

## Changes to the Income Tax Withholding on Wages and Salaries

On December 21, 2010, the Puerto Rico Treasury Department issued the Internal Revenue Informative Bulletin 10-15 ("IB 10-15"). The purpose of IB 10-15 is to provide transitional tables to employers and withholding agents to be incorporated in their payroll system and be used for payment of wages and salaries made after December 31, 2010.

The basis for the adjustment in the payroll tables is House Bill 3070 which the Puerto Rico Treasury Department expects the Governor to sign into law during the first months of 2011 and which provides for changes in tax tables, deductions and personal exemptions for individuals.

Besides providing the transitional tables, IB 10-15 also provides that any employee with gross wages that do not exceed \$20,000 during the year will not be subject to income tax withholding on such wages.

For your benefit, we have included the following transitional tables provided by the Puerto Rico Treasury Department:

1. tables to compute the withholding exemptions in the case of wages paid after December 31, 2010 and before January 1, 2012;
2. tables to determine the tax to be deducted and withheld under the percentage method on wages paid after December 31, 2010 and before January 1, 2012.

You may contact us with any question regarding the changes on the income tax withholding on wages and salaries.

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Income Tax...**  
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**SEE TRANSITIONAL TABLES ON NEXT PAGES**

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**APENDICE 1**

**TABLAS PARA COMPUTAR LA EXENCION PARA LA RETENCION EN EL CASO DE SALARIOS PAGADOS DESPUES DEL 31 DE DICIEMBRE DE 2010 Y ANTES DEL 1 DE ENERO DE 2012**

**APPENDIX 1**

**TABLES TO COMPUTE THE WITHHOLDING EXEMPTION IN THE CASE OF WAGES PAID AFTER DECEMBER 31, 2010 AND BEFORE JANUARY 1, 2012**

PERIODO DE NOMINA	EXENCION PERSONAL				EXENCION POR DEPENDIENTES	EXENCION POR DEPENDIENTES (COMPUTO OPCIONAL)	CONCESION POR DEDUCCIONES
	Contribuyente individual y reclama la totalidad de la exención personal	Casado que rinde planilla conjunta y reclama la totalidad de la exención personal para la retención	Persona Casada que rinde planilla conjunta y reclama la mitad de la exención personal para la retención o Persona Casada que vive con su cónyuge, rinde planilla separada y reclama la totalidad de la exención personal para la retención	Persona que no reclama exención personal alguna para la retención	Por cada dependiente	Por cada dependiente (excluyendo el primer dependiente en el caso de un Jefe de Familia)	Por cada concesión basada en deducciones
PAYROLL PERIOD	PERSONAL EXEMPTION				EXEMPTION FOR DEPENDENTS	EXEMPTION FOR DEPENDENTS (OPTIONAL COMPUTATION)	ALLOWANCE FOR DEDUCTIONS
	Individual Taxpayer and claiming all of the personal exemption	Married filing jointly and claiming all of the personal exemption for withholding purposes	Married Person filing jointly and claiming half of the personal exemption for withholding purposes or Married Person living with spouse, filing separately and claiming all of the personal exemption for withholding	Person claiming none of the personal exemption for withholding	For each dependent	For each dependent (excluding the first dependent in the case of a Head of Household)	For each allowance based on deductions
Semanal Weekly	\$ 67.31	\$ 134.62	\$ 67.31	\$ 0.00	\$ 48.00	\$ 24.00	\$ 9.50
Cada dos semanas Biweekly	134.62	269.23	134.62	0.00	96.00	48.00	19.00
Quincenal Semimonthly	145.83	291.67	145.83	0.00	104.00	52.00	21.00
Mensual Monthly	291.67	583.33	291.67	0.00	208.00	104.00	41.50
Trimestral Quarterly	875.00	1,750.00	875.00	0.00	625.00	312.50	125.00
Semestral Semiannual	1,750.00	3,500.00	1,750.00	0.00	1,250.00	625.00	250.00
Annual Annual	3,500.00	7,000.00	3,500.00	0.00	2,500.00	1,250.00	500.00
Diario o Misceláneo (Por cada día de dicho periodo) Daily or Miscellaneous (Per day of such period)	14.00	28.00	14.00	0.00	9.50	4.75	2.00

