

Reviewer:	Liquidator:	20	GOVERNMENT OF PUERTORICO DEPARTMENT OF THE TREASURY SPECIAL PARTNERSHIP INFORMATIVE INCOME TAX RETURN	20	Serial Number
Field audited by:		TAXABLE YEAR BEGINNING ON _____, 20____ AND ENDING ON _____, 20____			AMENDED RETURN <input type="checkbox"/>
Date ____/____/____					Payment Stamp
R	M	N			
Entity's Name			Employer Identification Number		
Postal Address			Industrial Code	Municipal Code	
Zip code			Telephone Number - Extension		
Location of Principal Industry or Business - Number, Street, City			Date created		
			Month ____/Day ____/Year ____		
Type of Principal Industry or Business			Place created		
Date of election to operate as Special Partnership			Total Forms 480.6 SE		

Part I	Indicate if the entity had partially exempt income under the followings acts:	Act No. 52 of 1983 <input type="checkbox"/>	Act No. 78 of 1993 <input type="checkbox"/>	Act No. 225 of 1995 <input type="checkbox"/>	Act No. 47 of 1987 <input type="checkbox"/>
	The entity elected for this year the exemption provided by:	Act No. 52 of 1983 <input type="checkbox"/>	Act No. 78 of 1993 <input type="checkbox"/>	Act No. 225 of 1995 <input type="checkbox"/>	Act No. 47 of 1987 <input type="checkbox"/>

Distributable share per category		Amount	Tax Withheld
Part II	1. Net long-term capital gain (or loss) on sale or exchange of capital assets (Schedule D Corporation and Partnership) (1)	00	
	2. Net short-term capital gain (or loss) on sale or exchange of capital assets (Schedule D Corporation and Partnership) (2)	00	
	3. Net gain (or loss) on sale or exchange of substantially all assets dedicated to an activity under Act No. 78 of 1993 (Schedule D Corporation and Partnership). (3)	00	
	4. Net gain (or loss) on sale or exchange of property used in the business (Schedule D Corporation and Partnership) (4)	00	
	5. Net income (or loss) of the partnership from the eligible activity (Part VI, line 43) .. (5)	00	00
	6. Net income (or loss) from partially exempt income (Schedule L, Part I, line 3) (6)	00	00
	7. Eligible distribution of dividends from corporations or profits from partnerships (See instructions) (7)	00	00
	8. Interest income from deposits in financial institutions (8)	00	00
	9. Distributable share on income, gain or loss from a special partnership owned by the special partnership (See instructions) (9)	00	00
	10. Total net income (or loss) from distributable share per category (Add lines 1 through 9) (10)	00	00
	11. Adjustment for determination of the share in the profit of loss from certain special partnerships under the percentage of completion method (See instructions) (11)	00	

Credits		Amount	Tax Withheld
Part III	1. Credit for taxes paid to the United States, its possessions and foreign countries (Schedule C Corp. and Part.) (1)	00	
	2. Credit for investment in the Capital Investment Fund, other funds or direct investments (Schedule Q) ... (2)	00	
	3. Credit attributable to losses in the Capital Investment Fund or other funds (Schedule Q) (3)	00	
	4. Credit for tax withheld at source from Industrial Development dividends (Act No. 8 of 1987) (4)	00	
	5. Credit for contribution to the Educational Foundation for Free Selection of Schools (5)	00	
	6. Credit for the purchase of tax credits (Submit detail) (6)	00	
	7. Other credits not included on the preceding lines (Submit detail) (See instructions) (7)	00	
	8. Total Tax Credits (Add lines 1 through 7) (8)	00	

Tax computation on built-in gain		Amount	Tax Withheld
Part IV	1. Tax liability (Schedule U, Part IV, line 14) (1)		00
	2. Less amount paid:		
	a) Automatic extension or original return (2a)	00	
	b) Tax withheld at source (2b)	00	
	c) Estimated tax (2c)	00	
d) With the return (2d)	00		
e) Total (Add lines 2(a) through 2(d)) (2e)		00	
3. Balance of tax due (Subtract line 2(e) from line 1. If line 2(e) is larger than line 1, enter the difference on line 4) (3)		00	
4. Amount overpaid (Subtract line 2(e) from line 1) (4)		00	

