

Schedule B3 Individual

Rev. Nov 17 21



ECONOMIC IMPACT PAYMENT
American Rescue Plan Act of 2021 ("ARPA")

2021

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 2021 taxable year, if you meet all the eligibility requirements established below.

- 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").

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

Table with 16 rows for reconciliation of Economic Impact Payment. Columns include description, line number, and amount. Includes a checkbox for 'Head of Household' status.



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SCHEDULE B3 INDIVIDUAL
ECONOMIC IMPACT PAYMENT
American Rescue Plan Act of 2021
(ARPA)

INSTRUCTIONS

Section 9601 of the Federal Law P.L. 117-2 of March 11, 2021 known as the "American Rescue Plan Act of 2021" ("ARPA" or the "Law"), amended the Federal Internal Revenue Code of 1986, as amended, to incorporate a new Section 6428B to establish an additional federal economic incentive due to COVID-19 to every eligible individual, as said term is defined in the Law, and subject to the limits established therein (hereinafter, the "Benefit", "Payment", "Economic Impact Payment" or "Third Economic Impact Payment"). According to the provisions of subparagraph (b) of said section, the Third Economic Impact Payment is applicable to eligible individuals who are residents of Puerto Rico, provided that the Puerto Rico Treasury Department ("Department") and the United States Treasury Department ("US Treasury") signed a plan establishing the requirements of eligibility and the parameters for the distribution of the Payment to individuals in Puerto Rico.

For these purposes, the Department and the US Treasury granted the Distribution Plan for the Third Economic Impact Payment (hereinafter, the "Plan") 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 that meet such eligibility requirements.

The maximum amount of the Third Economic Impact Payment that an Eligible Individual (as such term is defined in Part I of this Schedule) is entitled to receive, is the sum of the following amounts:

1. \$1,400 (in the case of individual taxpayers, head of household and married taxpayers filing separately), or \$2,800 (in the case of married taxpayers filing a joint return); and
2. \$1,400 multiplied by the number of Qualified Dependents, as such term is defined below (\$700 in the case of Qualified Dependents claimed by both parents under joint custody or married individuals filing separately).

Eligible Individuals will receive the Third Economic Impact Payment's maximum benefit as long as his/her adjusted gross income does not exceed of:

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

However, this Third Economic Impact Payment will be proportionately reduced if the Eligible Individual's adjusted gross income is over the above-mentioned thresholds and no payment will be made when the adjusted gross income is at least the following amount:

- \$80,000 (in the case of individual taxpayers and married taxpayers filing separately);
- \$120,000 (in the case of individuals who are considered as "head of household" for purposes of this Benefit); or
- \$160,000 (in the case of married taxpayers filing a joint return).

As provided in the Plan and the Law, this Payment is a reimbursable credit to be claimed against the income tax determined in the Individual Income Tax Return, Form 482.0 ("Return"), corresponding to taxable year 2021. However, a procedure was established so that eligible individuals could receive the Benefit in advance.

If the Eligible Individual filed his/her Return for the taxable year 2020 ("2020 Return") and it was duly received and processed by the Department, the information contained in said return was used to determine the amount of the Third Economic Impact Payment. In cases where the Eligible Individual had not filed the 2020 Return, or it was submitted but not processed, the Department proceeded to determine the amount of the Third Economic Impact Payment using the information from the Return filed and processed for taxable year 2019 ("2019 Return").

On the other hand, those Eligible Individuals who had not filed a 2020 Return or a 2019 Return, or who filed these returns but were not processed by the Department, the determination of the Third Economic Impact Payment was made using the information provided in the alternate form that the Eligible Individual completed through the Internal Revenue Integrated System (SURI, for its Spanish acronym) according to the provisions of the Internal Revenue Informative Bulletin No. 20-16, which served as the basis for the Department to make the disbursement corresponding to the First Economic Impact Payment of \$1,200 paid during the year 2020.

As provided by the Plan and by ARPA Section 9601, the Department issued additional payments to those Eligible Individuals who received a Third Economic Impact Payment based on a 2019 Return, or the alternate form submitted for the First Economic Impact Payment of \$1,200, and that based on a 2020 Return subsequently filed but no later than September 1, 2021, were eligible for an additional amount of the Third Economic Impact Payment.

As established in the Plan and in ARPA Section 9601, the Department did not make advance disbursements of the Third Economic Impact Payment after December 31, 2021.

