

Municipality of San Juan Tax Amnesty: Discount on the Payment of Municipal License Tax Debts

On October 3, 2012, the Municipality of San Juan approved Ordinance No. 8, 2012-2013 Series (the "Ordinance"), amending the Regulation created under the Ordinance No. 34, 2004-2005 Series (the "Regulations") to provide the opportunity to pay municipal license tax debts with the Municipality of San Juan with a discount. The discount allowed for debts in excess of five (5) years will be fifty five percent (55%), and in the case of debts of over ten (10) years, the discount will be seventy-five percent (75%) of the total balance due, including interest, surcharges, penalties and additional charges. This amnesty is available until October 31, 2012.

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Taxpayers who want to avail to the benefits of this amnesty must visit the municipality's Finance Department to verify if they qualify under the amnesty and to determine the amount to be paid. The payment can be made with a regular business check, but personal checks will not be accepted. The tax must be paid on or before October 31, 2012.

Requirements to benefit from the discount

To take advantage of the discount, the taxpayer must:

- be in compliance with the filing and payment of the Volume of Business Declarations for the last five (5) fiscal years, or be in compliance with a payment plan for such years;
- have debts related to the municipal license tax debts in excess of five (5) years from the date of the assessment; or
- have debts related to the municipal license tax debts in excess of five (5) years since it became due, even if no assessment has been made.

The Municipality of San Juan has sent letters to qualifying taxpayers who can benefit from this amnesty.

Who is eligible to benefit from this discount?

In addition to the requirements mentioned above, the taxpayers must meet one or more of the following requirements, in order to be eligible to the discount:

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- taxpayer must demonstrate inability or difficulty to pay the municipal license tax debts;
- be a deceased taxpayer;
- be inactive businesses or entities;
- be under a bankruptcy process.
- taxpayers with court cases against the imposition of the municipal license tax;
- any other cases that the Director of Finance may consider and approve.

We have learned that the Director of Finance is open to consider any case with debts of over five (5) years, even if the taxpayer was not notified by the municipality.

**Reduced benefit for
payments made after
October 31, 2012**

The Ordinance also amended section 3 of the Regulation to extend the benefits of

discounts in the payment of the municipal license tax debts in excess of five (5) years after October 31, 2012. In these cases, the discounts will be as follows:

- for debts in excess of five (5) years but not over seven (7) years, the discount will be thirty percent (30%) of the total balance due;
- for debts in excess of seven (7) years but not over ten (10) years, the discount will be fifty percent (50%) of the total balance due;
- for debts in excess of ten (10) years the discount will be seventy five percent (75%) of the total balance due;
- if the outstanding balance is \$1,000 or less, only the payment of the principal amount will be required. The interest, surcharges, penalties and additional charges will be eliminated.

Please be aware that, for the payment of tax debts from November 1, 2012 and

beyond, the Municipality of San Juan will require a series of documents (sworn statements and closing agreements, among others) in order to approve the discount.

Z&A Comments

During the past years various governmental agencies have issued amnesty programs that have allowed the taxpayers to get in compliance at state level. Now is a good opportunity to clean up those old municipal license tax debts that are keeping you from being in good standing with the Municipality of San Juan, without the hassle of the documentation and paper work that is usually required. Give us a call to allow our professionals to work with you to take advantage of this benefit.

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