

Schedule B3 Individual

Rev. Feb 1 21



ECONOMIC IMPACT PAYMENT

**Coronavirus Aid, Relief, and Economic Security Act ("CARES")
and COVID-related Tax Relief Act of 2020
of the Consolidated Appropriations Act, 2021 (P.L. 116-260)**

2020

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

Taxpayer's name

Social Security Number

Part I Eligibility Requirements

Complete Part II to determine the amount of refundable credit to which you are entitled, based on your information corresponding to the 2020 taxable year, if you meet all the eligibility requirements established below. If you do not meet all the eligibility requirements, you are not entitled to claim the refundable credit. In this case, enter zero on lines 1 through 12 of Part II and continue with line 13.

1. You were a resident of Puerto Rico for the entire taxable year.
2. Neither you nor your spouse, if you are a married taxpayer filing a joint return, can be claimed as a dependent by another taxpayer on an income tax return ("Return") for the taxable year.
3. You (and your spouse, if you are a married taxpayer filing a joint return) have a valid social security number issued by the Social Security Administration ("Valid Social Security"). In the case of married taxpayers filing a joint Return, if one of the spouses does not have a Valid Social Security, only the spouse who has a Valid Social Security will be entitled to the Economic Impact Payment. However, if at least one of the spouses is a member of the Armed Forces of the United States at any time during the taxable year, and only one of the spouses has a Valid Social Security, both spouses are entitled to the Economic Impact Payment.

Part II Reconciliation of the Economic Impact Payment with the Advance Received

1. Adjusted gross income (Enter the amount from Part I, line 5 of the return or Part I, line 6, Columns B and C of Schedule CO Individual)	(1)		00
2. a) Enter \$1,200 if taxpayer is entitled to the original Economic Impact Payment	(2a)	00	
b) Enter \$1,200 if you are married filing a joint return and your spouse is entitled to the original Economic Impact Payment	(2b)	00	
c) Enter \$600 if taxpayer is entitled to the additional Economic Impact Payment	(2c)	00	
d) Enter \$600 if you are married filing a joint return and your spouse is entitled to the additional Economic Impact Payment	(2d)	00	
e) Total (Add lines 2(a) through 2(d)	(2e)		00
3. Number of Qualified Dependents according to the return (See instructions)	(3)		
4. Multiply line 3 by \$1,100	(4)		00
5. Number of Qualified Dependents under joint custody status according to the return (See instructions)	(5)		
6. Multiply line 5 by \$550	(6)		00
7. Maximum amount of the Economic Impact Payment (Add lines 2(e), 4 and 6)	(7)		00
8. Check here if, for the Economic Impact Payment purposes, you qualify as Head of Household because you are an individual taxpayer with at least one Qualified Dependent (See instructions)	(8)	<input type="checkbox"/>	
9. Adjusted gross income limitation - Enter \$75,000 (\$150,000 if married filing a joint return or \$112,500 if you qualify as head of household)	(9)		00
10. Subtract line 9 from line 1. If less than zero, enter zero	(10)		00
11. Economic Impact Payment reduction amount due to the adjusted gross income limitation (Multiply line 10 by 5%)	(11)		00
12. Economic Impact Payment amount to which you are entitled based on the tax information for the year 2020 (Subtract line 11 from line 7. If less than zero, enter zero)	(12)		00
13. a) Enter the amount of the original Economic Impact Payment advance received during the year 2020 as part of Phases 1, 2 or 3 indicated in the Internal Revenue Circular Letter No. 20-30 and that was informed through the Notice of Federal Economic Impact Payment that was sent to the taxpayer through his or her SURJ account or by email (See instructions)	(13a)	00	
b) Enter the amount of the additional Economic Impact Payment advance received during the year 2021 and that was informed through the Notice of the Additional Federal Economic Impact Payment that was sent to the taxpayer through his or her SURJ account or by email (See instructions)	(13b)	00	
c) Total Economic Impact Payment advance received (Add lines 13(a) and 13(b))	13(c)		00
14. If line 12 is more than line 13(c), subtract line 13(c) from line 12, transfer the result to Part 3, line 27D of page 2 the return, do not continue with the rest of this Schedule and include the same with your return. Otherwise, enter zero on this line and continue with line 15 (See instructions)	(14)		00
15. If line 13(c) is more than line 12, subtract line 12 from line 13(c). Include this Schedule with your return (See instructions)	(15)		00



