Section 1033.01 of this Code, will not be deductible by the taxpayer until this amount is paid to any of the related persons.
>
> (2) Amounts cover by this paragraph – This paragraph apply to those amounts, that otherwise had been deductible, and are of the type described in Sections 1091.01(a)(1)(A)(i) and 1092.01(a)(1)(A)(i).

Line 42 - Charitable contributions

A corporation may deduct an amount which does not exceed 10% of the net income, computed without the benefit of this deduction, for contributions made to:

- the Commonwealth of Puerto Rico, the United States or any state or territory, exclusively for public purposes;
- a corporation, trust or community fund, or foundation created or organized in Puerto Rico or in the United States that operates exclusively for religious, charitable, scientific, veteran rehabilitation services, literary or educational purposes or for the prevention of cruelty to children, as long as no part of its earnings inures to the benefit of any private shareholder or individual;
- posts or organizations of war veterans or auxiliary units organized in Puerto Rico or in the United States.

Charitable contributions in excess of 10% may be carried forward to the following 5 taxable years, in chronological order, but the deduction in each one of said following 5 taxable years shall not exceed 10% of the net income determined without the benefit of said deduction.

The contributions made to a municipality that conducts an activity or event of cultural or historic value, as certified by the Institute of Puerto Rican Culture or the Cultural Center of each municipality, or that makes possible the realization of any cultural or historic work, may be claimed as charitable contributions. The contributed amount shall be $50,000 or more, and must be made in connection with the celebration of the centennial foundation of the municipality. The total of said contributions is not subject to the limitations provided by the Code.

Line 43 - Repairs

On this line, claim the expenses which constitute repairs and not improvements to the assets of the corporation. Excessive repair expenses will be subject to investigation.

Line 44 – Royalties

Enter the royalties expense incurred or paid during the year.

Line 45 – Management fees

Enter the total of management fees incurred or paid during the year.

Line 46 - 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 severely handicapped persons. In force regulations of the Vocational Rehabilitation Program of the Department of the Family will be used to determine the severely handicapped condition.

To claim this deduction, you must submit with the return:

1) evidence that proves the handicapped person has been employed at least during 9 months of the taxable year for which the deduction is claimed, and
2) a certification issued by the Secretary of the Department 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 47 - Contributions to educational contribution accounts for the employees' beneficiaries

Enter the amount of contributions to educational contribution accounts for the employees' eligible beneficiaries up to the maximum amount of **$500 for each beneficiary**, as provided by Section 1081.05 of the Code. Employer's contributions will be considered as ordinary and necessary expenses of the industry or business, and can be deducted as such in the year they are made. This contributions must be included as part of the employee's income by the employer in the year they are made, and can be claimed as a deduction by the employee in the same year. The trust's constitutive instrument must state that the participants will be those individuals that through a contract or application claim the benefits provided by such trust.

For additional details, refer to Act No. 409- 2000 and Regulation No. 6419 of March 27, 2002.

Line 48 - Other deductions

Every employer may claim annually, as an operating expense of the industry or business, an amount equal to a month of salary for each employee to whom you have granted the right to nurse their babies or extract their maternal milk during one hour within each full time working day which can be divided in two periods of 30 minutes or three periods of 20 minutes. In the case of companies considered as small businesses by the Federal Small Business Administration, the period will be one half hour of each full time working day, which can be divided in two periods of 15 minutes.

Every person affiliated to an exempt business under the Tax Incentives Act of 1998 or under previous tax incentives acts, will be entitled to claim a special deduction equal to the total expenses incurred in Puerto Rico in activities related to investigation, experimentation, medical studies, health studies, clinical studies and basic sciences studies guided to the development of new products, new uses or indications for such products, to the improvements of the same, or to the study of diseases, in excess of the annual average of such expenses incurred during the 3 taxable years ended prior to January 1, 2004, or those parts of said period that may be applicable and which are deductible in the taxable year.

For these purposes "affiliated person" means any juridical person that:

(a) is controlled directly or indirectly in 50% or more of the total value of their stocks or shares by a corporation, and

(b) at the same time, said corporation owns directly or indirectly 50% or more of the total value of the stocks or shares of an exempt business.

For additional details refer to Act No. 135-1999, as amended, and the Internal Revenue Circular Letter No. 04-05 of November 10, 2004.

Every industry or business that meets the requirements established in Act No. 212- 2002, as amended (Act No. 212), that creates new employments as part of an urban center revitalization process, will be entitled to a special additional deduction equivalent to 5% of the minimum salary applicable to each new employment created. Also, the transfer of your business with a minimum of 5 employees to an urban center will entitle you to an additional deduction equivalent to 15% of the payroll expenses related to the employees transferred during the year in which the business was transferred. This deduction will be limited to 50% of the net income according to the Code, adjusted by the special deductions provided by Act No. 212, without considering this deduction.

These deductions will be available for a term of 5 years from the taxable year in which the taxpayer applies for these benefits. You must keep for your records a certification issued by the Territorial Ordinance Office or from the City Planning Director indicating the name, social security number and minimum salary for each new employment created; or name and account number of the transferred business, its previous location, name and social security number of the transferred employees and the amount of payroll related to said employees. For both deductions you must also specify the taxable year in which you applied for these benefits and their due dates.

This act also grants other benefits like an exclusion for parking development, special exemption over income from loan interests and accelerated depreciation.

For additional details, refer to Act No. 212 and its regulatory provisions.

Those expense items for which Part V does not provide specific lines, will be totalized and entered as Other Deductions. **Submit with the return a schedule itemizing those deductions**.

As a general rule, expenses related to the ownership, use, maintenance and depreciation of boats, aircraft or residential property outside of Puerto Rico are not deductible under Section 1033.17 of the Code.

PART VI - OTHER DIRECT COSTS

Those cost items for which Part VI does not provide specific lines, will be totalized and entered as Other Expenses on line 12 of this part. **Submit with the return a schedule itemizing those costs.**

The total of these costs should be entered on line 13 of this Part and shall be equal to the amount in Part IV, line 5 of the return.

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

These statements must be completed in all of its parts in order for the return to be considered filed. Therefore, you cannot submit these statements in loose sheets. **Any return that does not comply with these requirements will be returned.**

The amount in Part VIII, line 10 (Reconciliation of net income (or loss) per books with net taxable income (or loss) per return) must be the same amount as the one of Part II, line 5 of this return.

For the 2013 year, some lines were added in Part VII of the Balance Sheet. The principal purpose of the same is that the taxpayers can better detail their assets and liabilities. In the assets area two new lines were added named as: "other current assets" and "other long-term assets" in order to detail the assets that were previously included on the line that was named as "other assets". In the area of liabilities lines were included named as: "other current liabilities" and "other long-term liabilities" in order to detail the liabilities that were previously included on the line named as "other liabilities".

PART X - COMPENSATION TO OFFICERS

Include in this part the compensation received by the officers of the corporation from salaries or other allowances. Enter the amount claimed in Part V, line 21 of the return.

PART XI - QUESTIONNAIRE

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

SIGNATURE AND OATH OF THE RETURN

The return must be signed by the president, vice president or other principal officer and by the treasurer or assistant treasurer in case of corporations.

INCOMPLETE RETURN

The return must be completed in all of its parts. All the information of the Income Statement, Balance Sheet, Reconciliation of Net Income (or Loss) per Books with Net Taxable Income (or Loss) per Return, and Analysis of Retained Earnings per Books must be detailed. **Returns that do not comply with this requirement will be considered as not filed.**

INSTRUCTIONS TO COMPLETE THE SCHEDULES

SCHEDULE A CORPORATION - ALTERNATIVE MINIMUM TAX

WHAT IS THE ALTERNATIVE MINIMUM TAX?

The Alternative Minimum Tax is an additional tax which is imposed when the net income, adjusted by certain preferential items, exceeds the exempt amount of $50,000. The tax rate for this tax is 30% of said net income plus the additional tax on gross income provided in Section 1023.10 of the Code, or the sum of the following items, whichever is larger:

A) the 20% of:

(i) that amount which represents expenses incurred or paid to a related person if such payments are attributable to the conduct of a trade or business in Puerto Rico and are not subject to income tax or withholding at source under the Code during the taxable year, and/or

(ii) that amount which represents cost transfer or expense assignment from a home office located outside of Puerto Rico to a branch if that item was not subject to income tax under the Code,

B) the 2% of the purchase value of personal property from a related person and/or the transfer of personal property from a home office located outside of Puerto Rico to a branch engaged in trade or business in Puerto Rico. In the case of importers of the following products, instead of 2%, a reduced rate is established:

- alcoholic beverages 0.5%
- fuels, crude oil, and products derived from oil 0.5%
- vehicles 1.5%

C) the additional tax on gross income provided in Section 1023.10 of the Code.

WHICH ENTITIES ARE SUBJECT TO THE ALTERNATIVE MINIMUM TAX?

Every corporation engaged in trade or business in Puerto Rico, including insurance companies. It also applies to those corporations operating under the Puerto Rico Tax Incentives Act or under any other similar act, with respect to that portion of income derived from taxable operations.

The following entities are not subject to the alternative minimum tax: (1) foreign corporations not engaged in trade or business in Puerto Rico; (2) partnerships; (3) special partnerships; (4) registered investment companies taxable under the provisions of Subchapter L of the Code; (5) corporations operating under Act 8-1987 or under any other similar act, but only on its income derived from its exempt operations; (6) exempt real estate investment trusts; (7) corporations of individuals; (8) corporations under the provisions of Tourism Acts; (9) bona fide farmers; (10) employees-owned special corporations and ordinary and extraordinary members.

Prepare and file this schedule with the income tax return, **even though no amount may result subject to the imposition of the alternative minimum tax**.

PART I - ADJUSTMENTS IN THE COMPUTATION OF THE ALTERNATIVE MINIMUM NET INCOME BEFORE BOOKS ADJUSTMENTS AND OPERATING LOSSES

Line 1- Enter the net income prior to any net operating loss, considering the credit allowed by the Code in relation to dividends received from domestic corporations from industrial development income and excluding the net capital gain that you elect to pay taxes at the special tax rate of 15% or any other applicable under special legislation. Add lines 2 and 5, page 1 of Form 480.20 and subtract lines 25, 26, 27 and 28 of Schedule D Corporation, as applicable. Another alternative for this computation is adding line 29 of Schedule D Corporation and line 2 of Form 480.20.

Line 2 - Enter on lines 2(a) through 2(e) the adjustments to determine the Alternative Minimum Net Income prior to book adjustments and operating losses. If the adjustments to determine the Alternative Minimum Net Income in Part I exceed the amount used to determine the regular tax, the difference (negative) is considered a deduction. On the contrary, if the amount used to determine the regular tax exceeds the adjustments, the difference (positive) will be reflected as an additional adjustment to the net income.

Line 2(a) - If you used the flexible depreciation method to compute your regular tax, determine the depreciation using the straight-line method and enter here the difference between both methods.

Line 2(b) - If you are a merchant in personal property and reported gains through a sales installment plan for the regular tax, you must recognize the gain (or loss) in its entirety for the year in which the personal property was sold. Enter on this line the difference between both methods.

Line 2(c) - If you used the completed contract accounting method to report the income (or loss) derived from construction of projects, and such activities exceeded one year, recompute your profit (or loss) under the percentage of completion method. Enter on this line the difference between both methods.

Line 2(d) - If the corporation is a financial institution, determine the amount of interest expense not allowable as a deduction attributable to interest income derived from exempt obligations, irrespective of the date of its acquisition.

This will be made based on the average balance ratio of assets of the institution. The adjustment does not apply to exempt obligations related to mortgage loans granted or guaranteed prior to September 1, 1987 by the Commonwealth of Puerto Rico, its agencies, municipalities and instrumentalities, which interest would have been deductible from the gross income to determine the tax imposed by Act No. 34 of June 4, 1975, as amended.

Line 2(e) - If you used the accelerated depreciation method to determine the regular tax, compute the depreciation using the straight-line method. Enter on this line the difference between both methods.

PART II - ADJUSTMENT FOR THE EXCESS OF THE NET INCOME PER BOOKS OVER THE ALTERNATIVE MINIMUM NET INCOME BEFORE ADJUSTMENTS

Line 4 - Enter your net income (or loss) as per your Income Statement. For this purpose, **Income Statement means** a financial statement that reflects the results of the operations of the corporation for the taxable year, accompanied by a Balance Sheet and a Statement of Cash Flows. The statements must be prepared in accordance with the generally accepted accounting principles, and if the company had a volume of business of more than $3 millions, such statements must be audited by a certified public accountant licensed in Puerto Rico.

Line 5 - Determine the amortization expense as reported in your financial statements for goodwill acquired prior to June 30, 1995 or after July 1, 1995 purchased from affiliates. Enter the difference between the goodwill amortization expense as determined from your net income per books and the goodwill claimed as a deduction on the return.

Line 6 - Enter the Puerto Rico income taxes and any other taxes on income or excessive profits imposed by the United States or any of its possessions or foreign countries, considered directly or indirectly in your Income Statement. Do not include the amount of any tax you may have elected to deduct and not claim as credit as provided in the Code.

Line 8 - Enter the total of interest from exempt obligations, but exclude the exempt interest expense or any other expenses incurred in the acquisition or withholding of such obligations.

Line 9 - Enter the total amount received as dividends or profits from domestic corporations or from industrial development income, or tourism development income, as defined under the Tourism Incentives Act of 1983 or the Puerto Rico Tourism Development Act of 1993, as amended, up to the amount in which the dividends or profits have not been included in the net income for regular tax purposes.

Line 10 - Enter the net income amount per books from industrial development, or derived from exempt income of tourism development, as defined on the Puerto Rico Tourism Incentives Act of 1983 or the Puerto Rico Tourism Development Act of 1993. Enter also the amount of the deduction for income derived by a bona fide agricultural business.