Part V	1. Netsales..... (1)		00		
	Less: Cost of goods sold or direct costs of production:				
	2. Inventory at the beginning of the year <input type="checkbox"/> "C" <input type="checkbox"/> "C" or "MV"				
	(a) Materials..... (2a)		00		
	(b) Goods in process..... (2b)		00		
	(c) Finished goods or merchandise..... (2c)		00		
	3. Purchase of materials or merchandise..... (3)		00		
	4. Direct wages..... (4)		00		
	5. Other direct costs (Detail on Part VII)..... (5)		00		
	6. Total cost goods available for sale (Add lines 2 through 5).... (6)		00		
	7. Less: Inventory at the end of the year <input type="checkbox"/> "C" <input type="checkbox"/> "C" or "MV"				
	(a) Materials..... (7a)		00		
	(b) Goods in process..... (7b)		00		
	(c) Finished goods or merchandise... (7c)		00	00	
	8. Gross profit on sales or production..... (8)				00
9. Gain (or loss) from the sale or exchange of property used in business..... (9)				00	
10. Rent.....(10)				00	
11. Interest.....(11)				00	
12. Commissions.....(12)				00	
13. Gain (or loss) on distributable share from other special partnerships (Submit Schedule R)..... (13)				00	
14. Miscellaneous income.....(14)				00	
15. Total Adjusted Gross Income (Add lines 8 through 14)..... (15)				00	
Part VI	16. Compensation to partners or officers (Part VIII)..... (16)		00		
	17. Salaries, commissions and bonuses to employees..... (17)		00		
	18. Commissions to businesses..... (18)		00		
	19. Social security tax (FICA)..... (19)		00		
	20. Unemployment tax..... (20)		00		
	21. State Insurance Fund premiums..... (21)		00		
	22. Medical or hospitalization insurance..... (22)		00		
	23. Insurance..... (23)		00		
	24. Interest..... (24)		00		
	25. Rent..... (25)		00		
	26. Property tax: (a) Personal _____ (b) Real _____ (26)		00		
	27. Other taxes, patents and licenses (Submit detail)..... (27)		00		
	28. Losses from fire, storm, other casualties or theft..... (28)		00		
	29. Motor vehicle expenses..... (29)		00		
	30. Meal and entertainment expenses (Total _____)..... (30)		00		
	31. Travel expenses..... (31)		00		
	32. Professional services..... (32)		00		
	33. Contributions to pensions and other qualified plans..... (33)		00		
	34. Current depreciation and amortization (Submit Schedule E)..... (34)		00		
	35. Flexible depreciation (Submit Schedule E)..... (35)		00		
	36. Accelerated depreciation (Submit Schedule E)..... (36)		00		
	37. Bad debts (See instructions)..... (37)		00		
	38. Charitable contributions..... (38)		00		
39. Organization and syndication..... (39)		00			
40. Deduction for employers who employ handicapped persons..... (40)		00			
41. Other deductions (Submit detail)..... (41)		00			
42. Total deductions (Add lines 16 through 41)..... (42)				00	
43. Net operating income (or loss) (Subtract line 42 from line 15. Enter on Part II, line 5)..... (43)				00	
Part VII	1. Salaries, wages and bonuses..... (1)		00	8. Repairs..... (8)	00
	2. Social security tax (FICA)..... (2)		00	9. Utilities..... (9)	00
	3. Unemployment tax..... (3)		00	10. Current depreciation (Submit Schedule E).. (10)	00
	4. State Insurance Fund premiums..... (4)		00	11. Flexible depreciation (Submit Schedule E).. (11)	00
	5. Medical or hospitalization insurance..... (5)		00	12. Accelerated depreciation (Submit Schedule E) (12)	00
	6. Other insurance..... (6)		00	13. Other expenses (Submit detail)..... (13)	00
	7. Excise taxes..... (7)		00	14. Total other direct costs (Add lines 1 through 13. Same as Part V, line 5) ... (14)	00

Compensation to partners or officers

Part VIII	Name of Partner	Social Security Number	Percentage of time devoted to Business	Percentage of stocks or shares owned		Compensation
				Common	Preferred	
						00
						00
						00
						00
						00
						00
						00
Total compensation to partners or officers (Enter on Part VI, line 16)						00

Comparative Balance Sheet

Part IX	Assets	Beginning of the Year		Ending of the Year	
		Total		Total	
1.	Cash on hands and in bank (1)		00	(1)	00
2.	Accounts receivable (2)	00		(2)	00
3.	Less: Reserve for bad debts (3)	(00)	00	(3)	(00)
4.	Notes receivable (4)		00	(4)	00
5.	Inventories (5)		00	(5)	00
6.	Investments (6)		00	(6)	00
7.	Depreciable assets (7)	00		(7)	00
8.	Less: Reserve for depreciation (8)	(00)	00	(8)	(00)
9.	Land (9)		00	(9)	00
10.	Other assets (10)		00	(10)	00
11.	Total Assets (11)		00	(11)	00
Liabilities and Net Worth					
Liabilities					
12.	Accounts payable (12)	00		(12)	00
13.	Notes payable (13)	00		(13)	00
14.	Accrued expenses (not paid) (14)	00		(14)	00
15.	Other liabilities (15)	00		(15)	00
16.	Total Liabilities (16)		00	(16)	00
Net worth					
17.	Partner's interest (17)	00		(17)	00
18.	Undistributed profit (18)	00		(18)	00
19.	Total Net Worth (19)		00	(19)	00
20.	Total Liabilities and Net Worth (20)		00	(20)	00

Reconciliation of Net Income (or Loss) per Books with Net Taxable Income (or Loss) per Return