Rev. May 7 21

SCHEDULE B3 INDIVIDUAL

ECONOMIC IMPACT PAYMENT

Coronavirus Aid, Relief, and Economic Security Act (CARES) and COVID-related Tax Relief Act of 2020 of the Consolidated Appropriations Act, 2021 (P.L. 116-260)

INSTRUCTIONS

The Economic Impact Payment (hereinafter, the "Benefit" or "Economic Impact Payment") is a federal benefit established by Federal Laws P.L. 116-136 and P.L. 116-260, known as the Coronavirus Aid, Relief, and Economic Security Act (CARES) and the COVID-related Tax Relief Act of 2020 of the Consolidated Appropriations Act, 2021, respectively ("Federal Laws"), to be granted to every individual who meets all the eligibility requirements provided by said laws. For these purposes, the Puerto Rico Treasury Department ("Department") and the United States Treasury Department granted the distribution plans in which it was established the Benefit's eligibility requirements to bona fide residents of Puerto Rico and the parameters for its distribution to individuals in Puerto Rico that meet such eligibility requirements ("Distribution Plans").

The Economic Impact Payment consist of the following two (2) payments:

1. Original Economic Impact Payment - The maximum amount of this payment is the sum of the following amounts:

- \$1,200 per Eligible Individual, as such term is defined in Part I of this Schedule (\$2,400 in the case of married taxpayers filing a joint return and both spouses are considered Eligible Individuals); and
- \$500 multiplied by the number of Qualified Dependents, as such term is defined below (\$250 in the case of Qualified Dependents claimed by both parents under joint custody).

2. Additional Economic Impact Payment - The maximum amount of this payment is the sum of the following amounts:

- \$600 per Eligible Individual, as such term is defined in Part I of this Schedule (\$1,200 in the case of married taxpayers filing a joint return and both spouses are considered Eligible Individuals); and
- \$600 multiplied by the number of Qualified Dependents, as said term is defined below (\$300 in the case of Qualified Dependents claimed by both parents under joint custody).

However, the maximum Benefit will be reduced, but not less than zero, by five percent (5%) of the Eligible Individual's adjusted gross income in excess of:

- (i) \$75,000 (in the case of individual taxpayers and married taxpayers filing separately);
- (ii) \$112,500 (in the case of individuals who are considered as "head of household" for purposes of this Benefit), or
- (iii) \$150,000 (in the case of married taxpayers filing a joint return).

As provided in the Distribution Plans and the Federal Laws, the Economic Impact Payment is a reimbursable credit to be claimed against the income tax determined in the Individual Income Tax Return, Form 482 ("Return"), corresponding to taxable year 2020. However, it was established that individuals who were eligible to receive the Benefit would receive two advances of the same: (i) the advance of the original Economic Impact Payment or First Payment, which was based on the income tax information of the Returns for taxable year 2019, 2018 or on the circumstances at the time of receiving said advance, in those cases in which the

individual was not required to file a Return for those years, and (ii) the advance of the Additional Economic Impact Payment or Second Payment, which was based on the income tax information of the Return for the taxable year 2019 or on the circumstances at the time of receiving said advance, in those cases in which the individual was not required to file a Return for said year.

For purposes of the Economic Impact Payment, the following terms have the meaning set forth below:

- Qualified Dependents - a son, daughter, stepson, stepdaughter, stepbrother, stepsister, legally adopted child, foster child, foster child, brother, sister, half-brother, half-sister or descendant who: (i) at the close of the taxable year 2020, has not reached seventeen (17) years of age; (ii) qualifies to be claimed and was claimed as a dependent by the Eligible Individual in his Return for taxable year 2020 because during said year he/she received more than half of the support of said Eligible Individual; (iii) has a valid Social Security number or an Adoption Taxpayer Identification number, and (iv) has not been claimed as a dependent in the Return of other taxpayer for said year, except in the case of parents with children under joint custody.
- Head of Household - An individual who is not married on the last day of the taxable year and: (i) provides home and support to one or more persons who can be claimed as dependents under the provisions of Section 1033.18(b) of the Puerto Rico Internal Revenue Code of 2011, as amended (Code), or (ii) support the home that constitutes the principal residence of his or her father or mother, if said individual has the right to claim his or her father or mother as a dependent under the provisions of Section 1033.18(b) of the Code. For these purposes, an individual will not be considered as married if, at the end of the taxable year, said individual is single, divorced, widowed or married but did not live with his or her spouse at the end of the taxable year and for an uninterrupted period of 183 days within an uninterrupted period of twelve (12) months that includes the closing date of the taxable year.

