



# GOVERNMENT OF PUERTO RICO

Department of the Treasury

March 6, 2020

## INTERNAL REVENUE CIRCULAR LETTER NO. 20-19 (“IR CL 20-19”)

**ATTENTION: ALL CONTROLLED GROUPS SUBJECT TO THE EXCISE TAX IMPOSED UNDER THE PROVISIONS OF ACT 154-2010, AS AMENDED**

**SUBJECT: TRANSITION TO SURI OF ALL THE TRANSACTIONS RELATED TO THE EXCISE TAX UNDER THE PROVISIONS OF ACT 154-2010, AS AMENDED**

### I. Statement of Motives

*FAA*  
As notified in the Internal Revenue Informative Bulletin No. 20-01, on February 24, 2020 the Puerto Rico Treasury Department (“Department”) launched the third phase of the transition to the Integrated System of Internal Revenue (“SURI”, for its Spanish acronym). As indicated in said publication, this third phase comprised the integration of various tax types, including the excise tax imposed under Section 3070.01 of the Puerto Rico Internal Revenue Code of 2011, as amended, and Section 2101(a) of the Puerto Rico Internal Revenue Code of 1994, as amended (“Act 154 Excise Tax”). Therefore, effective on that day, every transaction related to the Act 154 Excise Tax can *only* be performed electronically through SURI.

Based on the above, the Department issues this Circular Letter to establish the procedure that all controlled groups subject to the Act 154 Excise Tax (“Act 154 Controlled Groups”) must follow in order to: (i) submit Form 480.36, *Monthly Excise Tax Deposit Form* (“FTA Monthly Deposit Form”); (ii) prepare and file Form 480.36-Q, *Quarterly Excise Tax Return* (“FTA Quarterly Return”), and (iii) make payments related to Act 154 Excise Tax through SURI (altogether referred to as, “Act 154 Transactions”).

### II. Determination

As mentioned before, effective on February 24, 2020, all Act 154 Transactions can only be made through SURI. Therefore, all Act 154 Controlled Groups must have been registered as a controlled group in SURI and the controlling member of each group must have access to the controlled group profile. As part of the transition to SURI, those controlled groups existing as of *January 1, 2019* were automatically converted to SURI and the controlled group profile was also created to the controlling member of the group. For information regarding the registration and management of all groups of related entities, please refer to Internal Revenue Circular Letter No. 20-18 (“IR CL 20-18”).



## A. SURI Access

In order to perform any of the Act 154 Transactions, the controlling member and every resident member of the group must be registered in SURI and therefore, have a username and password to access their accounts. For information regarding the registration in SURI, including the access types and levels, please refer to the Internal Revenue Circular Letter No. 20-12.

In addition, the persons responsible for the Act 154 Transactions should have the **"File and Pay"** access level on the Foreign Taxable Acquisition Account in SURI. To verify the access level assigned to you for each of the accounts registered in SURI, on the *Settings* menu, select the *Access* tab.

## B. Foreign Taxable Acquisition Account

When logging into their SURI account, you will see the *Accounts* tab, where all the accounts for the tax types you have registered are listed. The Act 154 Excise Tax is listed as *Foreign Taxable Acquisition* ("FTA Account").

The *Controlling Member* and all the resident members designated as *Deposit Agents* of the controlled group, as such terms are defined in IR CL 20-18, should have an FTA Account listed. If not, you should contact the Controlling Member to confirm that: (i) the controlled group was registered as "*subject to the excise tax provisions of Act 154*"; (ii) you were added as a resident member, and (iii) you were designated as a Deposit Agent of the Act 154 Controlled Group. It is important to note that you will not be able to perform any of the Act 154 Transactions until the Act 154 Controlled Group profile is set up as stated above. Therefore, we encourage you to review this information and ascertain that you are set to make any Act 154 Transaction prior to the Act 154 Excise Tax payment due date, in order to avoid the imposition of interests, surcharges and late payment penalties.

## C. FTA Monthly Deposit Form (Form 480.36) Filing


The FTA Monthly Deposit Form through SURI consolidates the tax information of all the nonresident members that made taxable acquisitions during the period. Therefore, each Deposit Agent will have to submit only one FTA Monthly Deposit Form per period. To complete and submit the FTA Monthly Deposit Form for a particular period, you must use the following procedure:

1. From the *Account* tab, click the *FTA Account* link.
2. On the *Periods* tab, click the corresponding period.
3. In the *I Want To* section, click the *File or amend a return* link.
4. Follow the instructions provided by the system to complete and submit the FTA Monthly Deposit Form together with the corresponding payment, if any.
5. Once the FTA Monthly Deposit Form is submitted, the system will provide you with an electronic filing confirmation number. We encourage you to print



the electronic filing evidence and save it for your records. A printable view of the FTA Monthly Deposit Form is available through the *Print Return* link, in the *I Want To* section of the SURI homepage. The date and time of submission will be stamped in the printable version. A Form 480.36 will be printed for each nonresident member that made taxable acquisitions during the specified period.

The form provides a dropdown menu with the names of the nonresident members you might be reporting taxable acquisitions for. Once you have completed a deposit form, if the controlled group has multiple nonresident members that made taxable acquisitions during the period, you must click *Add a Deposit* to report the taxable acquisitions made by other nonresident members for the selected period. If the controlled group has a new nonresident member or an existing nonresident member is not listed in the dropdown menu, the Controlling Member should add such member to the controlled group following the procedure establish in Part II-C of IR CL 20-18. Once the request to add a member to the controlled group is approved, the added member will show in the nonresident dropdown menu of the FTA Monthly Deposit Form.