Part X	1.	Net income per books (1)	00	5.	Income recorded on books this year not included on this return	
	2.	Taxable income not recorded on books this year (Itemize)		(a)	Exempt interest _____	
		(a) _____		(b)	_____	
		(b) _____		(c)	_____	
		(c) _____		Total	..... (5)	00
		Total	..... (2)	6.	Deductions on this tax return not charged against book income this year	
	3.	Expenses recorded on books this year not claimed on this return		(a)	Depreciation _____	
		(a) Meal and entertainment (amount not claimed) _____		(b)	_____	
	(b) Depreciation _____		(c)	_____		
	(c) _____		Total	..... (6)	00	
	Total	..... (3)	7.	Total (Add lines 5 and 6) (7)	00	
	4. Total (Add lines 1 through 3) (4)	00	8.	Net taxable income (or loss) per return (Subtract line 7 from line 4) ... (8)	00	

Analysis of Undistributed Profits per Books

Part XI	1.	Balance at beginning of the year (1)	00	5.	Distributions: (a) Cash (5a)	00
	2.	Net income per books (2)	00		(b) Property (5b)	00
	3.	Other increases (Itemize, use schedule if necessary)			(c) Stocks (5c)	00
		(a) _____ (3a)	00	6.	Other decreases (Itemize) (6)	00
		(b) _____ (3b)	00	7.	Total (Add lines 5 and 6) (7)	00
		4. Total (Add lines 1, 2 and 3) (4)	00	8.	Balance at end of the year (Subtract line 7 from line 4) (8)	00

Computation of gross income percentage derived from eligible activities

Table with 3 columns: (A) Income from eligible activities, (B) Sources within Puerto Rico, (C) Sources outside Puerto Rico. Rows include 1. Gross income derived during the period, 2. Gross income from sources within Puerto Rico, 3. Divideline 2 by line 1, 4. Gross income from eligible activities, 5. Divideline 4 by line 2.

Questionnaire

Questionnaire with 13 numbered questions regarding record keeping, accounting methods, document filing, and partnership details. Includes 'Yes/No' columns for each question.

OATH

I, _____, the managing partner of the partnership for which this Special Partnership Informative Income Tax Return is made, under the penalty of perjury, declare that this return (including schedules and statements attached) has been examined by me and to the best of my knowledge and belief, is a true, correct and complete informative return, made in good faith, pursuant to the Puerto Rico Internal Revenue Code of 1994, as amended, and the Regulations thereunder.



Managing partner's signature
Affidavit No.
Sworn and subscribed before me by _____, of legal age, _____ (civil status), _____ (occupation) and resident of _____, personally known by me or identified by means of _____, at _____, _____, this _____th day of _____.

Specialist's Use Only

I declare under the penalty of perjury that this return (including schedules and statements attached) has been examined by me and to the best of my knowledge and belief is a true, correct and complete return. The declaration of the person that prepares this return is with respect to the information received, and this information may be verified.

Specialist's Use Only form fields: Specialist's name (Print), Registration Number, Date, Check if self-employed, Firm's name, Employer Identification Number, Specialist's signature, Address, Zip code.

NOTE TO TAXPAYER

Indicate if you made payments for the preparation of your return: Yes No. If you answered "Yes", require the Specialist's signature and registration number.

Retention Period: Ten (10) years

Schedule L

(SP, IC, ESC)

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PARTIALLY EXEMPT INCOME

20__

Taxable year beginning on _____, 20__ and ending on _____, 20__

Entity's Name

Case Number

Employer Identification Number

Type of Entity:

Special Partnership (SP) Corporation of Individuals (CI) Employees Owned Special Corporation (ESC)

Partially Exempt Income (Check one):

Act No. 52 of 1983

Act No. 78 of 1993

Act No. 47 of 1987

Act No. 225 of 1995

Part I

Net Income (or Loss)

1. Net operating income (or loss) for the year (Part III, line 40)	(1)		00
2. Exempt amount <input type="text" value=""/> %	(2)		00
3. Net income (or loss) from partially exempt activities (Subtract line 2 from line 1. Enter here and on Part II, line 6 of the return)	(3)		00

Part II

Gross Profit on Sales or Production and Other Income

1. Net sales	(1)		00
Less: Cost of goods sold or direct costs of production			
2. Inventory at the beginning of the year <input type="checkbox"/> "C" <input type="checkbox"/> "C" or "MV"			
(a) Materials	(2a)		00
(b) Goods in process	(2b)		00
(c) Finished goods or merchandise	(2c)		00
3. Purchase of materials or merchandise	(3)		00
4. Direct wages	(4)		00
5. Other direct costs (Detail in Part IV)	(5)		00
6. Total cost of goods available for sale (Add lines 2 through 5) .	(6)		00
7. Less: Inventory at end of year <input type="checkbox"/> "C" <input type="checkbox"/> "C" or "MV"			
(a) Materials	(7a)		00
(b) Goods in process	(7b)		00
(c) Finished goods or merchandise	(7c)		00
8. Gross profit on sales or production	(8)		00
9. Capital assets gain (or loss) (Schedule D Corporation and Partnership)	(9)		00
10. Gain (or loss) from the sale of property other than capital assets (Schedule D Corporation and Partnership) .	(10)		00
11. Interest	(11)		00
12. Other income (Submit detail)	(12)		00
13. Total gross income (Add lines 8 through 12)	(13)		00