For additional information on the personal status of "Individual Taxpayer", "Married filing separately" or "Married", you may refer to the *Filing Status at the End of the Taxable Year* section on the instructions booklet of the Return for taxable year 2020.

Who must file this Schedule?

Every individual who has to file a Return for taxable year 2020 must complete this Schedule. Also, this Schedule must be completed and filed with a Return for taxable year 2020, by those individuals who are eligible to receive the Economic Impact Payment, original or additional, and have not received the advance or the advance they received was less than the amount to which they were entitled.

PART I - ELIGIBILITY REQUIREMENTS

Read carefully all the requirements listed below and determine if you meet them. In those cases where the individual does not meet all the requirements indicated in this part, include zero on lines 1 through 12, Part II of this Schedule and continue on line 13.

To be eligible to receive the Benefit, the individual must meet all of the following requirements ("Eligible Individual"):

1. Be resident of Puerto Rico for the entire taxable year.
2. Cannot be claimed as a dependent by another taxpayer in a Puerto Rico or United States Return for taxable year 2020. If you are a married taxpayer filing a joint return, neither you nor your spouse can be claimed as a dependent by another taxpayer on a Puerto Rico or United States Return.
3. You have a valid social security number issued by the Social Security Administration ("Valid Social Security"). In the case of married taxpayers filing a joint Return, if one of the spouses does not have a Valid Social Security, only the spouse who has a Valid Social Security will be entitled to the Economic Impact Payment. However, if at least one of the spouses is a member of the Armed Forces of the United States at any time during the taxable year, and only one of the spouses has a Valid Social Security, both spouses may be entitled to the Economic Impact Payment.

On the other hand, those taxpayers who have passed away during the year 2020 (or at the time of receiving the advance) are not eligible to claim the Benefit. However, if the surviving spouse, where applicable, meets all the eligibility requirements, said spouse could claim and receive the Benefit.

PART II - RECONCILIATION OF THE ECONOMIC IMPACT PAYMENT WITH THE ADVANCE RECEIVED

In this part, the Eligible Individual will determine the amount of the Benefit to which is entitled based on the information corresponding to taxable year 2020. Therefore, it is important that on lines 1 to 12, the Eligible Individual use his/her tax information for the year 2020, regardless of whether the advance of the Benefit was determined based on said information or the one corresponding to taxable year 2019 or 2018, as applicable.

In the case that the individual does not meet all the eligibility requirements indicated in Part I of this Schedule for taxable year 2020, do not complete lines 1 through 12 of this Part and continue with line 13.

Line 1 - Transfer to this line the adjusted gross income determined in Part 1, line 5 of the Return or in Part I, line 6, Columns B and C of Schedule CO Individual, if married filing a joint Return under the optional computation of tax provided by Section 1021.03 of the Code.

Line 2(a) - Enter \$1,200 if, for taxable year 2020, the taxpayer meets all the eligibility requirements indicated in Part I to receive the original Economic Impact Payment. Enter \$0 on this line if, for taxable year 2020, the taxpayer is not considered an Eligible Individual.

In the case of married taxpayers filing a joint Return, the portion corresponding to the spouse, in those cases in which the spouse also meets all the eligibility requirements for taxable year 2020, must be entered on line 2(b).

Line 2(b) - Enter \$1,200 if you are married filing a joint Return and, for taxable year 2020, the spouse meets all the eligibility requirements indicated in Part I, to receive the original Economic Impact Payment. Enter \$0 if you are not a married taxpayer filing a joint Return or if the spouse is not eligible for the original Economic Impact Payment.

Line 2(c) - Enter \$600 if, for taxable year 2020, the taxpayer meets all the eligibility requirements indicated in Part I to receive the additional Economic Impact

Payment. Enter \$0 on this line if, for taxable year 2020, the taxpayer is not considered an Eligible Individual.

In the case of married taxpayers filing a joint Return and the spouse is eligible for the additional Economic Impact Payment, the portion corresponding to the spouse must be entered on line 2(d).

Line 2(d) - Enter \$600 if you are married filing a joint Return and, for taxable year 2020, the spouse meets all the eligibility requirements indicated in Part I, to receive the additional Economic Impact Payment. Enter \$0 if you are not a married taxpayer filing a joint Return or if the spouse is not eligible for the additional Economic Impact Payment.

