



July 24, 2009

**ADMINISTRATIVE DETERMINATION NUMBER 09-05**

**ATTENTION: TO ALL TAXPAYERS THAT ARE HOLDERS OF TAX CREDITS**

**SUBJECT: INFORMATION AND NOTIFICATION FORM REQUIRED BY THE PUERTO RICO TREASURY DEPARTMENT PURSUANT TO THE PROVISIONS OF ACT NO. 7 OF MARCH 9, 2009**

**I. Statement of Motives**

The Puerto Rico Internal Revenue Code of 1994, as amended (the Code), and other special legislation grant tax credits to incentivize certain economic activities. Most of the laws that grant tax credits do not establish appropriate mechanisms to administrate these credits effectively and the proliferation of the same complicates their administration even further. This situation difficulties for the Department the evaluation of the tax credits outstanding to prepare the General Fund's net revenue estimates for the Government Budget of each fiscal year.

In accordance with the aforementioned statements, it is necessary to establish a mechanism under which the holders of credits report to the Department certain data related with the utilization of the same, and in this manner facilitate the budget preparation process.

Act 7 of March 9, 2009, as amended, also known as the "Declaration of Fiscal Emergency and Omnibus Plan for Economic Stabilization and Restoration of the Puerto Rican Credit Act" (Act No. 7), among others, amended Subchapter C of Subtitle A of the Code, to add a new Section 1040M, in order to establish a moratorium for the use of certain tax credits, generated or granted before March 9, 2009 for each of the taxable year beginning after December 31, 2008 and before January 1, 2012.

According to the provisions of paragraph (d) of Section 1040M, the holders of tax credits listed in paragraph (b) of this section and the tax credits specifically mentioned in paragraph (d) of the same section have to submit to the Secretary of the Treasury (Secretary), no later than August 31, 2009, an informative return, under penalties of perjury, in the manner and with the details required by the Secretary, informing the amount of the tax credits granted as of June 30, 2009.

This Administrative Determination has the purpose of notifying the holders of tax credits mentioned under paragraphs (b) and (d) of Section 1040M, their obligation to file Form 480.71.1, the information that must be included therein, and the penalties arising from the failure to file the same by its due date.

## **II. Determination**

Any natural or juridical person that holds a tax credit granted under a special legislation or the provisions of the Code listed in Part B has to file Form 480.71.1, Informative Return for Tax Credits Holders, no later than August 31, 2009. According to paragraph (d) of Section 1040M of the Code, in the case of credits listed in paragraph (b) of that section, the non filing of Form 480.71.1, within the period required, will result in the disallowance of the use by the taxpayer of the tax credit(s) otherwise available in taxable years beginning on or after January 1, 2012.

In the case of credits specifically indicated in paragraph (d) of section 1040M, the noncompliance with the requirement of filing said informative return will deprive the tax credit holder of his/her right to claim these credits for taxable years beginning on or after January 1, 2009.

### **A. Information required with respect to each credit**

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In Form 480.71.1, the person will specify the following information for each of the tax credits he can rightfully claim:

1. Act under which the credit was granted;
2. total amount of the credit granted;
3. amount of the tax credit claimed in previous years and the amount claimed or that will be claimed in the return for the taxable year commenced between January 1 and December 31, 2008;
4. amount of the tax credit available to be claimed in taxable years beginning after December 31, 2008; and
5. year in which it is estimated that the remainder of the credit will be claimed or sold, if any.

### **B. Tax credits for which Form 480.71.1 is required**

Persons that are holders of tax credits granted under any of the following special legislations or sections of the Code are required to file Form 480.71.1 and include the information required in Part A:

1. Act No. 70 of June 23, 1978, as amended;
2. Act No. 46 of January 28, 2000, as amended;
3. Act No. 98 of August 10, 2001, as amended;
4. Act No. 183 of December 27, 2001, as amended;
5. Act No. 197 of December 14, 2007, as amended;
6. Act No. 78 of September 10, 1993, as amended;
7. Act No. 140 of October 4, 2001, as amended;
8. Act No. 212 of August 29, 2002, as amended;
9. Act No. 362 of December 24, 1999, as amended;
10. Act No. 135 of December 2, 1997, as amended (Section 5(b));
11. Act No. 109 of August 17, 2001, as amended (Section 5A of Act No. 135 of December 2, 1997, as amended);
12. Act No. 248 of August 10, 2008, as amended;
13. Act No. 178 of August 18, 2000, as amended;
14. Act No. 73 of May 28, 2008, (Sections 5 and 6); and
15. Sections 1040C, 1040D, 1040E and 1040F of the Code.

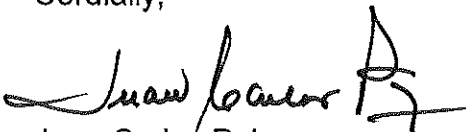
Form 480.71.1 is available on our Internet web page: [www.hacienda.gobierno.pr](http://www.hacienda.gobierno.pr) and in Office 603 at Intendente Alejandro Ramirez Building, #10 Covadonga Drive in Old San Juan.

### **III. Effectiveness**

The provisions of this Administrative Determination are effective immediately.

For additional information in relation to the provisions of this Administrative Determination, you can contact the General Consultation Section at 787-722-0216.

Cordially,



Juan Carlos Puig  
Secretary of the Treasury