Part III		Deductions and Net Operating Income	
14.	Compensation to partners (stockholders) or officers	(14)	00
15.	Salaries, bonuses and commissions to employees	(15)	00
16.	Commissions to businesses	(16)	00
17.	Social security tax (FICA)	(17)	00
18.	Unemployment tax	(18)	00
19.	State Insurance Fund premiums.....	(19)	00
20.	Medical or hospitalization insurance	(20)	00
21.	Insurance.....	(21)	00
22.	Interest.....	(22)	00
23.	Rent.....	(23)	00
24.	Property tax (a) Personal _____ (b) Real _____	(24)	00
25.	Other taxes, patents and licenses (Submit detail)	(25)	00
26.	Losses from fire, storm, theft or other casualties	(26)	00
27.	Motor vehicle expenses (Do not include depreciation)	(27)	00
28.	Meal and entertainment expenses (Total _____)	(28)	00
29.	Travel expenses	(29)	00
30.	Professional services	(30)	00
31.	Contributions to pensions and other qualified plans (See instructions)	(31)	00
32.	Current depreciation and amortization (Submit Schedule E)	(32)	00
33.	Flexible depreciation (Submit Schedule E)	(33)	00
34.	Accelerated depreciation (Submit Schedule E)	(34)	00
35.	Bad debts (See instructions of line 37 of the return. Submit detail)	(35)	00
36.	Charitable contributions	(36)	00
37.	Repairs	(37)	00
38.	Other deductions (Submit detail)	(38)	00
39.	Total deductions (Add lines 14 through 38).....	(39)	00
40.	Net operating income (or loss) for the year (Subtract line 39 from line 13. Enter here and in Part I, line 1)	(40)	00

Part IV		Detail of Other Direct Costs	
1.	Salaries, wages and bonuses	(1)	00
2.	Social security tax (FICA)	(2)	00
3.	Unemployment tax	(3)	00
4.	State Insurance Fund premiums	(4)	00
5.	Medical or hospitalization insurance	(5)	00
6.	Other insurance	(6)	00
7.	Excise taxes	(7)	00
8.	Repairs	(8)	00
9.	Utilities	(9)	00
10.	Current depreciation (Submit Schedule E) ..	(10)	00
11.	Flexible depreciation (Submit Schedule E) ..	(11)	00
12.	Accelerated depreciation (Submit Schedule E) ..	(12)	00
13.	Other expenses (Submit detail)	(13)	00
14.	Total other direct costs (Add lines 1 through 13. Enter in Part II, line 5) .	(14)	00

Retention Period: Ten (10) years

Schedule U

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TAX DETERMINATION ON BUILT-IN GAINS

20__

Taxable year beginning on _____, 20__ and ending on _____, 20__

Entity's Name _____ Employer Identification Number _____

Type of Business: Special Partnership Corporation of Individuals

Part I Built-In Gain Recognized (Assets sold during the year)

Description of property	(A) Date acquired	(B) Date sold	(C) Sale price	(D) Allowable	(E) Cost or other basis & improvements costs	(F) Selling expenses	(G) Gain or loss
			00	00	00	00	00
			00	00	00	00	00
			00	00	00	00	00

- 1. Total (1) 00
- 2. Built-in gain not realized on assets sold during the year (Same as Part III) (2) 00
- 3. Built-in gain recognized (Enter the smaller of lines 1 and 2) (3) 00

Part II Built-In Loss Recognized (Assets sold during the year)

Description of property	(A) Date acquired	(B) Date sold	(C) Sale price	(D) Allowable depreciation	(E) Cost or other basis & improvements costs	(F) Selling expenses	(G) Gain or loss
			00	00	00	00	00
			00	00	00	00	00
			00	00	00	00	00

- 1. Total (1) 00
- 2. Built-in loss not realized on assets sold during the year (Same as Part III) (2) 00
- 3. Built-in loss recognized (Enter the smaller of lines 1 and 2) (3) 00

Part III Net Built-In Gain and Loss Not Realized

Description of property	(A) Date acquired	(B) Date of conversion	(C) Market value at conversion time	(D) Adjusted basis at conversion time	(E) Built-in gain or loss not realized
				00	00
				00	00
				00	00

- 1. Total (1) 00
- 2. Net built-in gain recognized on previous years (2) 00
- 3. Total net built-in gain not realized (Transfer to Part IV, line 6) (3) 00

Part IV Tax on Net Built-In Gain Recognized

1. Built-in gain recognized (Same as Part I, line 3) (1)	00
2. Built-in loss recognized (Same as Part II, line 3) (2)	00
3. Excess of built-in gain recognized over built-in loss recognized (Subtract line 2 from line 1) (3)	00
4. Carrying net built-in gain not recognized on previous years (4)	00
5. Total net built-in gain recognized (Add lines 3 and 4) (5)	00
6. Net built-in gain not realized (Same as Part III, line 3) (6)	00
7. Net built-in gain recognized before other adjustments (Enter the smaller of lines 5 and 6) (7)	00
8. Adjustment on income and deductions (8)	00
9. Net built-in gain recognized (Subtract line 8 from line 7) (9)	00
10. Net taxable income (10)	00
11. Net built-in gain recognized before operating or carry forward capital losses (Enter the smaller of lines 9 and 10) (11)	00
12. Carry forward losses (12)	00
13. Net built-in gain recognized subject to tax (Subtract line 12 from line 11) (13)	00
14. Tax determined (Multiply line 13 by 39%) (14)	00