Line 3 - Enter the amount of the dependents claimed on Schedule A1 Individual, excluding those claimed under Joint Custody or by married couples filing separately, who are eligible as Qualified Dependents.

Line 5 - Enter the amount of the dependents claimed on Schedule A1 Individual under Joint Custody or by married persons filing separately, who are eligible as Qualified Dependents.

Line 8 - Check this box only if, for taxable year 2020, you qualify as "head of household" for purposes of this Schedule. That is, if you file as an individual taxpayer (except if you file under this personal status due to being married with a complete separation of property prenuptial agreement) and you have the right to claim under the provisions of Section 1033.18(b) of the Code, and claim in your Return, at least one dependent.

Line 9 - The amount that you must enter on this line will depend on the personal status under which you file the Return for taxable year 2020, as provided below:

- If you file as an individual taxpayer (except if you qualify as a "head of household") or married filing a separate Return, enter \$75,000 on this line.
- If you qualify as "head of household" for purposes of this Benefit and for that reason, you checked the box on line 8, enter \$112,500 on this line.
- If you are a married person filing a joint return, enter \$150,000 on this line.

If your adjusted gross income (line 1 of this Part II) is more than the applicable limit determined on this line, complete the worksheet included in the instructions for line 12.

Line 12 - If line 1 is more than line 9, complete the following worksheet to determine the amount that shall be included on this line. Otherwise, subtract line 11 from line 7.

1. Maximum amount of the <u>original</u> Economic Impact Payment:		
a) Enter the amount from line 2(a), Part II of Schedule B3 Individual		
b) Enter the amount from line 2(b), Part II of Schedule B3 Individual		
c) Multiply the number of dependents on line 3, Part II of Schedule B3 Individual by \$500		
d) Multiply the number of dependents on line 5, Part II of Schedule B3 Individual by \$250		
e) Total maximum amount of the original Economic Impact Payment (Add lines 1(a) through 1(d)		
2. Amount of reduction on the Economic Impact Payment due to the adjusted gross income limitation (Enter the amount determined on line 11, Part II of Schedule B3 Individual)		
3. Amount of the original Economic Impact Payment to which you are entitled based on the tax information for the year 2020 (Subtract line 2 from line 1(e). If less than zero, enter zero)		
4. Maximum amount of the <u>additional</u> Economic Impact Payment:		
a) Enter the amount from line 2(c), Part II of Schedule B3 Individual		
b) Enter the amount from line 2(d), Part II of Schedule B3 Individual		
c) Multiply the number of dependents on line 3, Part II of Schedule B3 Individual by \$600		
d) Multiply the number of dependents on line 5, Part II of Schedule B3 Individual by \$300		
e) Total maximum amount of the additional Economic Impact Payment (Add lines 4(a) through 4(d)		
5. Amount of the additional Economic Impact Payment to which you are entitled based on the tax information for the year 2020 (Subtract line 2 from line 4(e). If less than zero, enter zero)		
6. Total Amount of Economic Impact Payment (original and additional) to which you are entitled based on the tax information for the year 2020 (Add lines 3 and 5). Enter this amount on line 12, Part II of Schedule B3 Individual		

Line 13(a) - Enter the amount of the advance of the original Economic Impact Payment or First Payment received during the year 2020 under any of Phases 1, 2 or 3 of Internal Revenue Circular Letter No. 20-30 ("IR CL 20-30"), as it was informed in the *Notice of Federal Economic Impact Payment*, which was sent to you through your account in the Internal Revenue Integrated System ("SURI" for its Spanish acronym) or by email. If you understood that you were not eligible to receive said advance and proceeded to return it, following the procedure established in IR CL 20-30 and in the Internal Revenue Informative Bulletin No. 20-18 ("IR IB 20-18"), reduce the total amount of the advance of the original Benefit received by the total amount that was returned to the Department under said procedure. Therefore, any amount of the advance of the original Benefit received that has been returned under the procedure established in IR CL 20-30 and IR IB 20-18 should not be included in the amount to be reported on this line.

Also include on this line, any amount of the advance of the original Benefit that you received from the Federal Government, if any, according to *Notice 1444*

issued by the Internal Revenue Service ("IRS"). However, reduce this amount by any amount that you have returned to the IRS as a Duplicate Payment, as established by IR CL 20-30.

In addition, in those cases in which a Qualified Dependent is claimed on Schedule A1 Individual of your Return for taxable year 2020, for which another Eligible Individual has received the advance of the original or additional Economic Impact Payment, you must include said payment on this line, regardless of whether or not you were the one who received the payment for said dependent. The Department will not be issuing the portion of the Economic Impact Payment corresponding to a Qualified Dependent for whom an advance of the Benefit has already been issued to another person.