**APPENDIX 2**

**TABLES TO DETERMINE THE TAX TO BE DEDUCTED AND WITHHELD  
UPON THE AMOUNT OF WAGES PAID AFTER DECEMBER 31, 2010 AND BEFORE JANUARY 1, 2012 UNDER THE  
PERCENTAGE METHOD**

For the purposes of applying such tables, the term "Amount of the wages" means the amount by which the wages exceed the withholding exemption determined according to the table shown in Appendix 1

OTHER TAXPAYERS				MARRIED PERSON LIVING WITH SPOUSE AND FILING SEPARATELY			
When the payroll period with respect to an employee is Weekly				When the payroll period with respect to an employee is Weekly			
If the amount of the wages is:		The tax to be withheld upon		If the amount of the wages is:		The tax to be withheld upon	
In excess of	Up to	the amount of the wages shall be:		In excess of	Up to	the amount of the wages shall be:	
\$ -	96.15	0.00 percent		\$ -	48.08	0.00 percent	
96.15	423.08	7.00 percent minus	\$ 6.70	48.08	211.54	7.00 percent minus	\$ 3.40
423.08	769.23	14.00 percent minus	36.30	211.54	384.62	14.00 percent minus	18.20
769.23	1,154.00	25.00 percent minus	120.90	384.62	577.00	25.00 percent minus	60.50
1,154.00	or more	33.00 percent minus	213.20	577.00	or more	33.00 percent minus	106.70
When the payroll period with respect to an employee is Biweekly				When the payroll period with respect to an employee is Biweekly			
If the amount of the wages is:		The tax to be withheld upon		If the amount of the wages is:		The tax to be withheld upon	
In excess of	Up to	the amount of the wages shall be:		In excess of	Up to	the amount of the wages shall be:	
\$ -	192.30	0.00 percent		\$ -	96.15	0.00 percent	
192.30	846.16	7.00 percent minus	\$ 13.50	96.15	423.08	7.00 percent minus	\$ 6.70
846.16	1,538.46	14.00 percent minus	72.70	423.08	769.23	14.00 percent minus	36.30
1,538.46	2,308.00	25.00 percent minus	241.90	769.23	1,154.00	25.00 percent minus	120.90
2,308.00	or more	33.00 percent minus	426.50	1,154.00	or more	33.00 percent minus	213.20
When the payroll period with respect to an employee is Semimonthly				When the payroll period with respect to an employee is Semimonthly			
If the amount of the wages is:		The tax to be withheld upon		If the amount of the wages is:		The tax to be withheld upon	
In excess of	Up to	the amount of the wages shall be:		In excess of	Up to	the amount of the wages shall be:	
\$ -	208.33	0.00 percent		\$ -	104.17	0.00 percent	
208.33	916.67	7.00 percent minus	\$ 14.60	104.17	458.34	7.00 percent minus	\$ 7.30
916.67	1,666.67	14.00 percent minus	78.80	458.34	833.34	14.00 percent minus	39.40
1,666.67	2,500.00	25.00 percent minus	262.10	833.34	1,250.00	25.00 percent minus	131.10
2,500.00	or more	33.00 percent minus	462.10	1,250.00	or more	33.00 percent minus	231.10
When the payroll period with respect to an employee is Monthly				When the payroll period with respect to an employee is Monthly			
If the amount of the wages is:		The tax to be withheld upon		If the amount of the wages is:		The tax to be withheld upon	
In excess of	Up to	the amount of the wages shall be:		In excess of	Up to	the amount of the wages shall be:	
\$ -	416.67	0.00 percent		\$ -	208.34	0.00 percent	
416.67	1,833.33	7.00 percent minus	\$ 29.20	208.34	916.67	7.00 percent minus	\$ 14.60
1,833.33	3,333.33	14.00 percent minus	157.50	916.67	1,666.67	14.00 percent minus	78.80
3,333.33	5,000.00	25.00 percent minus	524.20	1,666.67	2,500.00	25.00 percent minus	262.10
5,000.00	or more	33.00 percent minus	924.20	2,500.00	or more	33.00 percent minus	462.10