Line 11 - Enter any book income (or loss) from the operations of a subsidiary included in the Income Statement recognized under the equity method, for accountability of the investment in the subsidiary.

Line 12 - Enter the amount of the reserve for the payment of catastrophic losses required by Chapter XXV of Act No. 77 of June 19, 1957, as amended.

Line 13 - Enter the net long-term capital gain that you elected to pay taxes at the special tax rate of 15% or applicable rate under special legislation (lines 25 and 26 of Schedule D Corporation, as applicable).

Line 16 - Subtract line 3 from line 15 (but not less than zero). This is the excess of the Adjusted Net Income per books over the Alternative Minimum Net Income.

PART III - COMPUTATION OF THE ALTERNATIVE MINIMUM NET INCOME

Line 19 - Enter your net operating loss deduction to be used in the determination of the alternative minimum tax. **The amount of this deduction cannot exceed 80% of the alternative minimum net income determined without considering this deduction. Any excess of net loss may be carried over as established in the Code.**

The net losses can be used against the next years income as following:

- Years beginning before January 1, 2005 – the net operation losses can be carried over to each one of the following seven (7) taxable years.
- Years beginning after December 31, 2004 and before January 1, 2013 – the carryover period will be twelve (12) years.
- In case of net operating losses incurred in taxable years beginning after December 31, 2012 – the carryover period will be ten (10) years.

Line 21 - The alternative minimum tax allows an exemption of $50,000 if the alternative minimum net income is $500,000 or less. That exempt amount is reduced by 25% (but not less than zero) of the excess of the alternative minimum net income over said amount. If your alternative minimum net income is $700,000 or more, you are not entitled to claim any exemption. To determine the exempt amount follow the instructions below:

A. Maximum exempt amount	$50,000
B. Total line 20	__________
C. Less:	$500,000
D. Excess of line B over line C	(__________)
E. Multiply line D by 25%	__________
F. This is your exempt amount (Subtract line E from line A)	__________

PART IV - COMPUTATION OF THE TENTATIVE MINIMUM TAX AND THE ALTERNATIVE MINIMUM CREDIT FOR FOREIGN TAXES PAID

Line 23 – Multiply the amount of line 22 by thirty percent (30%) and enter the result on this line.

Line 24 – Enter on this line the Alternative Minimum Net Income before the net operating loss (amount informed on line 18).

Line 25 – If line 18 is less than $500,000, the exempt amount is $50,000. If line 18 exceeds $500,000 but is less than $700,000, the exempt amount will be $50,000 less 25% of the excess over $500,000.

Line 30 - Compute your credit for foreign taxes paid according to the Code. Use the formula indicated and adjust the net income by the adjustment items specified in the Code. The formula is as follows:

Alternative Minimum Net Income from sources outside Puerto Rico will be divided by Total Alternative Minimum Net Income and multiplied by the Tentative Minimum Tax.

Any increase to the Alternative Minimum Net Income due to the adjustment for the excess of the net income as per the Income Statement, will have the same proportion and character of the Alternative Minimum Income determined without considering such increase.

The calculated credit is subject to an additional limitation. It may be reduced up to 90% of the Tentative Minimum Tax (line 23) without considering the deduction for the net operating loss used in the determination of the alternative minimum tax. Determine the credit limitation amount on lines 23 through 30. **Any credit amount not claimed in the taxable year can be carried over to the following 7 years.** No part of the credit may be carried back.

Line 31 – Subtract line 30 from line 23 and enter the result on this line.

Line 32 – Enter the results of line 40, Part V, Schedule A Corporation, page 2.

PART V – COMPUTATION OF THE ADDITIONAL TAX ON GROSS INCOME

Line 34 – Enter on this line the total income of the corporation, as informed on line 20 and subtract the total of line 16 (distributable share on net income from partnerships and special partnerships) as informed in Part IV, page 2 of the return.

Line 35 – Enter on this line the total Cost of Goods Sold or Direct Costs of production, as informed on line 8, Part IV, page 2 of the return.

Line 36 – Enter on this line the distributable share on gross income from partnerships and special partnerships. You must add the total of line 1, Columns A, B and C, Part I of Schedules R and R1 Corporation of the return. In case that you have flow-through entities with a Granting Waiver Letter, you must include such income from the distributable share on line 39 of this Schedule. (For additional information refer to the instructions of line 39).

Line 37 - Add lines 34, 35 and 36 and enter the total on this line. This is the total of gross income subject to the Additional Tax.

Line 38 – Multiply the total of line 37 by the applicable tax rate.

If the gross income is:	The tax will be:
From $1,000,000 but not over $3,000,000	.20%
Over $3,000,000 but not over $300,000,000	.50%
Over $300,000,000 but not over $600,000,000	.70%
Over $600,000,000 but not over $1,500,000,000	.80%
In excess of $1,500,000,000	.85%

In case that the Department of Treasury has granted you a Waiver to reduce the tax rate of the Additional Tax on Gross Income, the taxpayer must include copy of the Granting Waiver Letter with the return. Each Granting Waiver Letter has a number code that is unique and therefore the Department will be able to identify with precision each entity to which a Waiver was approved.

The fact that a taxpayer has filed an Application of Waiver of the tax rate for the Additional Tax on Gross Income, it does not grant to the taxpayer the automatic right to reduce the tax rate.

A taxpayer who does not have a Granting Waiver Letter should not reduce the applicable tax rate. All taxpayers who do not comply with this provision might be penalized, subject to Sections 6030.12, 6030.16, 6030.21 and 6041.02 and any other applicable regulation of the Code.

Line 39 – Enter on this line the amounts of Distributable Share on Gross Income subject to Additional Tax from flow-through entities that have a Granting Waiver Letter from the Department of the Treasury. It must include the name, employer identification number and the tax rate as reduced by the Granting Waiver Letter of the entity.

In Column A, you will include the total gross income on Distributable Shares from the partnership and special partnership with Waiver duly approved and granted by the Department.

In Column B, it will be included the total of additional tax to be paid on the distributable share on gross income from the partnership or special partnership at the rate reduced by the waiver granted. In order to obtain the total additional tax of this line, multiply the total of Column A (Total Distributable Share on Partnership or Special Partnership Gross Income) by the tax rate reduced by the waiver.

Line 40 – Add the total of lines 38 and 39(d). This is the total additional tax on gross income of the year.

PART VI - COMPUTATION OF EXPENSES PAID TO A RELATED PERSON AND PURCHASES OF PERSONAL PROPERTY FROM A RELATED PERSON

Line 41 – Enter on this line the total expenses paid to a related person and cost transfer or expense assignment from a home office located outside of Puerto Rico to a branch engaged in trade or business in Puerto Rico. The total expenses paid of this line should totalize the sum of line 49, Column A of Part V, page 2 of the return plus line 5(e) of Part VIII, page 3 of the return.

Line 43 – Enter on this line the total of purchase of personal property from a related person and transfer of personal property from a home office located outside of Puerto Rico to a branch engaged in trade or business in Puerto Rico.

Line 45 – Enter on this line the sum of lines 42 and 44. This sum is the total of expenses paid to a related person and purchases of personal property from a related person.

PART VII - COMPUTATION OF THE ALTERNATIVE MINIMUM TAX

Line 46 – Enter on this line the amount of line 33, Part IV of this Schedule.

Line 47 – Enter on this line the amount of line 47, Part IV of this Schedule.

Line 48 – Enter on this line the amount of line 40, Part V of this Schedule.

Line 50 – Enter on this line the larger between lines 46 and 49. This is your tentative minimum tax.

Line 51 – Enter on this line the adjusted regular tax. This amount is the sum of the normal tax and the additional tax and it comes from line 10, Part III, page 1 of the return.

Line 52 – Enter on this line the total of the alternative minimum tax. The total of the alternative minimum tax will be the difference of line 50 less line 51. In case that line 51 exceeds the amount of line 50, the taxpayer must enter zero on this line. If line 51 is less, in addition to enter the difference on this line you must enter this amount on line 16, Part III, page 1 of the return.

SCHEDULE B CORPORATION - RECAPTURE OF CREDIT CLAIMED IN EXCESS, TAX CREDITS, AND OTHER PAYMENTS AND WITHHOLDINGS

Use this schedule to determine the recapture of investment credit and for the donation of a conservation easement claimed in excess, the tax credits, and other payments and withholdings.

PART I - RECAPTURE OF CREDIT CLAIMED IN EXCESS

In Columns A, B and C you must enter the name and the employer identification number of the entity to which the investment credit or the donation of a conservation easement claimed in excess belongs, and check the box that identifies the act that regulates the investment or donation made.

Enter the credit claimed in excess in previous years as a result of the intervention of the Secretary or Director of the Agency or Department, or the Board who regulates each of the following acts: Puerto Rico Tourism Development Act (Act 78-1993, as amended), Solid Waste Authority Act (Act No. 70 of June 23, 1978, as amended), Capital Investment Fund Act (Act No. 3 of October 6, 1987, as amended), Act for the Creation of the Theatrical District of Santurce (Act 178 -2000), Act for the Development of the Film Industry (Act 362-1999), Puerto Rico Film Industry Economic Incentives Act (Act 27-2011), Act for Tax Credits from Investment in Housing Infrastructure (Act 98-2001, as amended), Act for Tax Credits for Investment in the Construction or Rehabilitation of Rental Housing Projects for Low or Moderate Income Families (Act 140-2001), Act for Credit to Investors in an exempt business that is in the process of closing its operations in Puerto Rico (Act 109-2001) and Conservation Easement Act (Act 183-2001, as amended).

The total investment carried out by the exempt business in the project is subject to the revision of the Secretary or Director of each Agency or Department, or the Special Work Board (Board) in case of the Theatrical District of Santurce. If the investment credit claimed by the investors exceeds the investment credit computed by the Secretary, the Director or the Board, this excess shall be due as income tax. In some cases this debt must be paid by the investors in one installment, and in other cases in two installments beginning with the first taxable year following the date in which the unfulfillment or revocation of the credits is determined or any other date provided by law. The Director, the Secretaries or the Board will notify the Secretary of the Treasury the excess of credit claimed by the investors.

The provisions of credit recapture previously mentioned will not apply to participants and investors that are not developers in a project under the Tourism Development Act or the Solid Waste Authority Act.

On the other hand, the provisions of credit recapture under the Agricultural Tax Incentives Act will apply to participants or investors in agricultural businesses.

In case of condohotels, the integrated leasing program operator must file an annual report to the Director and to the Secretary identifying the participant units in the integrated leasing program. Said report must indicate the participation beginning date of the participant units, as well as the date or dates in which one or more units were withdrawn from the program.

In case of Act 178-2000 (theatrical business), Act 140-2001 (rental housing), and Act No. 109-2001 (business closing operations), if any unit or business is withdrawn from the program, cease its operations or do not comply with any of the requirements provided by the corresponding law before the expiration of the 10 year period or other period provided by law, the investor will owe as income tax an amount to be computed as provided by law or as follows, as applicable:

$$\text{Income Tax owed} = \text{Total investment credit claimed per unit or business} \times \frac{\text{Balance of the 10 year period}}{10}$$

In case of owners of a levied property or donors of a conservation easement, in case of an eligible land, they shall be subject to the recapture of the tax credits granted, in the event that the obligations included in the constitution deed of the conservation easement or donation of an eligible land are not fulfilled, as applicable, but only in those cases in which it is impossible to return the land to its original condition. These dispositions will also apply when the perpetuity requirement is not fulfilled by the owners and the titular of the easement.

The income tax amount owed must be paid in one or two installments, whichever applies, beginning with the first taxable year following the date of the withdrawal of the unit, the first taxable year following the cease of operations or any other date provided by law.

Line 1 - Enter the total excess of credit notified by the Director, the Secretary or the Board, or in the case of condohotels, theatrical business, business closing operations or rental housing projects for low income families, the total of income tax debt according to the formula previously mentioned or established by law.

Line 3 - Multiply line 1 by 50% and enter the result. Transfer the resulting amount to Part III, line 13 of the return. If part of the excess was paid in the previous year, enter the balance owed.

On this line you must also include the recapture of investment credit claimed in excess related to any of the following laws: housing infrastructure act and rental housing act for low or moderate income families.

Line 4 - If this is the first year that you make the recapture, subtract line 3 from line 1 and enter the difference. This will be the tax debt to be paid for next year. If this is the second year of recapture, subtract lines 2 and 3 from line 1.

PART II - TAX CREDITS

Every taxpayer that owns a tax credit must refer to Act 40-2013 and the Internal Revenue Circular Letter No. 13-08 of July 22, 2013. Act 40-2013 established a moratorium to certain tax credits and the essential requirement to all credit holders to inform the Secretary of the Treasury the total of credits available as of June 30, 2013.

Line 2 - Enter the credit portion attributable to dividends received from industrial development income, corresponding to the 3% of the investment made by the subsidiary in the acquisition, construction and expansion of buildings and other structures used in manufacture, which exceeds the investment in such properties possessed by the subsidiary as of March 31, 1977.

If the corporation has not enjoyed a tax exemption under Act 57 of 1963, Act 26 of 1978 or Act 8 of 1987 for two taxable years, the credit will be granted to the parent corporation for the increase in investment made by the subsidiary after the end of the second year of the tax exemption.

In order to be entitled to such credit, the investment must be made prior to January 1, 1993.

This credit may be carried over to subsequent taxable years. However, investments made in real property to obtain the waiver established on paragraph 6(a) of Section 4 of Act 8 of 1987, cannot be used for purposes of this credit.

Line 3 - Enter the amount determined on Schedule Q.