On the other hand, in those cases in which the advance of the Benefit has been paid based on the personal status in your Return for taxable year 2019 or 2018, as applicable, and, for taxable year 2020, said personal status changed, include on this line the portion of the advance of the original Benefit informed in the *Notice of Federal Economic Impact Payment* corresponding to the taxpayer(s) that completes this Return.

Line 13(b) - Enter the amount of the advance of the additional Economic Impact Payment or Second Payment that you received at the beginning of 2021, as it was informed in the *Notice of Federal Additional Economic Impact Payment* (Form AS 6174.1), which was sent through your SURI account or by email. If you understood that you were not eligible to receive said advance and proceeded to return it to the Department, reduce the total amount of the advance of the additional Benefit or Second Payment received by the total amount that was returned to the Department. Therefore, any amount of the additional Benefit or Second Payment received in advance that has been returned to the Department should not be included in the amount to be reported on this line.

Also include on this line, any amount of the additional Benefit that you have received in advance from the Federal Government, if any, as it was notified in Notice 1444-B issued by the IRS. However, any amount that you have returned to the IRS as a Duplicate Payment, as established by IR CL 20-30, shall be reduced from this amount.

In addition, in those cases in which a Qualified Dependent is claimed on Schedule A1 Individual of your Return for taxable year 2020, for which another Eligible Individual has received the advance of the original or additional Economic Impact Payment, you must include said payment on this line, regardless of whether or not, you were the one who received the payment for said dependent. The Department will not be issuing the portion of the Economic Impact Payment corresponding to a Qualified Dependent for whom an advance of the Benefit has already been issued to another person.

On the other hand, in those cases in which the advance of the Additional Benefit or Second Payment has been made based on the personal status in your Return for taxable year 2019 and, for taxable year 2020, said personal status changed, include in this line the portion of the Second Payment reported in Form AS 6174.1 corresponding to the taxpayer(s) who complete this Return.

Line 14 - Complete this line if the total Benefit to which you are entitled, based on your tax information for the year 2020, determined on line 12, is more than or equal to the total of the original and additional Economic Impact Payment received in advance according to the amount on line 13(c). To be allowed to claim said difference as a reimbursable credit on your Return, the Return must be filed on time, but no later than Friday, October 15, 2021, if you have requested an automatic extension of time. Therefore, transfer the difference calculated on this line to line 27D, Part 3 of the Return only if your Return is filed no later than Thursday, April 15, 2021 or Friday, October 15, 2021, if you have requested

an Automatic Extension or you are filing an amended Return. If you file after these dates, you do **not** have the right to claim the difference as a refundable credit. In these cases, do **not** transfer the amount determined on this line to line 27D, Part 3 of the Return.

Line 15 - Complete this line if the total advance of the original and additional Economic Impact Payment that you received is more than the total Benefit to which you are entitled based on your tax information for the year 2020 determined on line 12. This amount will have to be returned, following the procedure established in IR CL 20-30 and IR IB 20-18, *only* in those cases in which it corresponds to an "Erroneous Payment" or "Duplicate Payment", as said terms are defined below:

- *Erroneous Payment* - The Economic Impact Payments issued and received by an individual based on incomplete, incorrect, or fraudulent information or in those cases in which the individual received the Economic Impact Payment, but does not qualify for it, shall be considered as "Erroneous Payment" and must be returned by the individual to the Department.
- *Duplicate Payment* - When the individual has received the Economic Impact Payment directly from the IRS and also received a payment for the same concept from the Department, regardless of whether or not both payments are for the same amount, will be considered as a "Duplicate Payment". Those individuals who have received a Duplicate Payment, must return the payment received from the IRS, according to the procedure established by said federal agency.

However, if you received an advance of the original or additional Economic Impact Payment based on complete and correct tax information from your Returns for taxable year 2018 or 2019, as applicable, and it turns out that, based on your tax circumstances for the year 2020, the Economic Impact Payment to which you are entitled is less, because said circumstances changed from one taxable year to another, you will not have to return said amount to the Department.

For additional information on the Economic Impact Payment, including information on the circumstances in which it is required to return the advance, see IR CL 20-30, IR IB 20-18 and the guide for frequently asked questions and answers available at the following link: <https://www.pagodeimpactoeconomico.com>.