GOVERNMENT OF PUERTO RICO
DEPARTMENT OF THE TREASURY



Rev. 05.10

**INSTRUCTIONS FOR THE
SPECIAL PARTNERSHIP
INFORMATIVE INCOME TAX RETURN
FORM 480.10(E)**

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GENERAL INSTRUCTIONS

WHO MUST FILE THIS RETURN?

Every partnership or corporation engaged in industry or business in Puerto Rico that have elected the benefits of a Special Partnership must file a return for income earned during the corresponding taxable year.

For the purpose of this return, the terms special partnership and partner will have the same meaning of corporations and stockholders under the benefits of a special partnership.

WHEN AND WHERE IT MUST BE FILED?

This return must be filed not later than the 15th day of the fourth month following the closing of the partnership's taxable year.

The return must be filed in the Department of the Treasury, Returns Processing Bureau, located at 10 Paseo Covadonga, Intendente Ramírez Building in Old San Juan or sent by mail to the following address:

DEPARTMENT OF THE TREASURY
PO BOX 9022501
SAN JUAN PR 00902-2501

It may also be delivered at the Internal Revenue Collections Office of your municipality.

AUTOMATIC EXTENSION OF TIME TO FILE THE RETURN

A three (3) month automatic extension of time will be granted to file the return if it is requested not later than the due date to file the return. This is done through Form AS 2644.

An extension of time to file the return does not extend the time for the payment of the tax corresponding to the distributable share of the partner in the Special Partnership.

COLUMN OF CENTS

While completing the return, the column of cents will not be used. **It is important to remind you that is not about rounding off, but eliminating the cents. See the following example:**

\$480.90 = \$480

\$475.25 = \$475

TAXPAYER'S ASSISTANCE

For additional information on the technical content of this pamphlet or to clarify any doubts, please call the Consulting Section at **(787) 722-0216**.

INSTRUCTIONS TO COMPLETE THE RETURN

HEADING OF THE RETURN

If the taxable year of the special partnership is a calendar year, there is no need to enter the date on which the taxable year begins and ends, only the corresponding year. If it is a fiscal year, you must enter the date in the space provided in the special partnership return.

Enter in the corresponding space the name, address and employer's identification number of the partnership. **The employer's identification number is required to process the return.**

Enter in the corresponding box the complete address where the business or principal office is located, type of business, and the date and place created or incorporated.

Enter in the corresponding box the number of Forms 480.6 SE included with the return. A copy of the Forms 480.6 SE given to each partner must be included with the return.

PART I - TYPE OF EXEMPTION

Indicate if the entity had partially exempt income under the following acts:

- Puerto Rico's Industrial Incentives Act of 1963, as amended (Act 57 of 1963)
- Puerto Rico's Industrial Incentives Act of 1978, as amended (Act 26 of 1978)
- Puerto Rico's Tax Incentives Act of 1987, as amended (Act 8 of 1987)
- Tourism Incentives Act of 1983, as amended (Act 52 of 1983)
- Puerto Rico's Tourism Development Act of 1993, as amended (Act 78 of 1993)
- Agricultural Tax Incentives Act of Puerto Rico, as amended (Act 225 of 1995)

Also, indicate if the entity has an exemption decree under Act 52 of 1983, Act 78 of 1993, Act 225 of 1995 or Act 47 of 1987.

PART II - DISTRIBUTABLE SHARE PER CATEGORY

Enter the amount derived from each activity and the corresponding tax withheld, if any.

Line 1 - Net long term capital gain (or loss) on sale or exchange of capital assets

Enter the gain or loss derived from the sale or exchange of capital assets held by the partnership more than six months.

Line 2 - Net short term capital gain (or loss) on the sale or exchange of capital assets

Enter the gain or loss derived from the sale or exchange of capital assets held by the partnership for six months or less.

Line 5 - Net income (or loss) of the partnership from the eligible activity

Enter the net income or loss from the operations of the eligible activities. Do not include the gains or losses from lines 1, 2, 3, 4, 6, 7, 8 and 9 of this Part II .

The amount reflected on this line is used when the taxpayer elects to treat certain items as ordinary income (Section 1335(b) of the Puerto Rico Internal Revenue Code of 1994, as amended (Code)) and by nonresident alien partners.

Line 6 - Net income (or loss) from partially exempt income

Enter on this line the sum of the net operating income or loss covered under Act 52 of 1983, Act 78 of 1993 or Act 225 of 1995. Add lines 3 of Part I of all Schedules L (SP, IC, ESC) included in the return.