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

1. Evidence of the Informative Returns for Tax Credits Holders duly filed in the Department (Form 480.71.1).

2. Schedules Q and Q1 duly completed.

3. A document indicating or showing the credit earned for the investment in the different capital investment funds or direct investments, such as Solid Waste Facilities, Tax Incentives, Agricultural Incentives, Theatrical District of Santurce, Feature Films, as well as the Tourism Development Fund.

4. Copy of the certification issued by the regulatory agencies.

5. Copy of the notification or sworn statement issued by the regulatory agency to inform the credit distribution.

Line 4 - Enter as credit the alternative minimum tax paid and not used in previous years. To be entitled to this credit, the regular tax for the year must exceed the alternative minimum tax for such year, and the alternative minimum tax for previous years must have been paid. The credit must be determined as follows:

1. **Regular Tax** (Part III, line 10 of the return or Schedule D Corporation, Part V, line 34, whichever is smaller, less Part II, line 1 of Schedule B Corporation) ____________

2. **Less: Tentative Minimum Tax** (Part VII, line 50 of Schedule A Corporation) ____________

3. **Regular Tax Subject to the Credit** (Subtract line 2 from line 1) ____________

4. **Alternative Minimum Tax Credit Paid in Previous Years** (Line 16, 17, 18 or 19, whichever applies, of the return from previous years, which has not been used) ____________

5. **Credit to be Granted** (The smaller of line 3 or line 4) ____________

If line 4 exceeds line 3, the balance will be carried forward to future years.

Submit with the return a schedule detailing the alternative minimum tax paid in previous years, origination date and amounts used, including the taxable year in which it was claimed as credit.

Line 5 - 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 for the percentages and limitations to claim on the return.

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

Complete Part IV of the Schedule B Corporation

Line 6 - Enter the amount of the credit to be claimed for the investment in a Film Entity engaged in a Film Project and/or Infrastructure Project under Act 27-2011.

The concession of this credit is subject to the taxpayer's request and the approval by the Secretary of the Treasury of an administrative determination under Act 27-2011 and its regulations. You must include with the return copy of the determination, along with the information required in the determination letter.

For additional details, refer to Act 27-2011, as amended.

Line 7 – Enter the amount of the credit for infrastructure investment to developers of housing projects, recommended by the designated officials of the Housing Department and the Department of the Treasury. It will be subject to the taxpayer's request and the approval by the Secretary of the Treasury of an administrative determination under Act 98-2001, as amended and the applicable regulations. You must include with the return copy of such determination, along with the information required in the determination letter.

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

Line 8 – Enter the amount of credit for investment in the construction or rehabilitation of rental housing projects for low or moderate income families.

Every owner of a rental housing project for low or moderate income families may qualify for a tax credit.

The petitioner must file an application with the Housing Finance Authority.

The tax credit will be subject to the taxpayer's request and the approval by the Secretary of the Treasury of an administrative determination. You must include with the return copy of such determination, along with the information required in the determination letter.

For additional details, refer to Act 140-2001 and its regulations.

Line 9 – Enter the amount of the credit for investment in an exempt business that is in the process of closing its operations in Puerto Rico. Every investor may claim an industrial investment credit equal to 50% of its eligible investment.

The credit must be claimed in two installments: the first half in the year that the eligible investment was made and the balance in subsequent years.

Every investor must request an administrative determination to the Secretary of the Treasury before claiming the industrial investment credit.

Every industrial investment credit not used in the taxable year may be carried over to subsequent years, until totally used.

For additional details, refer to Act 109-2001 and the corresponding regulations.

Line 11– Enter 100% of contributions made to Santa Catalina's Palace Patronage (Patronage). The tax credits to be granted cannot exceed $2,500,000 for any taxable year.

To claim this tax credit you must accompany the certification issued by the Patronage as evidence that the contribution was made and accepted. Such part of the credit not used in the taxable year in which the contribution was made, may be carried over to subsequent taxable years, until totally used.

Remember that contributions to the Patronage generate a tax credit. Therefore, such contribution cannot be claimed as part of the deduction for charitable contributions.

Line 12 – Enter the amount of credit for the establishment and donation of a conservation easement, equal to 50% of the value of the eligible conservation easement.

To claim this credit you must include the certification issued by Secretary of the Treasury.

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

Line 13 – Enter the amount of credit for construction investment in urban centers. Every person that carries out a construction or improvement project in an urban center, as provided by law, may qualify to claim a credit against the tax.

The concession of the credit is subject to the taxpayer's request and the approval by the Secretary of the Treasury of an administrative determination. You must include with the return copy of such determination, along with the information required in the determination letter.

The taxpayer must include with the return for every year in which the credit is claimed, a schedule detailing the date in which the credit was granted, the taxable years in which the tax credit has been claimed, its expiration date, the total amount of the credit, and the amounts claimed in previous years.

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

Line 14 – Enter the amount of Tax Credit for Merchants Affected by Urban Center Revitalization. Every commercial entity established in the area affected by the construction of the revitalization projects in urban centers, will be entitled to claim an 8% tax credit from 50% of the gross sales generated during the construction period.

The amount of this credit can not exceed the tax responsibility reported on the previous year return. To claim this credit, you must include with the return a certification issued by the Puerto Rico Commerce and Exportation Company in which the taxpayer is identified as a merchant affected by the construction work.

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

Line 15 – Enter 50% or 10%, as applicable, of the taxes paid attributable to the net income earned from the sale or publication of books.

The concession of this benefit will be subject to the taxpayer's request and the approval by the Secretary of the Treasury of an administrative determination under Act 516-2004, as provided by the Internal Revenue Circular Letter No. 05-05 of March 23, 2005. You must include with the return copy of such determination, along with the information required in the determination letter.

This benefit will be available for a period of 10 years beginning on taxable year 2004.

For additional details, refer to Act 516-2004.

Line 16 – Enter 10% of taxes paid attributable to the income earned from the book printing in Puerto Rico.

The concession of this benefit will be subject to the taxpayer's request and the approval by the Secretary of the Treasury of an administrative determination under Act 516-2004, as provided by the Internal Revenue Circular Letter No. 05-05 of March 23, 2005. You must include with the return copy of such determination, along with the information required in the determination letter.

This benefit will be available for a period of 10 years beginning on taxable year 2004.

For additional details, refer to Act 516- 2004.

Line 17 – Enter 15% of the total income tax attributable to the income earned from the sale of books printed in Puerto Rico or from Puerto Rican authors.

The concession of this benefit will be subject to the taxpayer's request and the approval by the Secretary of the Treasury of an administrative determination under Act 516-2004, as provided by the Internal Revenue Circular Letter No. 05-05 of March 23, 2005. You must include with the return copy of such determination, along with the information required in the determination letter.

This benefit will be available for a period of 10 years beginning on taxable year 2004.

Line 18 – Enter the amount of credit for the 2006 extraordinary tax determined and paid, as established by Act 98-2006.

The amount paid for the extraordinary tax may be claimed as credit for taxable years beginning after July 31, 2006.

The amount claimed as credit for each one of such years shall not exceed 25% of the total extraordinary tax.

Line 19 - Enter the amount of credit to be claimed for industrial investment under Section 6 of Act 73-2008. This amount must be equal to 50% of the eligible investment to be claimed in two or more installments: the first half in the year in which the eligible investment is completed and the balance in the subsequent years.

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

For additional details, refer to Act 73-2008 and the corresponding regulations.

Line 20 – Enter the amount of credit to be claimed for investment in research and development activities of green energy sources under Act 83-2010, best known as the Puerto Rico Green Energy Incentives Act. This amount must equal 50% of the special eligible investment and will be claimed in two or more installments: the first half in the year in which the eligible investment is made and the balance in the subsequent years.

The credit not used in the taxable year may be carried over to subsequent years, until totally used. This credit does not generate a refund.

For additional details, refer to Act 83 -2010.

Line 21 – Enter the amount of credit to be claimed for the additional tax on gross income paid. Any financial business engaged in trade or business in Puerto Rico may take a credit against the income tax or against the alternative minimum tax payable for the corresponding taxable year for an amount equal to one half of one percent (0.5%) of its gross income for the corresponding taxable year. Furthermore, any member of a financial business that pays taxes as partnership, may take a credit against the income tax or against the alternative minimum tax determined and payable for the corresponding taxable year, if any, for an amount equal to 50% of its the distributable share on the additional tax on gross income, which sum of 50% will be a part of credit to be reported separately to the partners in accordance with the provisions of Section 1071.02(a)(11) of the Code.

Any amount of credit available under this section for any taxable year that has not been used will not be refundable and will only be available to be used in subsequent taxable years.

Line 23 – Enter the total amount of other income tax credit not included on the preceding lines, for example, the credit for contributions to former governors foundations, provided as follows.

A credit equivalent to 100% of the amount contributed during the taxable year to former governors foundations is granted for operating expenses and those expenses related to the purposes for which they were created and/or those charitable contributions to a Depository of Files and Relics of Former Governors and Former First Ladies of Puerto Rico constituted according to the provisions of Act 290-2000 by itself or as a whole with public or private Higher Education entities, to pay the construction, operation and all necessary expenses for the true fulfillment of the purposes of Act 290-2000 and Act 302-2012. The tax credits to be granted cannot exceed $1,000,000 in aggregate, for any tax year.

Remember that the contribution to the Former Governors Foundation generates a tax credit. Therefore, these contributions cannot be claimed as part of the deduction for charitable contributions.

To claim this tax credit you must submit the certification issued by the recipient entity as evidence that the contribution was made and accepted. Such part of the credit not used in the taxable year in which the contribution was made, may be carried over to subsequent taxable years, until totally used.

If this line includes credits from different concepts, submit a schedule showing a breakdown of such credits. Also submit documents or evidences to support them.

Do not include on this line Tax Credits for the Acquisition of New Construction Housing or Existing Housing. Such credits will be claimed in Part III, line 9 of this schedule as "Other Payments and Withholdings". For additional details, refer to the Internal Revenue Circular Letter No. 09-02 of March 16, 2009.

Line 25 - If you claimed the Returning Heroes and Wounded Warriors work opportunity tax credit, as determined on Schedule B4 Corporation, you must subtract such credit from the total of tax determined. Use the following Worksheet to determine the amount that you must enter on this line.

1. Total tax determined before the credit (Schedule B4 Corporation, Part II, line 6)	____________
2. Returning Heroes and Wounded Warriors work opportunity tax credit (Schedule B4 Corporation, Part I, line 4) ………......................	____________
3. Tax determined after de credit (Subtract line 2 from line 1. If it is zero or less, enter zero. Transfer to Schedule B Corporation, Part II, line 25 and check (☐) "Schedule B4 Corporation")	____________

PART III - OTHER PAYMENTS AND WITHHOLDINGS

Enter on lines 1 through 8, the amount of tax paid or withheld regarding the types of income described on these lines.

Line 2 - Enter the estimated tax paid for the year taxable. **For more information on the estimated tax, refer to the INSTRUCTIONS (OBLIGATION TO PAY ESTIMATED TAX).**

Line 3 - Enter the tax paid in excess in previous years that you had elected to claim against the payment of estimated tax. Do not include amounts already included on line 2.

Line 5 - Enter the amount withheld over payments for services rendered. In order to claim this credit, you must submit Form 480.6B. Otherwise, you must submit a sworn statement indicating the name, address, employer identification number and telephone number of the person who made the deposit or payment, the total amount of the deposits and the tax withheld.

Line 6 - Enter the tax withheld reported in the Informative Return - Special Partnership (Form 480.60 SE). You must submit this form with your return.

Line 7 - Enter the tax withheld reported in the Informative Return - Partnership (Form 480.60 S). You must submit this form with your return.

Line 9 - Enter any other payment or withholding not specified on the preceding lines. Submit a detail and evidence of the payment or withholding.

SCHEDULE B1 CORPORATION – CREDITS FOR PURCHASE OF PRODUCTS MANUFACTURED IN PUERTO RICO AND PUERTO RICAN AGRICULTURAL PRODUCTS

PART I – CREDIT FOR INCREASE IN PURCHASES OF PUERTO RICAN AGRICULTURAL PRODUCTS (SECTION 1051.07)

Section 1051.07 of the Code provides a credit to all eligible business that increases its purchases of Puerto Rican agricultural products to replace imported products available for sale on the local market.

The credit shall not be less than 5% and up to a maximum of 20% of the increase in purchases of agricultural products grown, produced and elaborated in Puerto Rico during the taxable year in which the credit is claimed, over the average of purchases of such products during the 3 preceding taxable years, or such part of that period that is applicable, or in some cases, the average of the 3 taxable years ending with the close of the taxable year that ended during calendar year 2003.

For purposes of the credit under Section 1051.07, an eligible business is the one that acquires Puerto Rican agricultural products through a contract between such business, the Secretary of Agriculture and an agricultural production group promoted by the Department of Agriculture or an Agricultural Sector organized under the Puerto Rico Agriculture and Livestock Industry Regulating Act or with a Qualified Farmer.

Enter in the spaces provided, the name of each Agricultural Production Group, Agricultural Sector or Qualified Farmer from which you made the purchases; the purchases increase; the percentage granted; and the amount of each credit according with the Tax Credit Certification issued by the Department of Agriculture.

Line 2 - Enter the amount of credit under Section 1040F of the Internal Revenue Code of Puerto Rico of 1994, as amended, of the previous years that was not used and is carried over due to the 25% limitation. Submit a detailed schedule to reflect the composition of the carryover.

PART II - CREDIT FOR PURCHASES OF PRODUCTS MANUFACTURED IN PUERTO RICO (SECTION 1051.09)

Section 1051.09 of the Code provides a credit against income tax of those eligible businesses that purchase eligible products manufactured in Puerto Rico, including components and accessories.

The credit is equal to 10% of the increase in purchases of such products during the taxable year in which it is claimed, over the average of the purchases made for the 3 years out of the 10 preceding taxable years in which the purchases were the least amount, that is, excluding the 7 years of higher purchases.

