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**GUIDE**

## BUSINESS TAX CALENDAR PR & USA

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## GUIDE

### **Puerto Rico Tax Compliance Guide**

***By TCG, Torres CPA Group, CifrasPR, Torres & Soto Tax***

Torres CPA Group is a Certified Public Accounting Firm that has been offering Audit, Tax, Consulting, and Financial Outsourcing services for over 38 years. If you require any further information or help, please do not hesitate to contact us. We assist in Accounting, Payroll, and Tax Compliance.

Understanding the Puerto Rico tax system and its interrelation with the United States is crucial for individuals and entities doing business in Puerto Rico. Puerto Rico is not a state; it's a territory, with its own business, tax, and Payroll laws and regulations.

The following White Paper is designed to give an insight on Tax Issues in Puerto Rico. It provides relevant background information, which will be of assistance to organizations considering establishing a business in the Island. Nonetheless, it is highly recommended to seek advice and counsel from qualified professional sources before undertaking any business.

Certain exclusions and exemptions may apply, and when specific problems occur in practice, it will often be necessary to refer to the laws and regulations of Puerto Rico and to obtain appropriate accounting and legal advice.

It is understood that the following overview does not constitute any formal rendering of either legal, accounting, tax, or professional services. If legal advice or other assistance is required, an attorney, CPA or tax adviser should be consulted.

In accordance with IRS Circular requirements, you are advised that any discussion of tax issues in these materials is not intended or written to be used and cannot be used to avoid penalties imposed under Internal Revenue Code, as amended or to promote, market, or recommend to another party any transaction or matter addressed herein.

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# **All Business Tax Calendar Puerto Rico and Federal Due Dates**

## **Merchant Certificate**

Every business (Merchant) in Puerto Rico must request a Merchants' Registration with the Puerto Rico Treasury Department (PRTD). An application must be presented thirty (30) days before initiating business. Failure of timely registration may result in a \$10,000 fine.

**Corporate, LLC, Partnerships and Pass-Through entities yearly returns are not included in this document.**

## **January 15**

### **Municipal License Tax**

When a new business is established or starts operations in any municipality, the semester in which it commences operations is generally exempt, provided that the business informs the Municipal Treasurer (within the first 30 days of operations) that it has established a business in the municipality.

The first return must be filed for the following semester annualizing the volume of business obtained during the first semester of operations, and payment is due January 15, or July 15, depending on the semester that starts operations. After the first income tax return is filed, a Municipal License Tax Return must be filed annually every April 22. Semesters run from July 1 through December 31, and from January 1 through June 30.

### **Workmen's Compensation**

Workmen's Compensation is compulsory insurance that provides compensation for accidents incidental to or as a consequence of employment, including entities under a Grant. Puerto Rico's State Insurance Fund Corporation provides this insurance. All employers are required to obtain it within 30 days of initiating operations. Entities under a grant are not exempt. Payment is due July 20, October 15 and January 15.

### **Payment and Withholding to Resident Recipients**

Payments made by any person or entity in business over \$500 to another person (individual or entity) for services performed within Puerto Rico are subject to a ten percent (10%)

withholding. The amount withheld should be deposited at the Puerto Rico Treasury Department on or before the tenth (15) day of the month following the close of the month in which the tax was deducted. The amount withheld or deposited will be credited against their income tax liability.

It will also be require to file a Quarterly Return to inform the monthly deposits held during the quarters ending March, June, September and December.

## **January 20**

Monthly Sales and Use Tax Return, no later than the twentieth (20th) day of the following month, reporting sales and tax withheld.

## **January 31**

**1099-** A Puerto Rico Entity is not subject to filing 1099 unless the entity is required to file a Federal Income Tax Return for income source in the U.S. However, they are required to file 480 on February 28.

### **Year-end and Quarterly Payroll Taxes**

**W-2** filing deadline

## **February 15**

A personal property tax return must be filed and paid electronically on or before May 15 of each year. Taxpayers with an expected personal property tax liability over one thousand dollars (\$1,000) are required to make estimated payments in four equal installments on or before the following dates: August 15, November 15, February 15, and May 15.

## **February 28**

**480-** File information returns 480 for certain payments you made, including Informative payments for service rendered, resident and non resident, Rent, Water and Sewage, Electricity, Health insurance, Payment for Insurance Premiums, telecommunications Services, Internet, Cable and Satellite TV Services, advertisement, Maintenance fees paid to HOAs, Professional and trade continuous education, and Other income.

## April 22

**Municipal License** annually must file a return due five days after April 15.

## April 30

**Quarterly Payroll Taxes**

## May 15

A **personal property tax return** must be filed and paid electronically on or before May 15 of each year. A penalty of 5% per month up to a maximum of 25% is imposed for the late filing of the return unless it is shown that failure to file is due to reasonable causes and not to willful neglect. Taxpayers with an expected personal property tax liability over one thousand dollars (\$1,000) are required to make estimated payments in four equal installments on or before the following dates: August 15, November 15, February 15, and May 15.

## July 15

**Municipal License** payment is due, April 22, January 15, or July 15, depending on the semester that starts operations. Semesters run from July 1 through December 31, and from January 1 through June 30.

## July 20

**Workmen's Compensation**, Businesses are required to file no later than July 20th of every year, indicating the number of employees, occupation, and the wages paid during the preceding July 1 to June 30. Payment is due July 20, October 15 and January 15

## July 31

**Quarterly Payroll Taxes**

## August 15

**Personal property tax liability** over one thousand dollars (\$1,000) are required to make estimated payments in four equal installments on or before the following dates: August 15, November 15, February 15, and May 15.

## **September 30**

**Quarterly Payroll Taxes**

## **October 20**

Workmen's Compensation, Payment is due July 20, October 15 and January 15.

## **November 15**

**Personal Property Tax-** personal property tax liability over one thousand dollars (\$1,000) are required to make estimated payments in four equal installments on or before the following dates: August 15, November 15, February 15, and May 15.

## **December 15**

Last day to pay **Christmas bonus**