Line 7- Eligible distributions of dividends from corporations or profits from partnerships

The partners may claim in their returns the dividends received by the special partnership from eligible distributions according to the definition in Section 1012(c) of the Code according to their distributable share, along with the portion of 10% of tax withheld.

Otherwise, at the election of the partner, said income will be included in the special partnership income to determine its net income or loss, as provided in Section 1335(b) of the Code.

Line 8 - Interest income from deposits in financial institutions

Enter the income earned from interest on investments or deposits in cooperatives, savings associations authorized by the Federal Government or by the Puerto Rico Government, commercial and mutual banks or in banking organizations established in Puerto Rico for the partners, as well as the 10% amount withheld, if the election was made.

Line 9 - Distributable share on income, gain or loss from a special partnership owned by the special partnership

The special partnership can be a partner in other special partnership (inferior partnership).

Enter on this line the distributable share on income or loss of the inferior partnership attributable to the special partnership.

Line 11 – Adjustment for determination of the share in the profit or loss from certain special partnerships under the percentage of completion method

Act No. 194 of December 22, 2009 amended Section 1011 of the Puerto Rico Internal Revenue Code of 1994, as amended (Code), to, among other things, establish that every special partnership engaged in the edification, installation and construction of structures that cover a period in excess of one year, must inform the partner's share in the profit or loss from the special partnership (subject to the limitation provided by Section 1023(a)(5) of the Code), under the accounting method known as "percentage of completion method". Therefore, if the special partnership uses any other accounting method, it must recalculate the partner's share in the profit or loss from the partnership under such percentage of completion method and will indicate on this line the difference (adjustment) between both methods. Also, the partnership must prepare and submit with its return a schedule that includes the recalculation of the profit or loss and the adjustment. Such adjustment must be distributed proportionally among the partners and will be informed to them on the Informative Return – Special Partnership (Form 480.6 SE), Part III, line 11. Do not change any of the amounts already entered on this Informative Return.

PART III - CREDITS

Line 1 - Credit for taxes paid to the United States, its possessions and foreign countries

Use Schedule C Corporation and Partnership to determine the credit for allowable portion of taxes paid to the United States, its possessions and foreign countries.

Line 2 - Credit for investment in the Capital Investment Fund, other funds or direct investments

To claim this credit you must complete Schedule Q, available in the Department of the Treasury.

Line 3 - Credit attributable to losses in the Capital Investment Fund or other funds

See instructions of Schedule Q related with the allowable credit for losses in investment funds, available in the Department of the Treasury.

Line 4 - Credit for tax withheld at source from Industrial Development dividends (Act No. 8 of 1987)

The partners of a special partnership will have the right to claim according to the percentage applicable to the distributable share of the special partnership, a credit as established in Section 4(a) of the Incentives Act, against the tax due for the year in which the special partnership received as an investor a development income distribution.

Enter on this line the tax withheld at source to the Special Partnership on dividends from Industrial Development income.

Line 5 - Credit for contribution to the Educational Foundation for Free Selection of Schools

Every special partnership will be allowed a credit for the total amount of contributions made to the Educational Foundation for Free Selection of Schools. This credit is limited to \$500 and will be claimed by the partners of the special partnership against the income taxes paid in their individual income tax returns. The administrative partner will inform the partners the applicable deduction according to their distributable share in the special partnership.

The contributions made in excess of the allowed credit will be granted as a deduction under charitable contributions, up to the limitations established in the Code.

To claim this credit, a certification from the Educational Foundation or copy of the cancelled check must be submitted as evidence of the contribution made.

Line 6 - Credit for the purchase of tax credits

The partners of a special partnership will have the right to claim their distributable share on tax credits acquired by the special partnership through the purchase, exchange or transfer from investors that generate credits under any of the acts that allow tax credits. The special partnership, as the buyer of the credits and the partners, are subject to the limitations imposed to the investor from whom the credit was acquired with respect to the taxable years on which those credits were considered, and the maximum amount of the credits to be claimed on each taxable year.

To claim this credit, the conveyor and the cessionary will submit with the return in the year of the cession, a sworn statement notifying the same to the Secretary.

Line 7 – Other credits not included on the preceding lines

Enter the total amount of other credits not included on the preceding lines. If on this line you included credits from different concepts, you must submit a schedule showing a breakdown of such credits. You must also submit documents or evidences to support such credits.

PART IV - TAX COMPUTATION ON BUILT - IN GAIN

The tax on built - in gains applies to every special partnership that previously was a partnership or a regular corporation. The tax is imposed when the sale or disposition of the assets acquired through the conversion, is realized in the period of 10 years from the first day of the first taxable year of the special partnership.

The increase of the value accumulated during the period after the conversion, that the special partnership realize as gain when disposing the asset, is not subject to this tax.

The built - in gain is taxable under the maximum applicable tax rate (39% to corporations), except those corporations under the Tourism Development Act of 1993 and Act 78 of 1993, which maximum tax rate is 42%. See Section 1342(c) of the Code.

To determine the built - in gain tax, use Schedule U.