Eligible businesses for purposes of the credit under Section 1051.09 are: (1) manufacturing businesses, and (2) any other company engaged in trade or business in Puerto Rico whose annual sales volume does not to exceed $ 5,000,000. However, businesses that have a tax exemption decree are not considered eligible businesses.

Eligible products are only those manufactured in Puerto Rico by a manufacturing business that, individually or in the aggregate with its affiliates, has had a net sales volume (within or outside of Puerto Rico) of one hundred million (100,000,000) dollars or less for the calendar year 2010. A product will be considered as a product manufactured in Puerto Rico only if more than thirty (30) percent of its value has been added in Puerto Rico.

Enter in the spaces provided for each manufacturing business from which the products were acquired the name, employer identification number, manufacturing business identification number and the value (cost) of each purchase. In case of manufacturing businesses with a tax exemption decree, the manufacturing business identification number will be the decree number. If the business does not have a decree, enter the number assigned by the Industrial Development Company. Also indicate if the manufacturer provided you with a certification to the effect that the product(s) acquired are eligible products. Do not include purchases of products that have been manufactured in Puerto Rico by a business related to the business claiming the credit.

The eligible business must keep the necessary records evidencing the value of purchases for which the credit is claimed, as well as, any certificate issued by the manufacturer or other evidence of the nature of the eligible products purchased.

PART III - CREDIT FOR PURCHASE OF PRODUCTS MANUFACTURED IN PUERTO RICO (TUNA PROCESSING)

The credit provided in Section 1051.09 of the Code is also available for purchases of tuna packaged and processed in Puerto Rico. In this case, the credit is 10% of the total amount of the purchases of such products made during the taxable year in which it is claimed, regardless of the volume of business of business the processing plant or its affiliates. Tuna products are treated as manufactured (packaged and processed) in Puerto Rico only if more than thirty (30) percent of its value has been added in Puerto Rico.

Enter in the spaces provided for each manufacturing business (packing and processing) from which the products were acquired the name, employer identification number, manufacturing business identification number and the value (cost) of each purchase. In case of manufacturing businesses with a tax exemption decree, the manufacturing business identification number will be the decree number. If the business does not have a decree, enter the number assigned by the Industrial Development Company. Also indicate if the manufacturer provided you with a certification to the effect that the product(s) acquired are eligible products. Do not include purchases of products that have been manufactured in Puerto Rico by a business related to the business claiming the credit.

The eligible business must keep the necessary records evidencing the value of purchases for which the credit is claimed, as well as, any certificate issued by the manufacturer or other evidence of the nature of the eligible products purchased.

Line 4 - Enter the amount of credits under Sections 1040C, 1040D and 1040E of the Puerto Rico Internal Revenue Code of 1994, as amended, not used in previous years (carryover). Submit a detailed schedule to reflect the composition of the carryover.

PART IV - The credits provided in Sections 1051.07 and 1051.09 of the Code may only be used to reduce a 25% of the eligible business tax.

SCHEDULE C CORPORATION - CREDIT FOR TAXES PAID TO FOREIGN COUNTRIES, THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS

Use this Schedule to determine the portion of the taxes paid to foreign countries, the United States, its territories and possessions allowable as a credit.

To claim a credit for taxes paid to foreign countries, the United States, its territories and possessions , it is necessary that you:

1) Have paid or accrued income tax outside in one or more of such jurisdictions.

2) Have included on your Puerto Rico income tax return taxable income from such jurisdictions.

3) Keep for your records evidence of the tax paid (copy of canceled checks and copy of the return filed to the IRS or other eligible jurisdictions). If the payment receipt or the tax return is written in a language that is not Spanish or English, you must provide a certified translation of it.

If you received income from sources in, or paid taxes to, more than one foreign country, territory or possession of the United States, provide the information separately for each foreign country, territory or possession in Parts I, II and III of Schedule C Corporation, indicating the name of each country, territory or possession in columns A, B and C. If you received income from sources in or paid taxes in more than 3 jurisdictions, as well as the United States, submit additional Schedules C Corporation.

Include in the column labeled "Total" the total amount of items of income and expenses, losses and deductions from sources outside of Puerto Rico.

PART I - DETERMINATION OF NET INCOME FROM SOURCES OUTSIDE OF PUERTO RICO

Line 1 - Enter the gross taxable income derived from sources in each of the applicable jurisdictions, itemized by types of income listed on lines (a) through (g), and total them on line 1(h).

Taxable Gross Income

For purposes of Part I of Schedule C, the term "taxable gross income" means gross income of the taxpayer that is subject to income tax in Puerto Rico, so it will not include any items exempt under Section 1031.02 of the Code. Include in the appropriate columns all items of taxable gross income earned from sources in the relevant jurisdiction, even if such item of income was not subject to tax in that jurisdiction. Remember that on sales of property, gross income is determined by subtracting from the amount of sales, the cost or adjusted basis of the property sold.

Sources of Income

As a rule, the source of income is determined as follows:

(1) Interest and dividends - Based on the residence or place of incorporation of the payer.

(2) Compensation for services - Based on where services are rendered.

(3) Rents and royalties - Based on where the property is located or the place of use or the privilege of using patents, copyrights, trademarks, goodwill (goodwill) or other similar property.

(4) Gain on sale of inventory - If the property sold was acquired by purchase from unrelated persons, it is determined by where you transferred the title of the goods; to determine the source of income from the sale of inventory produced by the seller, or acquired by purchase from related persons, see sections 1035.04 and 1035.05 of the Code.

(5) Gain on sale of personal property other than inventory - Based on the residence of the seller; certain exceptions apply in the case of depreciable property and intangible assets, as well as, sales through offices or other places of business located outside of Puerto Rico.

(6) Gain on sale of real property – It is determined by the place where the property is located.

For additional information on how to determine the source of income, see Sections 1035.01 to 1035.07 of the Code.

Line 2 - Reduce the taxable gross income reflected on line 1(h) of each column by:

(1) The expenses directly related to the production of such income,

(2) The losses from sources of the relevant jurisdiction, and

(3) A proportion of other expenses or deductions not related to a category of income.

The expenses or deductions to be included on line 2(c)(i) do **NOT** include losses accrued from sources in Puerto Rico, or expenses or deductions directly related to income from sources in Puerto Rico or items excluded from income or exempted from income tax under the Code or special acts.

Include on line 2(c)(ii) the taxable gross income of the taxpayer from all sources, including sources from Puerto Rico.

PART II - TAX PAID TO THE UNITED STATES, ITS POSSESSIONS AND FOREIGN COUNTRIES

Indicate the date of payment and the total tax paid or accrued to each jurisdiction. If the tax was paid in a foreign currency, such tax must be converted to U.S. dollars at the date of the payment. A schedule indicating the conversion to U.S. dollars must be kept for your records.

In the case of the taxes paid or accrued to the United States, it shall be computed **after** claiming the Foreign Tax Credit for taxes paid to foreign countries or United States possessions and territories, **including Puerto Rico**, on income from sources outside the United States included in the federal tax return.

PART III - DETERMINATION OF THE CREDIT

Line 2 - Include on line 2 the taxpayer's net income from all sources, increased by the income subject to preferential rates. Exclude the income reported in Part VI of Schedule D Corporation.

Line 4 - Include on this line the sum of lines 15, 16 and 17, Part III, page 1 of the return.

Determine the credit to be claimed and enter the amount you are entitled.

The credit cannot be greater than the tax paid or accrued to the foreign countries, the United States, its territories and possessions.

Transfer the total credit determined on line 6(b) to the Schedule B Corporation, Part II, line 1.

<u>Alternative Minimum Tax</u>

If you are subject to the alternative minimum tax, you must compute the amount determined under this Schedule using such tax and the alternative minimum net income. In Part I, include income from sources outside of Puerto Rico that were considered in determining the alternative minimum net income. Furthermore, it is necessary to make the adjustments that are indicated below:

- Part I, line 1(a) through 1(g) of Schedule C Corporation - substitute by the corresponding items of gross income of the taxpayer that is subject to alternative minimum tax; include in the corresponding column all items of gross income subject to alternative minimum tax earned from sources in the relevant jurisdiction, even if such item of income was not subject to tax in that jurisdiction.

- Part I, line 2(c)(ii) of Schedule C Corporation - substitute by the total gross income of the taxpayer that is subject to alternative minimum tax.

- Part III, line 2 of Schedule C Corporation - substitute by line 22 of Part III of Schedule A Corporation.

- Part III, line 4 of Schedule C Corporation - substitute by line 50 in Part VII of Schedule A Corporation.

Determine the credit amount on Schedule C Corporation recalculated with the above adjustments, enter it in this line and fill out completely the oval at the top that identifies the Schedule is recalculated for purposes of the alternative minimum tax.

SCHEDULE D CORPORATION - GAINS AND LOSSES FROM SALE OR EXCHANGE OF PROPERTY AND COMPUTATION OF THE TAX AT PREFERENTIAL RATES

Use this schedule to determine the gains or losses from the sale, exchange or disposal of the capital assets and the income tax subject to preferential rates.

A capital asset may be defined as a property acquired for investment owned by the taxpayer (related or not to its industry or business), but does not include: (a) goods in hand of the taxpayer's business or other property of similar nature that can be properly included in the taxpayer's inventory, if it was in hand at the close of the taxable year, or property owned by the taxpayer primarily for the sale to customers during the ordinary course of its trade or business, or (b) property used in its trade or business subject to the allowance for current depreciation, or real property used in its trade or business.

Capital gains or losses are classified as short or long term, depending on the period held. If the assets were held for not more than 6 months, it is considered as **short-term** gain or loss. On the other hand, if the assets were held for more than 6 months, it is considered as **long-term** gain or loss.

To determine short and long-term capital gains or losses, you must provide the description and location of the property sold, indicate if the adjusted basis was increased by the prepayment of the tax and complete the information in Columns (A) through (F) of Parts I and III, and Columns (A) through (G) of Part II with respect to the properties.

The uniform tax rate in case of corporations is 15%.

As a general rule, **the adjusted basis of the property is** its original cost plus the cost of the permanent improvements, less depreciation. Do not include lodging expenses (i.e hotels) nor travel expenses (i.e. airline tickets).

Provisions applicable to the adjusted basis of certain capital assets:

The adjusted basis must include the increase in accumulated value of included capital assets on which the 10% special tax was prepaid during the period of **July 1 to December 31, 2006**, as provided in Section 1121A of the Puerto Rico Internal Revenue Code of 1994, as amended (1994 Code).

Those taxpayers who benefited from the 10% special tax rate, must indicate it by filling in the oval in Parts II and III of this Schedule. **You must keep for your records Form AS 2731 with the corresponding Schedule**.

Any amount or increase in value of the included capital assets generated after the election provided by Section 1121A of the 1994 Code, must be taxed according to the law provisions in force at the moment in which the sale, exchange or other disposal of such capital assets finally takes place.

Selling expenses include sales commissions, advertisements, legal fees, appraisal and other similar expenses. Do not include lodging expenses (i.e. hotels) nor travel expenses (i.e. airline tickets).

Recognition of loss:

Losses generated in the sale of capital assets for which the 10% special tax was prepaid, shall be adjusted according to the income tax rate in force applicable to this kind of transaction at the moment of the sale of such assets, before the use or carry over of said loss by the corporation. According to the above, such loss will be adjusted by a formula or fraction, where the numerator will be the 10% rate and the denominator will be the income tax rate in force at the date on which the sale of the asset took place.

For additional details, see Regulation No. 7188 of August 4, 2006.

Provisions applicable under Act 132-2010, as amended (Act 132), best known as the Real Property Market Stimulus Act and Act 216-2011, as amended (Act 216) best known as Housing Promotion Program Transition Act:

Acts 132 and 216 provide, among others, the following tax benefits for certain capital gains or losses generated between **January 1, 2012 and June 30, 2013:**

(a) Exemption over net long-term capital gain

- the net long-term capital gain realized in the sale of **qualified property** between **January 1 and June 30, 2013**, will be totally exempt from the payment of income tax.

- the net long-term capital gain realized in the sale of **new construction property** acquired by the seller between **September 1, 2010 and June 30, 2013**, will be totally exempt from the payment of income tax.

- the net long-term capital gain realized in the sale of **qualified property** acquired by the seller between **September 1, 2010 and June 30, 2013**, will be 50% exempt from the payment of income tax.

- the net long-term capital gain realized in the sale of **eligible housing** acquired by the seller or by a qualified institutional investor between **July 1, 2013 and August 31, 2015**, will be totally exempt from the payment of income tax. It provides that this exemption applies equally to that purchaser who purchases a eligible unit to a qualified institutional investor, provided it is the first sale that make the investor after the initial acquisition.

(b) Use of the realized loss in the sale of qualified property

- Capital losses realized between **January 1 and June 30, 2013**, may be carried over up to a maximum of **15 years**. If you realized a loss on the sale of qualified property, submit with the return a schedule detailing the origination date of such losses, the amounts and the years in which they were claimed and the balance to be claimed in future years.

For purposes of Act 132 and Act 216, the following terms means:

(a) **"Qualified property"**

- every existing residential real property located in Puerto Rico suitable for family living, not occupied or occupied for residential purposes, that is not a New Construction Property, or

- every existing nonresidential real property located in Puerto Rico that is sold between January 1and June 30, 2013 and which sale price does not exceed $3,000,000.

(b) **"New construction property"**

- all newly built residential real property located in Puerto Rico, suitable for family living that has not been occupied and that is acquired from a Developer.