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

- Qualified Dependents - an individual citizen of the United States of America, (i) domiciled or resident of Puerto Rico who qualifies to be claimed as a dependent on the Return of another individual, because during said year received more than half of the support of said individual as provided by the Section 1033.18(b) of the Puerto Rico Internal Revenue Code of 2011, as amended ("Code"); (ii) has a valid Social Security number or an Adoption Taxpayer Identification number; and (iii) has not been claimed as a dependent in the Return of other taxpayer, 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 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 close 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 2021.

Who must file this Schedule?

Every individual who has to file a Return for taxable year 2021 must complete this Schedule. Also, this Schedule must be completed and filed with a Return for taxable year 2021, by those individuals who are eligible to receive the Economic Impact Payment and have not received the advance or the advance they received was less than the amount to which they were entitled. This will be applicable to every individual regardless of whether he or she has or not the obligation to file the 2021 Return under the provisions of Section 1061.01 of the Code.

It is important to point out that this Schedule B3 Individual corresponding to taxable year 2021 must only be used to request the reimbursable credit corresponding to the Third Economic Impact Payment. Therefore, it cannot be used to claim the reimbursable credit related to the Original Economic Impact Payment of \$1,200 or the Additional Economic Impact Payment of \$600. Any claim for these reimbursable credits must be made by filing a Return for the taxable year 2020, using the Schedule B3 Individual corresponding to said taxable year. For more details, refer to the Internal Revenue Informative Bulletin No. 22-03 ("IR IB 22-03"), the Internal Revenue Circular Letter No. 20-30 ("IR CL 20-30") and to the Internal Revenue Informative Bulletin No. 20-21.

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 13, Part II of this Schedule and continue on line 14.

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

1. Be a 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 2021. 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 2021 (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

he or she is entitled based on the information corresponding to taxable year 2021. Therefore, it is important that on lines 1 to 13, the Eligible Individual use his/her tax information for the year 2021, regardless of whether the advance of the Benefit was determined based on said information or the one corresponding to taxable year 2020 or 2019, 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 2021, do not complete lines 1 through 13 of this Part and continue with line 14.

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 \$1,400 if, for taxable year 2021, the taxpayer meets all the eligibility requirements indicated in Part I to receive the Economic Impact Payment. Enter \$0 on this line if, for taxable year 2021, 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 2021, must be entered on line 2(b).

Line 2(b) - Enter \$1,400 if you are married filing a joint Return and, for taxable year 2021, the spouse meets all the eligibility requirements indicated in Part I, to receive the 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 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 2021, 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 2021, 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, determine the percentage of Economic Impact Payment reduction following the indications on lines 10 and 11.

Line 12 - If line 10 is more than zero, multiply line 7 by line 11 to determine the amount of reduction of the Economic Impact Payment that shall be included on this line. Otherwise, enter zero.

Line 14- Enter on this line only the amount of the Third Economic Impact Payment advance received during the year 2021 pursuant to provisions of the Internal Revenue Circular Letter No. 21-13 (IR CL 21-13). If you understood that you were not eligible to receive said advance and proceeded to return it to the Department, following the procedures provided by IR CL 20-30 and Internal Revenue Informative Bulletin 20-18 (IR IB 20-18), reduce the total amount of the advance of the Benefit received by the total amount that was returned to the Department. Therefore, any amount of the Benefit received in advance that was returned to the Department following the provisions of IR CL 20-30 and IR IB 20-18 should not be included in the amount to be reported on this line. **Do not include any amount of the \$1,200 Original Economic Impact Payment nor the \$600 Additional Economic Impact Payment corresponding to the taxable year 2020, but received during the year 2021.**

Also include on this line, any amount of the Benefit that you have received in advance from the Federal Government, if any. However, any amount that you have returned to the IRS as a Duplicate Payment, shall be reduced from this amount.

On the other hand, in those cases in which the advance of the Benefit has been made based on the personal status in your Return for taxable year 2020 or 2019, as applicable, and for taxable year 2021 said personal status changed, include in this line the portion of the advance of the Benefit corresponding to the taxpayer(s) who complete this Return.

Line 15 - Complete this line if the total Benefit to which you are entitled, based on your tax information for the year 2021, determined on line 13, is more than or equal to the total of the Third Economic Impact Payment received in advance according to the amount on line 14. Said difference may be claimed as a reimbursable credit on your Return. Therefore, transfer the difference calculated on this line to line 27D, Part 3 of the Return.

Line 16 - Complete this line if the total advance of the 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 2021 determined on line 13. 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 Economic Impact Payment based on complete and correct tax information from your Returns for taxable year 2020 or 2019, as applicable, and it turns out that, based on your tax circumstances for the year 2021, 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 IB 22-03, IR CL 21-13, 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>.