 Please note that the Department is currently developing a template which will allow the Deposit Agent to automatically populate the information in the corresponding fields of the FTA Monthly Deposit Form.

#### **D. FTA Quarterly Return (Form 480.36-Q) Filing**

The functionalities of the FTA Quarterly Return in SURI are similar to the ones available in the previous system ("Act 154 Online System"). The FTA Quarterly Return can only be filed by the Controlling Member of the controlled group. The FTA Monthly Deposit Forms filed by the Deposit Agents of the controlled group for the selected quarter will automatically populate the FTA Quarterly Return. The Controlling Member may edit or eliminate any of such FTA Monthly Deposit Forms, as well as, add new ones, as needed. An FTA Quarterly Return must be filed for each calendar quarter in which a member of the controlled group makes taxable acquisitions, even if no tax is due as a result of the application of the credits available in Article 2102(a)-2 of Regulation No. 7970, as amended.

To file the FTA Quarterly Return follow the steps stated below:

1. From the *Account* tab, click the *FTA Account* link.
2. On the *Periods* tab, click the *File Return* alert on the corresponding period.
3. Click the *File Now* link applicable to FTA Quarterly Return.
4. Follow the instructions provided by the system to complete and submit the FTA Quarterly Return and related schedules. You can save the return at any time prior to its submission. The draft will be available under the Drafts section, of the *Submissions* tab. You may click the return link to view, edit or delete the draft at any time prior to its submission.
5. Once the FTA Quarterly Return is submitted, the system will provide you with an electronic filing confirmation number. We encourage you to print the electronic filing



evidence and save it for your records. A printable view of the FTA Quarterly Return is available through the *Print Return* link in the *I Want To* section of the SURI homepage. The date and time of submission will be stamped in the printable version.

Currently, the credit balances such as the monthly payments made by the Deposit Agents for the applicable quarter or excess payments from prior periods, will not be displayed on the return. In SURI, all payments made are posted to the particular tax account type they are applicable to. When the particular tax account reflects a tax liability, the credit available in the tax account, if any, will be applied against the tax liability. Therefore, all monthly deposits made during a quarter will be posted as a credit balance on the FTA Account. Once the FTA Quarterly Return is filed, it will reflect the tax liability for the quarter, which will be offset, once processed, against the deposit payments made throughout the quarter. Please be aware that the Department is currently updating the FTA Quarterly Return submission process to enable the Controlling Member to see all the payments made by the Deposit Agents of the group for the corresponding quarter.

*JAA*  
In SURI, you may "unsubmit" a filed return, before it has been processed without it being considered an amended return. To do so, click the *Edit Submission* link, in the *I Want To* section. The original return submitted will not be processed. In these cases, you will need to submit the return again even if no changes were made to the same.

#### **E. FTA Payments**

If the tax liability on the FTA Quarterly Return will not be fulfilled with the monthly deposit payments, and you must make a payment to satisfy the same, go to the FTA Account and in the *I Want To* section, click on the *Make a Payment* link, and on the *Account Payment Page*, in the *Payment Type* section, chose *Account Payment* from the dropdown menu.

#### **F. Use of Overpayments**

Any overpayment balance reflected in the last FTA Quarterly Return filed by the controlled group through the previous system, will be reflected in the Controlling Member's FTA Account as a credit balance.

Any credits on the FTA Account will offset any liability established on that same tax account. The credits will first offset the debts within the same filing period, and then, they may transfer to other filing periods in order to satisfy a tax liability. *Therefore, controlled groups will no longer have to amend an FTA Quarterly Return to carryover an overpayment balance.*

In addition, similar to the previous system, any credit balance will be made available to offset, all or part, of the balance due reflected in the FTA Monthly Deposit Forms to be submitted by the Deposit Agents of the controlled group for the following period.

#### **G. Payment Methods**

Please be aware that wire transfers transactions will no longer be allowed as a payment method in SURI. The only acceptable payment methods available in SURI are the following:



1. Visa or Master Card credit cards
2. ACH Debit
3. ACH Credit – the taxpayers that select this payment method must comply with the specifications established in Publication 06-06 - *Automated Clearing House (ACH) Credit File Specifications*.

For more information regarding the acceptable payment methods available in SURI, please refer to Internal Revenue Informative Bulletin No. 20-03.

#### **H. Data Conversion for Act 154 Transactions**

As part of the conversion process, all the FTA Quarterly Returns filed by the controlled groups through the previous system were converted to SURI. You may be able to view or amend any of those returns at any time, within the status of limitation.

For more information about the process to amend a return in SURI, please access the *View Frequently Asked Questions* link located in the *I Want to* Section of your SURI account homepage. Then, go to the *Returns* tab and the *General* subtab.

Finally, it is very important to mention that the *FTA Monthly Deposit Forms* submitted by the Deposit Agents, through the previous system, for the period of *January, 2020* were not converted to SURI. Therefore, the Controlling Member will have to manually add those monthly forms to the FTA Quarterly Return for the quarter ending on March 31, 2020 prior to submission. Nevertheless, the payments made with those forms were posted in the Controlling Member's FTA account as a single payment for the period. The Controlling Member will be able to see such payment as a credit balance in the January 31, 2020 period.

#### **III. Effectiveness**

The provisions of this Circular Letter are effective immediately.

For additional information regarding this Circular Letter, please send a web message through your SURI account or call (787) 622-0123.

Cordially,



Francisco Parés Alicea  
Secretary