  For real property to be considered as New Construction Property, the seller of the real property shall certify in writing to the purchaser, by affidavit, on or before the date of acquisition, that the real property is of new construction and has not been previously occupied; or

- every house model consisting of a ground level, two levels or an elevated level that is pre-designed or pre-fabricated in reinforced concrete purchased from a bona fide pre-design or pre-fabrication company and which plans have been approved by the Regulations and Permits Administration (ARPE) on or before December 30, 2009, except by means of a waiver from Secretary of the Department of Consumer Affairs.

  For the pre-designed or pre-fabricated home to be considered of New Construction Property, the acquirer must submit a copy of the sales contract executed between the purchaser and the pre-design or pre-fabrication company and start building with the appropriated Construction Permit issued by Permits Management Office (OGPE), between September 1, 2010 and June 30, 2013 and complete the construction on or before March 31, 2013 with the proper filing of the Application of Use Permit at the OGPE.

(c) **"Developer"**

Every natural or legal person, with the proper developer license, issued by the Department of Consumer Affairs, which is engaged in the construction business as an employer or principal responsible for the promotion, design, sales, construction of infrastructure works and housing projects, either single or multi-story type. For purposes of this Act, the term "Developer" shall also include those financial institutions or any natural or legal persons that by virtue of a judicial or extrajudicial proceeding, or by agreement of payment or similar transaction, becomes the successor in interest of a Developer.

(d) **"Eligible Housing"**

Property of new construction which is under construction at least a 50% of its realization to June 30, 2013.

(e) **"Qualified Institutional Investor"**

Every individual or legal person resident of Puerto Rico or any individual or legal person nonresident of Puerto Rico, which is engaged in the construction business that invest in a single act or separate acts, exclusively on eligible housing units, a minimum of $1,000,000 or acquire not less than five eligible housing units.

The benefits provided by Act 132 and Act 216 will be available only to the first seller and corresponding first buyer of each new construction unit or qualified property, and will not apply to any acquirer in a subsequent transfer, even if it takes place before June 30, 2013. Also, the benefits will not apply if the transferor of the property is considered a related person of the transferee of such property.

To be entitled to these benefits, you must include with the return corresponding to the year of the sale, copy of the Certification issued by the Department of the Treasury for such purposes.

For additional information, refer to Act 132, Act 216, Regulation No. 7923 of September 7, 2010, Regulation No. 8127 of December 23, 2011 and the Executive Order 2012-27 of June 8, 2012.

PART I - SHORT-TERM CAPITAL ASSETS GAINS AND LOSSES (HELD 6 MONTHS OR LESS)

Line 1 - Enter the sum of Column (F).

Line 3 - If you elected to pay taxes using the bracket method, enter the amount reported on Form 480.60 SE, regarding the distributable share on the net short-term capital gain (or loss) from special partnerships.

PART II - LONG-TERM CAPITAL ASSETS GAINS AND LOSSES (HELD MORE THAN 6 MONTHS)

You must inform in this part the long-term capital gains and losses.

In order to be entitled to the benefits provided by Act 132 and Act 216, the taxpayer must inform in Column (F) the long-term capital gains and losses of qualified property or new construction property, as applicable. The total exempt gains will be declared for informative purposes only, therefore, they should not be included in Column (G). For gains that are only 50% exempt, you should include on Column (G) the 50% of Column (F). Furthermore, the losses determined in Column (F) must also be included in Column (G). In this way, they may be applied against other gains, if any, or carried over to future years.

Line 7 - Enter the sum of Column (G).

Line 9 - Enter the amount determined on Form 480.60 S or 480.60 SE.

PART III – LONG-TERM CAPITAL ASSETS GAINS AND LOSSES (HELD MORE THAN 6 MONTHS) REALIZED UNDER SPECIAL LEGISLATION

You must inform in this part **only** the long-term capital gain and loss derived from the sale of shares or other property of a business that operates with a decree granted under any special act, or that operates and benefits from any special act, in which a special tax rate is provided in lieu of the tax imposed by the Code.

Line 12 – Enter the amount of Column (F). Indicate the act under which you received the benefit, and include the number of the decree that grants you the special treatment, if applicable.

PART IV – SUMMARY OF CAPITAL GAINS AND LOSSES

Line 13 – Enter here **only** the net capital gains determined on lines 6, 11 and 12.

Column A – Enter the net short-term capital gain, if any, determined in Part I, line 6, Column (F).

Column B – Enter the net long-term capital gain, if any, determined in Part II, line 11, Column (G).

Column C – Enter the net long-term capital gain realized from the sale of shares or other property under the provisions of special legislation, if any, determined in Part III, line 12, Column (F).

Line 14 – Enter here **only** the net capital losses determined on lines 6, 11 and 12.

Column A – Enter the net short-term capital loss, if any, determined in Part I, line 6, Column (F).

Column B – Enter the net long-term capital loss, if any, determined in Part II, line11, Column (G).

Column C – Enter the net long-term capital loss realized from the sale of shares or other property under the provisions of special legislation, if any, determined in Part III, line 12, Column (F).

Line 15 - This line must be used **when any** of Columns B and C reflects a loss on line 14. Such loss will be applied to the gain, if any, reflected in the other Column of line 13, except Column A. If the other Column does not reflect a gain on line 13, enter zero in the box.

Line 17 - If line 14, Column A reflects a loss, apply the same proportionally to the gains, if any, reflected on line 13. If no Column reflected gains on line 13, enter zero.

On this line, the net short-term capital loss reflected on line 14, Column A, is applied proportionally to the net long-term capital gains reflected on the line 13, Columns B and C, after having applied the net long-term capital loss.

Line 21 - The amount to be entered on this line will depend on each particular situation.

If line 13, Column A reflects a short-term capital gain, and at the same time line 19 reflects zero or a loss smaller than such gain, enter on this line the amount of line 20.

If line 19 reflects zero or a gain, and at the same time line 13, Column A reflects a short- term capital gain, enter on this line the amount of line 13, Column A.

If none of the previously described situations applies, enter zero on this line.

Line 22 - Enter on this line the gain reflected on line 19, if any. That is, if the amount reflected on line 19 is zero or a loss, enter zero.

Line 23 - Enter the sum of the excess of the net short-term and long-term capital gains over the short-term and long-term capital losses.

Losses not allowed - No loss incurred will be recognized in any sale or other disposition of stocks or securities if substantially identical stocks or securities were purchased, or if it was agreed through a contract or purchase option to acquire substantially identical stocks or securities within 30 days prior to or after the sale or disposition date, except in case of stock and security dealers with respect to operations made in the ordinary course of business.

No deduction shall be allowed with respect to losses from sale or exchange of property executed directly or indirectly (except in case of distributions in liquidation), between an individual and a corporation in which that individual possesses, directly or indirectly, more than 50% of the outstanding stocks (except in case of distributions in liquidation), or between two corporations, with respect to any of these corporations outstanding stocks in which more than 50% is owned, directly or indirectly, by or for the same individual.

Gains and losses from involuntary conversions and from the sale or exchange of certain property used in the trade or business - The term property used in the trade or business means property that is used in the trade or business, held for more than 6 months and that is subject to the allowance for current depreciation, and real property used in the trade or business, held for more than 6 months, and which is property not included in the taxpayer's inventory if in hand at the close of the taxable year, or property held by the taxpayer primarily for the sale to customers in the ordinary course of its trade or business.

The Code provides for a special treatment for gains and losses derived from the sale or exchange of depreciable property used in the trade or business held for more than 6 months, and for gains and losses from a compulsory or involuntary conversion of such depreciable property and of capital assets, held for more than 6 months. Such gains could be treated as long-term capital gains and taxed at a rate of 15% or the normal tax rates, whichever is lower.

PART V - DETERMINATION OF ALTERNATIVE TAX - CAPITAL GAIN AND OTHER INCOME SUBJECT TO PREFERENTIAL RATES UNDER THE CODE

Lines 25 and 26 - The amounts to include on these lines, in the cases that you elect to pay taxes on such items at the special rates, come from Schedule D Corporation, line 18, as applicable. The net short-term capital gains must be taxed at the regular rates and they cannot be transferred to this line.

You must enter **zero** on any line in which you decide to pay taxes at the regular rates on the gain and do not elect the special rates. This is in the cases where you derived gains in the two concepts indicated on this line.

Line 27 - Enter on this line the interest you elect to pay tax at the preferential rates, including eligible interest **only** if it you elected the option to pay the total of them at the preferential tax rate of 10%. On the other hand, if you choose to include such interests as part of your gross income and pay the tax determined under the normal tax rates, do not complete this line. The total of the interest, including the eligible interests, must be included in Part IV, line 13 of the return.

The term **eligible interest** means any interest in bonds, notes or other obligations issued by a corporation engaged in a trade or business in Puerto Rico, including shares in trusts representing an interest in such bonds, notes or other obligations, provided that the proceeds from these obligations are used only in the industry or business in Puerto Rico of such corporation within a period no longer than 24 months from the issuance date of such obligations.

Also, any interest on mortgage loans on residential property located in Puerto Rico issued after July 31, 1997, secured or guaranteed under the provisions of the National Housing Act of June 27,1934, as amended, or under the provisions of the Servicemen's Readjustment Act of 1944, will qualify for the aforementioned special preferential rate of 10%.

You must also include any interest in mortgage loans on residential property located in Puerto Rico which interest are not exempt under Section 1081.02(a)(3) of the Code, and shares in trusts representing an interest over such loans (or any other instrument representing an interest in such loans), provided the interest recipient is not a financial institution as such term is defined in Section 1033.17(f)(4) of the Code.

Line 28 - Include on this line any other income subject to preferential rates not specified in lines 25 through 27.

Lines 31 and 32 - Refer to the instructions of Part II, line 6 and Part III, line 9 of the return.

PART VI – DETERMINATION OF TAX AT PREFERENTIAL RATES UNDER SPECIAL ACTS

Line 41 – Enter on this line the result of the distributable share on the net income subject to preferential rates, as reported on line 7 of Form 480.60 SE or 480.60 S multiplied by the applicable tax rate. Indicate the Net Income in the corresponding box of this line, as reported on line 7 of Form 480.60 SE or 480.60 S. Also, enter the applicable Tax Rate in the corresponding box of this line.

If the amount reported is a loss, the same must be carried forward, as provided in the corresponding Special Act. If you have losses from previous years to be claimed against the net income reported in the current year, submit with the return a detail that includes the year in which the loss was generated, as reported on Form 480.60 SE or 480.60 S, the amount of the loss reported and the expiration date of such loss.

Line 42 – Enter on this line the result of the net income subject to the 4% tax rates, generated by an international financial entity that operates as a banking unit, multiplied by the 4% tax rate. Include the amount of Net Income subject to the 4% tax rate in the corresponding box of this line. Do not include this income as part of the bank net income on page 2 of the return.

Do not complete this line if it is an international financial entity that does not operate as a banking unit. In this case you must complete the Return for the 4% Special Tax of an International Insurer or an International Financial Entity (Form 480.20(AI)).

For additional details about the net income that is subject to the 4% tax rate, refer to the Act 273-2012, known as the International Financial Center Regulatory Act.

SCHEDULE E – DEPRECIATION

Schedule E will be used to provide detailed information related to the depreciation and amortization expense.

It will be used to inform each of the properties for which you claim depreciation. There are spaces for current, flexible and accelerated depreciation; amortization, automobiles and vehicles under financial leases.

On this schedule you must provide the following information:

- classification of the property;
- date acquired;
- allowable cost or basis;
- depreciation claimed in previous years;
- estimated useful life to determine the depreciation; and
- depreciation claimed in the current year.

For properties acquired from January 1, 2010, it is allowed to use the provisions of the Federal Internal Revenue Code and its Regulation in those cases in which Section 1033.07 or 1040.12 of the Code does not establish depreciation periods for certain tangible property.

Line (b) - Flexible Depreciation

In order to be entitled to claim flexible depreciation in lieu of current depreciation, the Code requires you to make an option through a sworn statement to be filed not later than 30 days after the end of the taxable year. Said option may be exercised only for property acquired by the taxpayer prior to June 30, 1995.

Line (c) - Accelerated Depreciation

The Code grants a deduction for accelerated depreciation in lieu of current depreciation. In order to be entitled to this deduction, the taxpayer is required to make an election with his/her return to use the accelerated depreciation method. Said election may be exercised only for property acquired by the taxpayer during taxable years commenced after June 30, 1995. The aforesaid election, once made, is irrevocable.

Refer to the Code and its regulations for other requirements and provisions in connection with the deduction under the flexible and accelerated depreciation methods. Submit this Schedule with your return.

Line (e) – Automobiles

For property that is an automobile it is allowed a deduction for depreciation up to $6,000 annually per automobile, up to a maximum of $ 30,000 for the automobile's life.

If the case of automobiles used by sellers, the amount of the depreciation deduction cannot exceed $ 10,000 per year per automobile, up to a maximum of $ 30,000 for the automobile's life.

If the automobile is used in a trade or business or for the production of income and is also used for personal purposes, the amount of this deduction will be reduced by the amount of personal use of it.

In the case of automobiles under operating leases, the amount of rent paid during the taxable year shall be allowed as a deduction for **depreciation** up to a maximum of $6,000 annually per automobile or $10,000 if used by a seller. Include on this line, the lease rental payments for automobiles under operating leases up to the limits indicated above. Do not include them as a deduction for rent, interest, motor vehicles expenses or any other item other than depreciation.

Line (f) - Automobiles under financial leases

In the case of leased automobiles **that are essentially equivalent to a purchase**, instead of current depreciation, it is allowed a deduction for the use of the vehicle for the amount paid during the taxable year up to $6,000 per year per car, up to a maximum of $30,000 for the lifetime of the automobile. See Section 1033.07 (a)(3)(D) for the definition of a lease that is essentially equivalent to a purchase.