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For the purposes of applying such tables, the term "Amount of wages" means the amount by which the wages exceed the withholding exemption determined according to the table shown in Appendix 1

OTHER TAXPAYERS				MARRIED PERSON LIVING WITH SPOUSE AND FILING SEPARATELY			
When the payroll period with respect to an employee is Quarterly				When the payroll period with respect to an employee is Quarterly			
If the amount of the wages is:		The tax to be withheld upon		If the amount of the wages is:		The tax to be withheld upon	
In excess of	Up to	the amount of the wages shall be:		In excess of	Up to	the amount of the wages shall be:	
\$ -	1,250.00	0.00 percent		\$ -	625.00	0.00 percent	
1,250.00	5,500.00	7.00 percent minus	\$ 87.50	625.00	2,750.00	7.00 percent minus	\$ 43.80
5,500.00	10,000.00	14.00 percent minus	472.50	2,750.00	5,000.00	14.00 percent minus	236.30
10,000.00	15,000.00	25.00 percent minus	1,572.50	5,000.00	7,500.00	25.00 percent minus	786.30
15,000.00	or more	33.00 percent minus	2,772.50	7,500.00	or more	33.00 percent minus	1,386.30
When the payroll period with respect to an employee is Semiannual				When the payroll period with respect to an employee is Semiannual			
If the amount of the wages is:		The tax to be withheld upon		If the amount of the wages is:		The tax to be withheld upon	
In excess of	Up to	the amount of the wages shall be:		In excess of	Up to	the amount of the wages shall be:	
\$ -	2,500.00	0.00 percent		\$ -	1,250.00	0.00 percent	
2,500.00	11,000.00	7.00 percent minus	\$ 175.00	1,250.00	5,500.00	7.00 percent minus	\$ 87.50
11,000.00	20,000.00	14.00 percent minus	945.00	5,500.00	10,000.00	14.00 percent minus	472.50
20,000.00	30,000.00	25.00 percent minus	3,145.00	10,000.00	15,000.00	25.00 percent minus	1,572.50
30,000.00	or more	33.00 percent minus	5,545.00	15,000.00	or more	33.00 percent minus	2,772.50
When the payroll period with respect to an employee is Annual				When the payroll period with respect to an employee is Annual			
If the amount of the wages is:		The tax to be withheld upon		If the amount of the wages is:		The tax to be withheld upon	
In excess of	Up to	the amount of the wages shall be:		In excess of	Up to	the amount of the wages shall be:	
\$ -	5,000.00	0.00 percent		\$ -	2,500.00	0.00 percent	
5,000.00	22,000.00	7.00 percent minus	\$ 350.00	2,500.00	11,000.00	7.00 percent minus	\$ 175.00
22,000.00	40,000.00	14.00 percent minus	1,890.00	11,000.00	20,000.00	14.00 percent minus	945.00
40,000.00	60,000.00	25.00 percent minus	6,290.00	20,000.00	30,000.00	25.00 percent minus	3,145.00
60,000.00	or more	33.00 percent minus	11,090.00	30,000.00	or more	33.00 percent minus	5,545.00
When the payroll period with respect to an employee is Daily or Miscellaneous				When the payroll period with respect to an employee is Daily or Miscellaneous			
If the amount of the wages is:		The tax to be withheld upon		If the amount of the wages is:		The tax to be withheld upon	
In excess of	Up to	the amount of the wages shall be:		In excess of	Up to	the amount of the wages shall be:	
\$ -	20.00	0.00 percent		\$ -	10.00	0.00 percent	
20.00	88.00	7.00 percent minus	\$ 1.40	10.00	44.00	7.00 percent minus	\$ 0.70
88.00	160.00	14.00 percent minus	7.60	44.00	80.00	14.00 percent minus	3.80
160.00	240.00	25.00 percent minus	25.20	80.00	120.00	25.00 percent minus	12.60
240.00	or more	33.00 percent minus	44.40	120.00	or more	33.00 percent minus	22.20