PART V - GROSS PROFIT ON SALES, MANUFACTURE OR OTHER INCOME

Enter manufacturing and sales costs, and gross profit from sales. Check the applicable box to indicate your inventory appraisal method at the beginning and end of the year.

Itemize in Part VII of the return the other direct costs shown on line 5. Note that the flexible depreciation of assets used in manufacture will be included as Other Direct Costs in Part VII, line 11. The flexible depreciation of assets, other than manufacturing, must be entered in Part VI, line 35.

Enter on line 13 the gains or losses from the distributable share of the partnership in other special partnerships.

PART VI - DEDUCTIONS AND NET OPERATING INCOME

The income and expenses to be included in Parts V, VI and VII of the return are related with the activities of the special partnership not covered under acts that provide for partially exempt income. The detail of partially exempt income will be detailed on Schedule L (SP, IC, ESC).

Enter the deductions related to your operations on lines 16 through 41. Information is provided regarding some of those deductions.

Line 16 - Compensation to partners or officers

Enter the total compensation paid or accrued to all partners of the special partnership. Payments for services rendered or as interest from the use of capital, will be considered as paid to one that is not a partner of the special partnership, as long as said interest are determined without considering the special partnership income. On the other hand, the partner will recognized said payments as taxable income according to the accounting method used to recognize income. Detail the corresponding information in Part VIII.

Line 27 - Other taxes, patents and licenses

Submit a schedule of the excise taxes or licenses paid by the special partnership.

Line 30 - Meal and entertainment expenses

You may deduct 50% of the expenses actually paid or incurred, up to 25% of the gross income of the taxable year, for meal and entertainment expenses directly related with the industry or for the production of income.

You cannot include as part of such expenses the items that do not constitute ordinary and necessary expenses of your trade or business.

No deduction shall be allowed for meal and entertainment expenses considered extravagant or sumptuous.

Line 33 - Contributions to pensions and other qualified plans

Enter the contributed amount to pension, profit sharing or other qualified plans approved by the Secretary of the Treasury. This deduction is subject to certain limitations.

To claim this deduction for the contributions to any of those plans, you must keep in your records certain information that is required by regulations.

These plans are subject to a periodic investigation to determine if they are in compliance with the applicable dispositions of the Code. If the dispositions are not met, the Secretary can cancel the plan and reject the deduction.

Line 34 - Current depreciation and amortization

Submit a detail of the current depreciation and amortization in Part (a) and Part (d) of Schedule E - Depreciation.

The maximum basis to depreciate an automobile acquired and used in a trade or business is \$25,000. This rule applies also to financial leases.

In case of an ordinary lease, the amount of the rent paid during the taxable year, excluding financial charges, shall be considered as current depreciation. This depreciation will be considered only for the part used in the industry or business, or for the production of income.

For depreciation purposes, the useful life of an automobile used exclusively in selling activities is 3 years, and 5 years for every other automobile.

The \$25,000 basis limitation and useful life term do not apply to those automobiles acquired by corporations or partnerships engaged in the leasing, or transportation of passengers or freight businesses.

Also, a deduction for goodwill amortization is granted, as long as the goodwill is purchased from third parties during taxable years beginning after June 30, 1995. The deduction will be determined using the straight line method and an useful life of 15 years.

Line 35 - Flexible depreciation

Enter the amount determined in Part (b) of Schedule E - Depreciation. **A copy of the authorization for the flexible depreciation option issued by the Secretary of the Treasury must be submitted with the return.**

Line 36 - Accelerated depreciation

In order to be entitled to this deduction, an election to use an Accelerated Depreciation Method must be exercised with the return.

Said election may be exercised only with respect to property acquired during taxable years beginning after June 30, 1995. Once the election is exercised, it is irrevocable.

This depreciation method does not apply to automobiles, property used outside Puerto Rico, property used by exempt entities, and property used totally or partially in activities under the Industrial Incentives Act, Tax Incentives Act and Tourism Incentives Act, Tourism Development Act or Agricultural Tax Incentives Act, or to intangible property.

The detail of accelerated depreciation shall be included on Part (c) of Schedule E - Depreciation.

Line 37 - Bad debts

For taxable years beginning after June 30, 1995, the corporations and partnerships will not be able to use the reserve method to compute the deduction for bad debts. Instead, they may claim a deduction only for the debts that become uncollectable within the taxable year (direct write - off method).

Line 38 - Charitable contributions

A corporation or partnership may deduct an amount which does not exceed 5% of the net income computed without the benefit of this deduction, for contributions made to:

- the Commonwealth of Puerto Rico, the United States or any state or territory, exclusively for public purposes;
- a corporation, trust or community fund, or foundation created or organized in Puerto Rico or in the United States, that operates exclusively for religious, charitable, scientific, veteran rehabilitation services, literary or educational purposes or for the prevention of cruelty against children, as

long as no part of its earnings inures to the benefit of any particular shareholder or individual;

- posts or organizations of war veterans or auxiliary units organized in Puerto Rico or in the United States.

Charitable contributions or donations in excess of 5% may be carried forward to the following 5 taxable years, in chronological order, but the deduction in each one of said following 5 taxable years shall not exceed 5% of the net income determined without the benefit of said deduction.