If the case of automobiles used by sellers, it will be allowed as a deduction the amount paid for the lease of the car during the taxable year for an amount not exceeding $10,000 per year per automobile, up to a maximum of $30,000 for the automobile useful life.

Enter on this line the amount of lease payments that are substantially equivalent to a purchase, subject to the limits indicated above. Do not include as part of the payments the interest portion. Also, indicate the amount of vehicles for which you made lease payments. **Include with your return Form 480.7D.**

Do not include on this line regular lease payments for leased cars (“operating leases”). These are reported on line (e).

Include this Schedule with your return.

SCHEDULE IE CORPORATION – EXCLUDED AND EXEMPT INCOME

Complete this Schedule to inform the excluded and exempt income received during the taxable year.

PART I – EXCLUSIONS FROM NET INCOME

Line 1 - Indicate the amounts received under any plantation insurance, excluding fire insurance as a result of losses incurred by the insured.

Line 2 - Enter the income from debt discharge if the discharge is given, in whole or in part, under any of the following circumstances:

- filing for bankruptcy under Title 11 of the United States of America Code approved by a court with competent jurisdiction, or
- insolvency of the taxpayer (the liabilities exceed the fair market value of the assets).

If debt discharge is not due to the above circumstances, the income from it is considered taxable income.

The amount excluded from income from debt discharge will reduce the net operating loss incurred or available in the year of the discharge, the net capital loss incurred or available in the year of the discharge or the base of any assets constituting collateral of the debt subject to the discharge, in that order.

Line 4 – Enter the total amount of other exclusions of gross income for which a line is not specifically provided on this Schedule. Also, enter amounts excluded from gross income under special laws.

PART II - EXEMPTIONS FROM GROSS INCOME

Line 1(C) - Enter the income received from interest on securities issued under the Agricultural Loans Act of 1971, as amended including obligations issued under any subsidiary of the Farm Credit Banks of Baltimore which funds are used to finance, directly or indirectly, agricultural loans and farmers in Puerto Rico. For more information, refer to Section 1031.02(a)(3)(C) of the Code.

Line 1(D) – Enter the interest income received from any of the following mortgages:

- secured by the National Housing Act of 1934, as amended, that has been issued not later than February 15, 1973 and possessed by residents of Puerto Rico on May 5, 1973 and issued within the 180 days following February 15, 1973 to be acquired by a resident of Puerto Rico;
- on residential property located in Puerto Rico issued after June 30, 1983 and before August 1, 1997, secured by the National Housing Act of 1934 or the Servicemen’s Readjustment Act of 1944;
- on new residential property located in Puerto Rico issued after July 31, 1997 and secured by the National Housing Act of 1934 or the Servicemen’s Readjustment Act of 1944;
- originated to provide permanent financing for the construction or acquisition of social interest housing; and
- secured under the Bankhead-Jones Farm Tenant Act of 1937, as amended. (Section 1022(b)(4)(I)).

Line 1(E) – Enter the interest income received from obligations secured by the Servicemen’s Readjustment Act of 1944 that were issued not later than February 15, 1973 and possessed by residents of Puerto

Rico on May 5, 1973 and issued within the 180 days following February 15, 1973 to be acquired by a resident of Puerto Rico.

Line 1(F) – Enter the interest income received from obligations secured by cooperative associations up to $5,000.

Line 1(G) – Enter the interest income received from obligations issued by the Puerto Rico Conservation Trust, the Puerto Rico Housing and Human Development Trust, the San Juan Monument Patronage and the Society of Education and Rehabilitation of Puerto Rico (SER of Puerto Rico) (See Section 1031.02(a)(3)(L) of the Code).

Line 1(H) - Enter the income received from interest on loans issued by a commercial bank or any banking or financial organism established in Puerto Rico to an employee's owned special corporation, which proceeds are used by such special corporation for one of the following purposes:

- finance the acquisition, development, construction, expansion, rehabilitation or improvement of real property located in Puerto Rico to be used for commercial purposes by the special corporation, provided that the loan does not exceed the cost of the property or the improvements to be made on it;

- finance the acquisition of machinery or other tangible personal property to be used for commercial purposes by the special corporation in its business operations in Puerto Rico, provided the loan does not exceed the purchase price of such property, or

- finance the acquisition of shares of stock in a corporation that is treated for Puerto Rico income tax purposes as a purchase of the assets of that corporation.

Line 1(I) - Enter the income received from interest on loans issued by a commercial bank or any banking or financial organism established in Puerto Rico to a person for the acquisition and payment of membership certificates as an ordinary, extraordinary or corporate member, as applicable, in an employee's owned special corporation.

Line 1(J) - Enter the income received from interest on loans issued by a commercial bank or any banking or financial organism established in Puerto Rico to a person for the purchase or investment in itself and for itself of preferred shares of an employee's owned special corporation.

Line 1(K) - Enter the income received from interest on loans of up to $250,000 in the aggregate per exempt business granted to small and medium businesses as that term is defined in Act 73-2008, known as the “Economic Incentives for the Development of Puerto Rico Act” for its establishment or expansion, provided the loan meets the requirements of the act known as the Community Reinvestment Act of 1977, Pub Law 95-128, 91 Stat. 1147, as amended, and the requirements established by the Commissioner of Financial Institutions by regulations.

Line 1(L) - Enter the income received from interest on loans of up to $250,000 in the aggregate per exempt business granted to shareholders of exempted businesses to be used in the initial capitalization or a subsequent capital requirement of a small or medium business which enjoys tax exemption, as such term is defined in Section 2(i) of Act 73-2008, known as the Economic Incentives for the Development of Puerto Rico Act.

Line 2(A) - Enter the dividends received by corporations distributed from industrial development income generated from interests on:

- obligations of the Commonwealth of Puerto Rico or any of its instrumentalities or political subdivisions;

- mortgages insured by the Puerto Rico Housing Finance Authority acquired after March 31, 1977, or

- loans or other securities which are guarantees by a mortgage, issued by any pension or retirement system of a general nature established by the Legislature of Puerto Rico, the municipalities and agencies, instrumentalities and corporations of the Government of Puerto Rico, acquired after March 31, 1977.

Line 2(B) - Enter the distributions of limited dividends' corporations that qualify under Section 1101.01(a)(6)(A) of the Code. The taxpayer must submit with the return a statement showing the number of shares held and the dividends received on such shares during the taxable year.

Line 2(C) - Enter the dividends received from domestic cooperative associations if the taxpayer who received them is considered an entity resident of Puerto Rico.

Line 2(D) - Enter the income received by means of dividend distributions made by an International Insurer or an International Insurer Holding Company pursuant to the provisions of Article 61.240 of the Insurance Code of Puerto Rico. Include Form 480.6D.

Line 3 - Enter the amount received for recovery of bad debts, previous taxes, surcharges and other items. For more information, see Section 1031.02(a)(8) of the Code.

Line 4 - Enter the income from news agencies or unions or other press services, received from journalistic or broadcast companies, for rents or royalties for the use or publication or the right to use or publish in Puerto Rico, literary or artistic property of such agencies or unions.

Line 5 - Enter the amount received for certain exempt income related to the operation of an employee's owned special corporation, such as 90 percent of the rental of real and personal property used by the corporation in its development, organization, construction, establishment or operation. For more information, see Section 1031.02(a)(17) of the Code.

Line 6 - Enter the income received or accrued in connection with the celebration of sports games organized by international associations and federations. This provision applies to teams from the Major League Baseball (MLB) and National Basketball Association of America (NBA) in connection with the celebration of games in Puerto Rico. For more information, see Section 1031.02(a)(21) of the Code.

Line 7 - Enter the income derived by the International Insurer or an International Insurer Holding Company, subject to the provisions of Article 61.240 of the Insurance Code of Puerto Rico, including the income derived from the liquidation or dissolution of the operations in Puerto Rico.

Line 8 - Enter the amount of income received from the rental of buildings in historic areas as established by the Institute of Puerto Rican Culture or the Planning Board.

Line 9 - Enter the income derived from any of the activities described in paragraph (a) of Section 12 of Act No. 52 of August 11, 1989, as amended, known as the "International Banking Center Regulatory Act" carried out by any International Banking Entity duly authorized to carry out such activities under the provisions of the Act, including the income derived from the liquidation or dissolution of the operations in Puerto Rico.

Line 11 - Enter the income derived from buildings leased to the Commonwealth of Puerto Rico for public hospitals, convalescence or nursing homes and public schools, exclusively for those buildings that had a lease in effect at November 22, 2010.

Line 12 - Enter the income derived by the taxpayer from the resale of personal property or services whose acquisition by the taxpayer was subject to taxation under Section 3070.01 of the Code or Section 2101 of the Puerto Rico Internal Revenue Code of 1994, as amended.

Line 13 - Enter the distributions of amounts previously reported as eligible deemed distributions under Section 1023.06(j) of the Code.

Line 14 - Enter the distributions of dividends or profits of industrial development income of exempt businesses or in liquidation under the Economic Incentives for the Development of Puerto Rico Act (Act 73-2008) and the Tax Incentives Act of 1998 (Act 135-1997). For the treatment of such current or liquidation distributions, see Internal Revenue Circular Letter No. 09-06 of July 22, 2009.

Line 16 - Enter the total amount of other exemptions from gross income for which there is no specific line provided on this Schedule, even if they are granted by special laws.

SCHEDULE R CORPORATION – PARTNERSHIPS AND SPECIAL PARTNERSHIPS

Complete Schedule R Corporation if the corporation is a partner of one or more partnerships or special partnerships. If you have share in more than three partnerships or special partnerships, you must also complete and submit with the return the amount of Schedules R1 Corporation that are necessary.

Part I of Schedule R Corporation is used every year to determine the taxpayer's basis in each partnership or special partnership. Part II of this schedule is used to determine the net income or loss of the partner's share in one or more partnerships and special partnerships, including those losses carried over from previous years. Part II provides for the losses to be reduced by the distributable share of income and profits attributable to the partner during the year between the different partnerships and special partnerships.

You must complete this schedule annually, whether the partnership or special partnership has derived or not gains or losses.

PART I - ADJUSTED BASIS DETERMINATION OF A PARTNER IN ONE OR MORE PARTNERSHIPS OR SPECIAL PARTNERSHIPS

Line 1 – Enter the distributable share on the Partnership (Form 480.60 S, line 17) or Special Partnership (Form 480.60 SE, line 16) gross income.

Line 2 - Enter the amount from Part I, line 4 of previous year Schedule R Corporation.

The basis of a partner's interest from a partnership or special partnership will be the amount of cash, or the adjusted basis of any property that is not considered cash, contributed to said partnership.

This basis will be adjusted by the following items or transactions made during the taxable year that the determination is made and others included on the previous year income tax return:

Line 3 - Basis increase

(a) Enter the partner's distributable share on previous year's income and profits.

For example, in case of a taxpayer with a calendar taxable year, enter the total distributable share on the partnership or special partnership's income or profit included on the income tax return filed on April 15 of previous year (or later if you requested an extension of time to file your return). This amount must be the same as the one shown on line 8, Part II of Schedule R Corporation included on the previous year income tax return.

(b) through (d) These entries are from the current taxable year.

(e) Enter the proportion of income or gain attributable to your share on the income from agriculture earned by the partnership or special partnership, which is tax exempt under Section 1033.12 of the Code.

(f) Enter other income or gains like for example, the distributable share on the dividends and interest received by the partnership or special partnership.

Line 4 - Basis decrease

(a) Enter the distributable share on the loss attributable to the partner in the previous year.

For example, in case of a taxpayer with a calendar taxable year, enter the total distributable share on the partnership or special partnership's loss included on the income tax return filed on April 15 of the previous year (or later if you requested an extension of time to file your return). To determine the total loss claimed on the previous year return, add lines 6(c) and 9 and compare with line 13 of Part II from Schedule R Corporation included on the previous year return. In order to add lines 6(c) and 9 use the parenthesis for line 9, if the excess is a loss. If line 13 of Part II is zero or more than zero, add lines 6(c), 9 and 10 of Part II. For example, if line 6(c) of Part II is $12,000, line 9 of Part II ($2,000) and line 10 of Part II $2,000, the result will be $12,000 ($12,000 + ($2,000) + $2,000). If line 13 of Part II is less than zero, you must add lines 6(c) and 9 of Part II and subtract the corresponding share of the available loss of the previous year and not used, reflected on line 13 of Part II.

(b) The distributable share on partnership or special partnership's capital assets loss.

(c) Distributions made to the partner by the partnership or special partnership, whether in cash or in property, including tax exempt income.

(d) The amount claimed as credit against the income tax in the previous taxable year for investments made in partnership or special partnership engaged in the production of feature films or under the Puerto Rico Tourism Development Act of 1993, the Puerto Rico Capital Investment Fund Act, the Puerto Rico Agricultural Tax Incentives Act, as amended, or any other credit admitted by law to the partners related to the partnership or special partnership's activities.

(e) The amount claimed as credit against the income tax for withholding of tax at source from the distributable share made to a resident partner (30%) or to a non-resident alien partner (29%).

(f) Any expense from the partnership or special partnership not allowed as a deduction while determining your net income and that is not capitalized.

(g) The distributable share on net losses from tax exempt operations under the Tourism Incentives Act of 1983 and the Tourism Development Act of 1993.

(h) **Only in the case of partnerships**, the charitable contributions made to eligible entities.

(i) Partner's debts assumed and guaranteed by the partnership.

Line 5 - If the amount on this line is less than zero, enter zero.

PART II - DETERMINATION OF NET INCOME OR LOSS IN ONE OR MORE SPECIAL PARTNERHIPS OR PARTNERSHIPS

For taxable years beginning after December 31, 2010, if the special partnership or partnership derived losses, the partner may not claim such losses as a deduction from other income that is not the income derived from other special partnerships or partnerships. This loss will be limited to the adjusted basis of the partner's interest in the partnership at the end of the taxable year in which the partnership loss is claimed.

