



New Electronic Filing Requirement for Personal Property Tax Returns

By Felipe Mariani-Franco

The Municipal Revenue Collection Center (“CRIM” by its Spanish acronym) surprised taxpayers and tax return preparers by the sudden issuance of Administrative Order Number 2014-01. This order requires the electronic filing of the personal property tax return and its extension for the year 2013 (due on May 15th, 2014) and subsequent years. This requirement will apply to all taxpayers with sales in excess of \$3,000,000 and all tax return preparers which have prepared at least five personal property tax returns for the prior year.

Tax return preparers are required to register in the CRIM’s website. Once registered, the preparer will be able to prepare and file electronically the personal property tax returns and extension requests for its clients. The preparer will need the employer’s identification number and the tax determined in the last personal property tax return of its client in order to prepare the client’s return or extension. Also, the client will need to authorize the preparer for the electronic filing and signature of the personal property tax return by completing and signing Form AS-64, Representation Power and Declaration for Digital Signature for Preparers of the Personal Property Tax Return.

Continues on Page 2

Zaragoza & Alvarado LLP

Zaragoza & Alvarado LLP is a Limited Liability Partnership organized under the laws of Puerto Rico and is engaged in providing tax and business advisory services. We are the first truly multidisciplinary tax and business advisory professional service firm in Puerto Rico, unencumbered by the constraints of association with an auditing firm, and the regulatory and disclosure rules of the Security and Exchange Commission.

Backed up by years of unmatched hands-on experience in public accounting, government and corporate tax, our team of tax consultants is redefining the market by providing professional tax and business advisory services through our “top-heavy” structure, designed specifically to provide high level tax consulting to our clients on a more personalized basis.

For information visit us at: www.zatax.com or contact one of our Tax Professionals for an appointment:

Ph. (787) 999-4400
E. taxadvisors@zatax.com

Zaragoza & Alvarado is part of Taxand, the World’s largest independent tax consulting organization.



New Electronic Filing Requirement... Continued from Page 1

Taxpayers who want to file the tax returns or the extension requests themselves may register for the electronic filing of the personal property tax return and the extension request in the CRIM's website (please note that taxpayers with sales in excess of \$3,000,000 are required to use a CPA licensed in Puerto Rico to prepare the return). To register, taxpayers will need the employer's identification number and the tax determined in the last personal property tax return filed. Taxpayers who have not filed a personal property tax return in the past will not be able to file the personal property tax return electronically.

Taxpayers who are required to file the return and extension electronically will also need to pay the tax through electronic means. The tax payment may be made using a credit card, a debit card of Banco Popular (no other bank debit card is accepted) or through the checking or saving account of any bank.

The personal property tax return and its extension request do not need to be filed in paper form with the CRIM nor be signed. Instead the taxpayer or the tax return preparer will complete the information required in the CRIM's webpage (which requires only some of the information in the return) and attach a PDF copy of the duly prepared return and any tax exemption grant. Those taxpayers with sales in excess of \$3,000,000 will also be required to attach a PDF copy of the audited financial statements prepared by a CPA licensed in Puerto Rico. The taxpayer or the tax return preparer will electronically sign the return by checking a box before electronically filing the return.

Once the return is filed, the system will issue an Electronic Filing Confirmation. The Electronic Filing Confirmation together with the printed return will have the same validity as a personal property tax return stamped as received by the CRIM. The Electronic Filing Confirmation will include a unique confirmation number, the date and hour of the filing and information related to the payment.

Zaragoza & Alvarado Comments:

The CRIM provided too little time for taxpayers and tax return preparers to get ready for the new electronic tax filing requirement. There are still unanswered

questions regarding the process that need to be addressed. Of particular importance is the availability of an ACH Credit payment method which is the only acceptable method for most sophisticated taxpayers with a significant amount of tax payment. Also, the form of the payment has to be addressed. Currently, it seems that the tax return preparer will be in charge of processing the tax payment. Many taxpayers will have second thoughts on giving sensitive financial information to their tax return preparers. An alternative for the taxpayers to handle the payment themselves is certainly needed.

We expect the CRIM to address some of the concerns in the coming weeks. However, since there is not much time, there is a good probability that important questions will be left unanswered by the May 15th due date. We will keep you abreast of any future development.

If you have any question on the information in this bulletin, please contact one of our tax advisers.

ABOUT THE AUTHOR

Felipe Mariani-Franco



Tax Is Our Business®

Felipe is a Partner at Zaragoza & Alvarado LLP. Before joining the Firm, he worked in several tax and audit positions for local and multinational accounting firms.

Felipe has extensive experience in corporate tax advisory for the oil, manufacturing, distribution and retail industries. Among his areas of expertise, Felipe works with corporate tax incentives, corporate reorganizations, closing agreements with governmental entities and tax accounting work. During 2008, Felipe was a member of the Puerto Rico Treasury Department Team in charge of the drafting of the regulations of the 2008 Act. In 2007, he participated in the preparation of the Sales and Use Tax (SUT) legislation for the Municipality of Dorado. During 2006 he was a member of the team that worked in the preparation of the first Sales Tax Legislation in Puerto Rico, either at the State or Municipal level, for the Autonomous Municipality of Caguas. The engagement included the preparation of the related regulations.

Felipe is member of the Puerto Rico Certified Public Accountants Society and the American Institute of Certified Public Accountants. He has a Master in Professional Accounting degree, major in Taxes, from the University of Texas at Austin and a Bachelor in Business Administration degree, major in Accounting, from the University of Puerto Rico.



Zaragoza & Alvarado LLP Tax and Business Advisory Services

104 Acuarela Marginal Street
Martinez Nadal Expressway
Guaynabo PR 00969

PO Box 195598
San Juan PR 00919-5598

T. 787.999.4400

F. 787.999.4646

E. taxadvisors@zatax.com

www.zatax.com www.taxand.com

We are Green. Are You?



Please consider the environment before printing this publication.

Key Contacts at Zaragoza & Alvarado

Juan Zaragoza-Gómez, CPA
Managing Partner
787-620-7740
जारagoza@zatax.com

Juan Alvarado-Zayas, Esq., CPA
Partner
787-620-7730
jalvarado@zatax.com

Felipe Mariani-Franco, CPA
Partner
787-620-7736
fmariani@zatax.com

Sandra Marie Torres-Martínez, CPA
Partner
787-620-7728
storres@zatax.com

Edgardo Sanabria-Valentín, CPA
Partner
787-999-3015
esanabria@zatax.com

Carlos R. González-Martínez, CPA
Partner
787-620-7739
cgonzalez@zatax.com

César De Jesús-Umpierre, CPA
Partner
787-620-7734
cdejesus@zatax.com

This publication supports Zaragoza & Alvarado's marketing of professional services. It is intended for information purposes only and should not be regarded as written advice or recommendation to undertake any position, tax related or otherwise. Readers should not consider the information contained in this publication to be complete, nor act solely on the basis of the material contained herein. Moreover, due to changing laws and associated authoritative literature, that information may not continue to apply to a reader's situation. Therefore, we encourage the readers to contact us or another qualified professional advisor to thoroughly evaluate their specific facts and circumstances; to determine if any information contained in this publication remains valid and; to discuss the potential application of such information to their particular situations.

As provided in Department of Treasury Circular 230, this publication is not intended or written by Zaragoza & Alvarado LLP, to be used, and cannot be used, by a reader or any other person or entity for purposes of avoiding tax penalties that may be imposed on any taxpayer under the Internal Revenue Code.