The adjusted basis limitation will be determined for each one of the special partnerships or partnerships in which is a partner.

Line 6(a) - Enter the amount distributed from the partner's loss in accordance to its share percentage in the special partnership or partnership. This amount is informed to the partner in Form 480.60 SE or 480.60 S, respectively.

Line 6(b) - Enter the carryover losses which were not claimed in previous years due to the limitation. This amount must be equal to line 13 of Part II of Schedule R Corporation included on the income tax return of 2012 taxable year. If a partner possesses shares in losses from more than one partnership or special partnership, the balance subject to the loss carryover, as determined in the previous taxable year, will be proportionally attributed to the loss of each one of the partnerships. Said attribution will be done by using as factor the adjusted basis of the partner's share in each one of the partnerships at the end of the previous taxable year.

Line 7 - Enter on this line the amount determined in Part I, line 5. If the special partnership or partnership has an exemption decree under the Puerto Rico Tourism Incentives Act or the Puerto Rico Tourism Development Act, you may use the debts of the special partnership or partnership in proportion to your share to increase your adjusted basis, only to claim losses of the special partnership or partnership from this activity.

Also, include on line 7(c) the portion of the partnership's current debts assumed by the partner that are guaranteed by him as established on Form 480.60 S, Part I, line D and on Form 480.60 SE, Part I, line E.

Line 8 - Enter the partner's distributable share on the income and profits derived from the special partnership or partnership during the year. This amount is reflected on Form 480.60 SE or Form 480.60 S, respectively. Exclude the net income subject to special tax rate derived from operations of a business with a tax exemption decree.

Line 9 - If the amount on this line is a loss, use the parenthesis.

Line 10 - Enter the smaller of the amounts on lines 7(d) and 9. This will be the maximum amount to which the partner is entitled to claim as a deduction for losses against income from other partnerships or special partnerships.

Line 15 - If the result is a net gain, transfer the amount to Part IV, line 16 of the return.

If the result is a net loss, it is not deductible but you can carryover it to future years. The balance of the loss carryover shall be allocated proportionally to the loss of each of the entities. The allocation is done using as a factor the adjusted basis of the partner's interest in each of the entities at the close of the taxable year.

SCHEDULE R1 CORPORATION – PARTNERSHIPS AND SPECIAL PARTNERSHIPS (COMPLEMENTARY)

Complete Schedule R1 Corporation, if the corporation is a partner of more than three partnerships or special partnerships. As Schedule R Corporation, Schedule R1 Corporation is used each year to determine the adjusted basis and the net profit or loss on the partner's share in each partnership or special partnership, including the loss carryover from previous years.

Use the amount of Schedules R1 Corporation needed. For additional information, see instructions of the Schedule R Corporation.

SCHEDULE S CORPORATION - FARMING INCOME

Use this schedule to determine the agricultural taxable benefit. However, if you claimed benefits under the provisions of the Puerto Rico Agricultural Tax Incentives Act (Act 225-1995, as amended), refer to the Income Tax Return for Exempt Businesses under the Puerto Rico Incentives Programs - Special Acts (Form 480.30(II)LE).

PART II – OPERATING EXEPENSES AND OTHER COSTS

Enter the deductions related with the farming operations on lines 10 through 32.

In Column (A) enter **only** the portion deductible (49%) of:

- the expenses incurred or paid to a related person that is not engaged in trade or business in Puerto Rico, that are attributable to the conduct of a trade or business in Puerto Rico and are not subject to withholding at source under the Code during the taxable year in which are incurred or paid,

- the expenses incurred or paid to a home office located outside of Puerto Rico, by a foreign corporation engaged in trade or business in Puerto Rico through a branch.

In Column (B) enter the total of each expense item, which will include the amount indicated in Column (A).

SCHEDULE T CORPORATION – ADDITION TO THE TAX FOR FAILURE TO PAY ESTIMATED TAX IN CASE OF CORPORATIONS

Use this schedule to determine the addition to the tax for failure to pay estimated tax.

PART I – DETERMINATION OF THE MINIMUM AMOUNT OF ESTIMATED TAX TO PAY

Line 2 – Include the total of withholdings and credits provided by the Code or special laws for the taxable year, including the non refunded tax paid in excess corresponding to the previous taxable year. Add line 24, Part II of Schedule B Corporation, lines 3 through 10, Part III of Schedule B Corporation and lines 22 and 23, Part III, page 1 of the return.

For information about the Moratorium of Tax Credits, please see the instructions of Schedule B Corporation, the Internal Revenue Circular Letter No. 13-08 and Sections 1051.10, 1051.11 and 1051.12 of the Code.

Line 3 – If the amount of estimated tax to be paid is zero or less, you were not required to pay estimated tax, thus, do not complete this Schedule.

Line 5 – Enter the amount indicated on lines 12, 13 and 16 of the preceding taxable year's return, or an amount equal to the tax computed at the rates and law applicable to the taxable year using the data included on the income tax return of the previous year.

Act 40-2013 and Act 117-2013 established several amendments to the Code, including changes on the additional tax and alternative minimum tax of the corporations. These amendments, in some cases, introduced changes to the requirement of the estimated tax payment, as established in Section 1061.23. For the 2013 taxable year, the effects in the tax changes must be considered to determine the fourth (4) installment of estimated tax. This last installment of estimated tax was divided in two (2), therefore, Schedule T Corporation reflects five (5) installments of estimated tax for the 2013 taxable year.

In order to make easier the computation of the total estimated tax determined for the 2013 taxable year, we are including a worksheet. This worksheet considers that to determine the estimated tax in the first three (3) installments only the income tax determined on the income tax return of the previous year must be considered and for the fourth (4) and fifth (5) installments of estimated tax, the income tax as determined with the tax rates of the 2013 taxable year must be considered.

Worksheet to Determine the Minimum Amount of the Estimated Tax to Pay for 2013			
1. Tax liability (Add lines 12, 13, 16 and 19, Part III, page 1 of the return)			00
2. Credits and overpayments (Include the total withholdings and credits provided by the Code or special acts for the taxable year, including the non refunded tax paid in excess corresponding to the previous taxable year. Add line 24, Part II of Schedule B Corporation, lines 3 through 10, Part III of Schedule B Corporation, and lines 22 and 23, Part III, page 1 of the return. For information regarding Tax Credits, see instructions of Schedule B Corporation)			00
3. Estimated Tax (Subtract line 2 from line 1. If it is zero or less, you do not have to complete Schedule T Corporation)			00
4. Line 1 by 90%			00
5. Total of estimated tax according to the preceding taxable year's return:			
5(a) Tax determined according to the preceding taxable year's return		00	
5(b) Tax computed based on the preceding taxable year's return determinded according to current year's tax rates		00	
5(c) Total of line 5 (Include the larger of lines 5(a) and 5(b))			00
6. Enter the smaller between lines 4 and 5(c)			00
7. Subtract line 2 from line 6 (If it is less than zero, enter zero)			00
8. Enter the smaller between line 4 and line 5(a)			00
9. Subtract line 2 from line 8 (If it is less than zero, enter zero)			00
10. Divide line 9 between 4 installments. This is the amount of minimum estimated tax per installment that you should have paid in the first, second and third installment. Enter this amount on line 8, Columns (a), (b) and (c) of Schedule T Corporation			00
11. Total amount of estimated tax paid in the first three installments			00
12. Subtract line 11 from line 7 (If it is less than zero, enter zero). This is the amount of minimum estimated tax that you should have paid in the fourth and fifth installments. Enter on line 8, Column (d), the 50% of the amount of this line and the remaining 50% on line 8, Column (e) of Schedule T Corporation			00

PART II – ADDITION TO THE TAX FOR FAILURE TO PAY

Section A – Failure to Pay

Fill in completely the oval for calendar year if your taxable year ends on December 31, otherwise, fill in the oval which indicates fiscal year. If you filled in the oval for fiscal year, enter in Columns (a), (b), (c), (d) and (e), the date corresponding to the 15th day of the fourth month, sixth month, ninth month, to the 25th day of the tenth month and to the 15th day of the twelfth month of the taxable year, respectively.

Line 8 – If the obligation to pay the estimated tax was met **for the first time** before the first day of the fourth month of the taxable year, enter in Columns (a), (b) and (c) 25% of line 7 and in Column (d) and (e) 12.5% of line 7. If the obligation was met **for the first time** after the last day of the third month and before the first day of the sixth month of the taxable year, enter in Columns (b) and (c) 33% of line 7 and in Columns (d) and (e) 16.5% of line 7. If the obligation was met **for the first time** after the last day of the fifth month and before the first day of the ninth month of the taxable year, enter in Column (c) 50% of line 7 and in Columns (d) and (e) 25% of line 7. If the obligation was met **for the first time** after the last day of the eight month and before the first day of the tenth month of the taxable year, enter in Columns (d) and (e) 50% of line 7. If the obligation was met **for the first time** after the last day of the ninth month, enter in Column (e) 100% of line 7. If there is any change in the computation of the estimated tax, enter the amount of the installment according with the corresponding change.

Line 9 – Enter in Column (a) the amount of estimated tax paid not later than April 15 of the taxable year (the 15th day of the fourth month of the taxable year if you have a fiscal year); in Column (b), the estimated tax paid after April 15 of the taxable year (the 15th day of the fourth month of the taxable year if you have a fiscal year) and not later than June 15 of the taxable year (the 15th day of the sixth month of the taxable year if you have a fiscal year); in Column (c), the estimated tax paid after June 15 of the taxable year (the 15th day of the sixth month of the taxable year if you have a fiscal year) and not later than September 15 of the taxable year (the 15th day of the ninth month of the taxable year if you have a fiscal year); in Column (d), the estimated tax paid after September 15 of the taxable year (the 15th day of the ninth month of the taxable year if you have a fiscal year) and not later than October 25 of the taxable year (the 25th day of the tenth month of the taxable year if you have a fiscal year); and in Column (e), the estimated tax paid after October 25 of the taxable year (the 25th day of the tenth month of the taxable year if you have a fiscal year) and not later than December 15 of the taxable year (the 15th day of the twelfth month of the taxable year if you have a fiscal year).

Line 10 – If various payments were made in the periods described in the instructions for line 9, indicate the amount and date of the payments.

Line 11 – To determine the amounts to be entered in Columns (b), (c), (d) and (e), you must complete lines 11 through 17 of the previous column.

Any overpayment, after covering the estimated tax payment of the corresponding installment, will be attributed first to the amount of estimated tax of previous installments due and not paid and then to the subsequent installments.

Section B – Penalty

Line 18 – 10% of the estimated tax of each installment due but not paid will be added to the tax.

Line 19 – The amount determined on this line reflects the proportion of the penalty attributable to the installments of estimated tax paid after the due date, if applicable.

The penalty will not be assessed for the fourth (4) installment of estimated tax if the same was made not later than October 25, 2013.

OBLIGATION TO PAY ESTIMATED TAX

IMPORTANT NOTICE

Beginning on taxable year 2010, the requirement to file the Estimated Tax Declaration (Form 480-E) was eliminated. However, the obligation to make the estimated tax payments is still required.

ESTIMATED TAX COMPUTATION

The estimated tax computation, including, the altenative minimun tax, will be made using an approximate calculation of the gross income that can reasonably be expected that the corporation will receive or accumulate, as applicable, depending on the accounting method in which the net income determination is based on, and an approximate calculation of the deductions and credits provided by the Code or special laws, including the non refunded tax paid in excess corresponding to the previous taxable year.

PAYMENT OF ESTIMATED TAX

The estimated tax for the taxable year will be paid in four installments:

1st installment:	the 15th day of the fourth month
2nd installment:	the 15th day of the sixth month
3rd installment:	the 15th day of the ninth month
4th installment:	the 15th day of the twelfth month

If the obligation to pay estimated tax arises for the first time after the last day of the third month and prior to the first day of the sixth month of the taxable year, the installments will be:

1st installment:	the 15th day of the sixth month
2nd installment:	the 15th day of the ninth month
3rd installment:	the 15th day of the twelfth month

If the obligation to pay estimated tax arises for the first time after the last day of the fifth month and prior to the first day of the ninth month of the taxable year, the installments will be:

1st installment:	the 15th day of the ninth month
2nd installment:	the 15th day of the twelfth month

If the obligation to pay estimated tax arises for the first time after the last day of the eighth month and prior to the fifteenth day of the twelfth month of the taxable year, the estimated tax will be paid in its entirety on the 15th day of the twelfth month of the taxable year.

The estimated tax installments will be paid together with a payment coupon (Forms 480.E-1 or 480.E-2). Taxpayers who paid estimated tax in the previous year, will receive a booklet containing 4 coupons (Forms 480.E-2) with their name, address and employer identification number. New taxpayers or taxpayers who have not received the coupons booklet, must visit the Taxpayer Service Center (Office 101) of the Department of the Treasury in Old San Juan, where the payment coupons (Form 480.E-1) will be prepared. You may also make the payments without the need of a coupon using Payments Online. For additional information, please call (787) 722-0216.

The estimated tax payments must be made through Payments Online, in the participating banks (if you have the preprinted coupon), at the Internal Revenue Collections Offices or mailed to the Returns Processing Bureau to the following address:

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

Payments with checks in participating banks must be made payable to the order of such banks. Payments with managers checks, checks or money orders at the Internal Revenue Collections Offices will be made payable to the Secretary of the Treasury.

CHANGES IN THE ESTIMATED TAX COMPUTATION

If there is any change in the estimated tax computation as a result of a change in income, deductions or for any other reason, the remaining installments must be proportionally increased or reduced to reflect the increase or reduction in the estimated tax.

PENALTIES

The Code establishes in Section 6041.10 a 10% penalty of the amount not paid of any estimated tax installment. For these purposes, the estimated tax will be the smaller of:

1) 90% of the tax for the taxable year, or

2) the larger between:

   a) the total tax determined as it results from the preceding year's income tax return, or

   b) an amount equal to the tax computed at the rates and under the law applicable to the taxable year using the data included in the income tax return of the previous year.

The previous clause (2) will not be applicable if the previous taxable year was not a 12 month taxable year, or if the corporation filed a tax return for that previous taxable year in which a tax determined was not reflected, without taking into consideration any credit to which the corporation had been entitled, including credits for taxes withheld or paid. On the other hand, you can take into consideration any credit for taxes paid or accumulated during the taxable year to the United States, its territories and possessions, or any foreign country to which you are entitled.

INDUSTRIAL CODES

11 Agriculture, forestry, fishing and hunting
1111 Oilseed and Grain Farming
1112 Vegetable and Melon Farming
1113 Fruit and Tree Nut Farming
1114 Greenhouse, Nursery, and Floriculture Production
1119 Other Crop Farming
1121 Cattle Ranching and Farming
1122 Hog and Pig Farming
1123 Poultry and Egg Production
1124 Sheep and Goat Farming
1125 Animal Aquaculture
1132 Forest Nurseries and Gathering of Forest Products
1133 Logging
1141 Fishing
1142 Hunting and Trapping
1151 Support Activities for Crop Production
1152 Support Activities for Animal Production
1153 Support Activities for Forestry
21 Mining
2121 Coal Mining
2122 Metal Ore Mining
2123 Nonmetallic Mineral Mining and Quarrying
2131 Support Activities for Mining
22 Utilities
2211 Electric Power Generation, Transmission and Distribution
2212 Natural Gas Distribution
2222 Water Distribution
23 Construction
2331 Land Subdivision and Land Development
2333 Nonresidential Building Construction
2341 Highway, Street, Bridge, and Tunnel Construction
2349 Other Heavy Construction
2351 Plumbing, Heating, and Air-Conditioning Contractors
2352 Painting and Wall Covering Contractors
2353 Electrical Contractors
2355 Carpentry and Floor Contractors
2356 Roofing, Siding, and Sheet Metal Contractors
2357 Concrete Contractors
2358 Water Well Drilling Contractors
2359 Other Special Trade Contractors
31-33 Manufacturing
3111 Animal Food Manufacturing
3112 Grain and Oilseed Milling
3113 Sugar and Confectionery Product Manufacturing
3115 Dairy Product Manufacturing
3116 Animal Slaughtering and Processing
3117 Seafood Product Preparation and Packaging
3118 Bakeries and Tortilla Manufacturing
3119 Other Food Manufacturing
3121 Beverage Manufacturing
3122 Tobacco Manufacturing
3132 Fabric Mills
3133 Textile and Fabric Finishing and Fabric Coating Mills
3141 Textile Furnishings Mills
3149 Other Textile Product Mills
3151 Apparel Knitting Mills
3152 Cut and Sew Apparel Manufacturing
3159 Apparel Accessories and Other Apparel Manufacturing
3161 Leather and Hide Tanning and Finishing
3162 Footwear Manufacturing
3169 Other Leather and Allied Product Manufacturing
3211 Sawmills and Wood Preservation
3212 Veneer, Plywood, and Engineered Wood Product Manufacturing
3222 Converted Paper Product Manufacturing
3231 Printing and Related Support Activities
3241 Petroleum and Coal Products Manufacturing
3251 Basic Chemical Manufacturing
3252 Resin, Synthetic Rubber, and Artificial and Synthetic Fibers
3253 Pesticide, Fertilizer, and Other Agricultural Chemical Manufacturing
3254 Pharmaceutical and Medicine Manufacturing
3255 Paint, Coating, and Adhesive Manufacturing
3256 Soap, Cleaning Compound, and Toilet Preparation Manufacturing
3259 Other Chemical Product and Preparation Manufacturing
3261 Plastics Product Manufacturing
3262 Rubber Product Manufacturing
3271 Clay Product and Refractory Manufacturing
3272 Glass and Glass Product Manufacturing
3273 Cement and Concrete Product Manufacturing
3274 Lime and Gypsum Product Manufacturing
3279 Other Nonmetallic Mineral Product Manufacturing
3311 Iron and Steel Mills and Ferroalloy Manufacturing
3312 Steel Product Manufacturing from Purchased Steel
3313 Alumina and Aluminum Production and Processing
3314 Nonferrous Metal (except Aluminum) Production and Processing
3315 Foundries
3321 Forging and Stamping
3322 Cutlery and Hand tool Manufacturing
3323 Architectural and Structural Metals Manufacturing
3324 Boiler, Tank, and Shipping Container Manufacturing
3325 Hardware Manufacturing
3326 Spring and Wire Product Manufacturing
3327 Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing
3328 Coating, Engraving, Heat Treating, and Allied Activities
3329 Other Fabricated Metal Product Manufacturing
3331 Agriculture, Construction, and Mining Machinery Manufacturing
3332 Industrial Machinery Manufacturing
3333 Commercial and Service Industry Machinery Manufacturing
3334 Ventilation, Heating, Air-Conditioning, and Commercial Refrigeration Equipment Manufacturing
3335 Metalworking Machinery Manufacturing
3336 Engine, Turbine, and Power Transmission Equipment Manufacturing
3339 Other General Purpose Machinery Manufacturing
3341 Computer and Peripheral Equipment Manufacturing
3342 Communications Equipment Manufacturing
3343 Audio and Video Equipment Manufacturing
3344 Semiconductor and Other Electronic Component Manufacturing
3345 Navigational, Measuring, Electro medical, and Control Instruments Manufacturing
3346 Manufacturing and Reproducing Magnetic and Optical Media
3351 Electric Lighting Equipment Manufacturing
3352 Household Appliance Manufacturing
3353 Electrical Equipment Manufacturing
3359 Other Electrical Equipment and Component Manufacturing
3361 Motor Vehicle Manufacturing
3362 Motor Vehicle Body and Trailer Manufacturing
3363 Motor Vehicle Parts Manufacturing
3364 Aerospace Product and Parts Manufacturing
3365 Railroad Rolling Stock Manufacturing
3366 Ship and Boat Building
3369 Other Transportation Equipment Manufacturing
3371 Household and Institutional Furniture and Kitchen Cabinet
3372 Office Furniture (including Fixtures) Manufacturing
3379 Other Furniture Related Product Manufacturing
3391 Medical Equipment and Supplies Manufacturing
3399 Other Miscellaneous Manufacturing
42 Wholesale Trade
4211 Motor Vehicle and Motor Vehicle Parts and Supplies
4212 Furniture and Home Furnishing
4213 Lumber and Other Construction Materials
4214 Professional and Commercial Equipment and Supplies
4215 Metal and Mineral (except Petroleum)
4216 Electrical Goods
4217 Hardware, and Plumbing and Heating Equipment and Supplies
4218 Machinery, Equipment, and Supplies
4219 Miscellaneous Durable Goods
4221 Paper and Paper Product
4222 Drugs and Druggists' Sundries
4223 Apparel, Piece Goods, and Notion
4224 Grocery and Related Product
4225 Farm Product Raw Material
4226 Chemical and Allied Products
4227 Petroleum and Petroleum Products
4228 Beer, Wine, and Distilled Alcoholic Beverage
4229 Miscellaneous No durable Goods
44-45 Retail Trade
4411 Automobile Dealers
4412 Other Motor Vehicle Dealers
4413 Automotive Parts, Accessories, and Tire Stores
4421 Furniture Stores
4422 Home Furnishings Stores
4431 Electronics and Appliance Stores
4441 Building Material and Supplies Dealers
4442 Lawn and Garden Equipment and Supplies Stores
4451 Grocery Stores
4452 Specialty Food Stores
4453 Beer, Wine, and Liquor Stores
4461 Health and Personal Care Stores
4471 Gasoline Stations
4481 Clothing Stores
4483 Jewelry, Luggage, and Leather Goods Stores
4511 Sporting Goods, Hobby, and Musical Instrument Stores
4512 Book, Periodical, and Music Stores
4521 Department Stores
4529 Other General Merchandise Stores
4531 Florists
4532 Office Supplies, Stationery, and Gift Stores
4533 Used Merchandise Stores
4539 Other Miscellaneous Store Retailers
4541 Electronic Shopping and Mail-Order Houses
4542 Vending Machine Operators
4543 Direct Selling Establishments
48-49 Transportation and Warehousing
4811 Scheduled Air Transportation
4812 Nonscheduled Air Transportation
4821 Rail Transportation
4831 Deep Sea, Coastal, and Great Lakes Water Transportation
4832 Inland Water Transportation
4841 General Freight Trucking
4842 Specialized Freight Trucking
4851 Urban Transit Systems
4852 Interurban and Rural Bus Transportation
4853 Taxi and Limousine Service
4855 Charter Bus Industry
4859 Other Transit and Ground Passenger Transportation
4861 Pipeline Transportation of Crude Oil
4862 Pipeline Transportation of Natural Gas
4871 Scenic and Sightseeing Transportation, Land
4872 Scenic and Sightseeing Transportation, Water
4881 Support Activities for Air Transportation
4882 Support Activities for Rail Transportation
4883 Support Activities for Water Transportation
4884 Support Activities for Road Transportation
4885 Freight Transportation Arrangement
4889 Other Support Activities for Transportation
4911 Postal Service
4921 Couriers
4922 Local Messengers and Local Delivery
51 Information
5111 Newspaper, Periodical, Book, and others Publishers
5112 Software Publishers

5121 Motion Picture and Video Industries
5122 Sound Recording Industries
5131 Radio and Television Broadcasting
5132 Cable Networks and Program Distribution
5133 Telecommunications
5141 Information Services
5142 Data Processing Services

52 Finance and Insurance

5221 Depository Credit Intermediation
5222 No depository Credit Intermediation
5223 Activities Related to Credit Intermediation
5231 Securities and Commodity Contracts Intermediation and Brokerage
5239 Other Financial Investment Activities
5241 Insurance Carriers
5242 Agencies, Brokerages, and Other Insurance Related Activities
5251 Insurance and Employee Benefit Funds
5259 Other Investment Pools and Funds

53 Real Estate and Rental and Leasing

5311 Lessors of Real Estate
5312 Offices of Real Estate Agents and Brokers
5313 Activities Related to Real Estate
5321 Automotive Equipment Rental and Leasing
5322 Consumer Goods Rental
5323 General Rental Centers
5324 Commercial and Industrial Machinery and Equipment Rental and Leasing
5331 Lessors of Non financial Intangible Assets (except Copyrighted Works)

54 Professional, Scientific, and Technical Services

5411 Legal Services
5412 Accounting, Tax Preparation, Bookkeeping, and Payroll Services
5413 Architectural, Engineering, and Related Services
5414 Specialized Design Services
5415 Computer Systems Design and Related Services
5416 Management, Scientific, and Technical Consulting Services
5417 Scientific Research and Development Services
5418 Advertising and Related Services
5419 Other Professional, Scientific, and Technical Services

55 Management of Companies and Enterprises

5511 Management of Companies and Enterprises

56 Administrative and Support and Waste Management and Remediation Services

5611 Office Administrative Services
5612 Facilities Support Services
5614 Business Support Services
5615 Travel Arrangement and Reservation Services
5616 Investigation and Security Services
5617 Services to Buildings and Dwellings
5619 Other Support Services
5621 Waste Collection
5629 Remediation and Other Waste Management Services

61 Educational Services

6111 Elementary and Secondary Schools
6112 Junior Colleges
6113 Colleges, Universities, and Professional Schools
6114 Business Schools and Computer and Management Training
6115 Technical and Trade Schools
6116 Other Schools and Instruction
6117 Educational Support Services

62 Health Care and Social Assistance

6211 Offices of Physicians
6212 Offices of Dentists
6213 Offices of Other Health Practitioners
6214 Outpatient Care Centers
6215 Medical and Diagnostic Laboratories
6216 Home Health Care Services
6219 Other Ambulatory Health Care Services
6221 General Medical and Surgical Hospitals
6222 Psychiatric and Substance Abuse Hospitals
6231 Nursing Care Facilities
6232 Residential Mental Retardation, Mental Health and Substance Abuse Facilities
6233 Community Care Facilities for the Elderly
6239 Other Residential Care Facilities
6242 Community Food and Housing, and Emergency and Other Relief Services
6243 Vocational Rehabilitation Services
6244 Child Day Care Services

71 Arts, Entertainment, and Recreation

7111 Performing Arts Companies
7112 Spectator Sports
7113 Promoters of Performing Arts, Sports, and Similar Events
7114 Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures
7115 Independent Artists, Writers, and Performers
7121 Museums, Historical Sites, and Similar Institutions
7131 Amusement Parks and Arcades
7132 Gambling Industries
7139 Other Amusement and Recreation Industries

72 Accommodation and Food Services

7211 Traveler Accommodation
7212 Recreational Vehicle Parks and Camps
7213 Rooming and Boarding Houses
7221 Full-Service Restaurants
7222 Limited-Service Eating Places
7223 Special Food Services
7224 Drinking Places (Alcoholic Beverages)

81 Other Services (except Public Administration)

8111 Automotive Repair and Maintenance
8112 Electronic and Precision Equipment Repair and Maintenance
8113 Commercial and Industrial Machinery and Equipment Repair
8114 Personal and Household Goods Repair and Maintenance
8121 Personal Care Services
8122 Death Care Services
8123 Dry-cleaning and Laundry Services
8129 Other Personal Services
8131 Religious Organizations
8132 Grant making and Giving Services
8133 Social Advocacy Organizations
8134 Civic and Social Organizations
8139 Business, Professional, Labor, Political, and Similar Organizations
8141 Private Households

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