In case that a charitable contribution is made to the Educational Foundation for the Free Selection of Schools, you may claim on this line the excess of \$500 not claimed as a credit against tax, subject to the limitations established by the Code.

The contributions made to a municipality that conducts an activity or event of cultural or historic value, certified by the Institute of Puerto Rican Culture or a municipal cultural center, or that makes possible the realization of any cultural or historic work, may be claimed as charitable contributions. The contributed amount shall be \$50,000 or more, and must be made in connection with the celebration of the centennial foundation of the municipality. The total of said contributions is not subject to the aforementioned limitations.

Line 39 - Organization and syndication

This organization and syndication expenses will be treated as differed expenses and admitted as a deduction, pro rata, on a period not shorter than 60 months, commencing in the month the partnership started operations.

Line 40 - Deduction for employers who employ handicapped persons

Enter \$400 for each severely handicapped person employed for at least 20 hours per week during nine months of the taxable year. The deduction is allowed for a maximum of 5 persons severely handicapped. In force regulations of the Vocational Rehabilitation Program of the Department of the Family will be used to determine the severely handicapped condition.

The employer that claims this deduction must submit with the return the following:

1. a certification indicating that the handicapped person has been employed at least during 9 months of the taxable year, and
2. a certification issued by the Secretary of the Department of the Family stating that in accordance to its rules and procedures, the person for whom the deduction is claimed, is a severely handicapped person.

Line 41 - Other deductions

The total amount of any expenses for which Part VI of the return does not provide specific lines to include them, must be entered as Other Deductions. **Submit a schedule of those deductions with the return.**

No deductions will be allowed for expenses connected with the ownership, use and maintenance of vessels, except for the expenses of vessels engaged in commercial fishing, transportation or commercial tourism.

PART VII - OTHER DIRECT COSTS

Enter the Other Direct Costs. The total of these costs should be entered on line 14 of this part and shall be equal to the amount in Part V, line 5 of the return.

PART VIII - COMPENSATION TO PARTNERS OR OFFICERS

Include the compensation that the partners of the partnership received as salaries and other compensations. Do not include the distributions made to the partners during the year. Enter the total compensation to partners or officers in Part VI, line 16.

PART IX AND X - COMPARATIVE BALANCE SHEET AND RECONCILIATION OF NET INCOME (OR LOSS) PER BOOKS WITH NET TAXABLE INCOME (OR LOSS) PER RETURN

These statements must be completed in all of its parts in order that the return be considered filed. Therefore, you cannot submit these statements in loose sheets. **Any return that do not comply with these requirements will be returned.**

If the business volume of the special partnership exceeds \$500,000, financial statements certified by a certified public accountant (CPA) licensed in Puerto Rico must be submitted.

PART XI - ANALYSIS OF UNDISTRIBUTED PROFITS PER BOOKS

Enter the profits not distributed to the partners at the closing of the taxable year of the partnership.

PART XII - COMPUTATION OF GROSS INCOME PERCENTAGE DERIVED FROM ELIGIBLE ACTIVITIES

Determine the percentage of the gross income earned by the special partnership from:

1. Puerto Rico sources
2. Eligible activities as defined in Section 1330(a) of the Code.

PART XIII - QUESTIONNAIRE

Enter all the information required in the questionnaire in order to process this return.

SIGNATURE AND OATH OF HE RETURN

The return must be signed and sworn before a notary by the managing partner of the partnership in order to process the return.

SIGNATURE OF THE RETURN BY THE SPECIALISTS

Indicate if you paid for the preparation of the return and make sure that the specialist signs the return and includes his/her registration and employer identification number. THE CODE PROVIDES CIVIL AND CRIMINAL SANCTIONS TO THOSE SPECIALISTS WHO FAIL TO SUBMIT THIS INFORMATION OR WHO DO NOT MEET ANY OTHER STATUTORY REQUIREMENTS.

The Tax Return Specialist must declare under penalty of perjury that he/she examined the return and to the best of his/her knowledge and belief, the return is correct and complete.

If the return is prepared by an accounting firm duly registered as a Tax Return Specialist, it must include the employer identification number, the registration number and be signed by the authorized person.

INSTRUCTIONS TO COMPLETE THE SCHEDULES

SCHEDULE L (SP, IC, ESC) - PARTIALLY EXEMPT INCOME

This schedule must be used by those special partnerships operating under Act 52 of 1983, Act 78 of 1993, Act 47 of 1987 and Act 225 of 1995. Check the box corresponding to the act under which the entity operates.

For each applicable act, a Schedule L (SP, IC, ESC) must be completed and included with the return.

In the case of a corporation or partnership operating under Act 52 of 1983 or Act 78 of 1993, and has made an election under Article 5(b) or 3(a)(1)(D) respectively, must submit with the return a copy of the notification to the Secretary of the Treasury exercising the election.

Any exempt business under Act 78 of 1993, must include with the return a copy of the order issued by the Tourism Company Director indicating the beginning date of the exemption.

Businesses operating under Act 225 of 1995, must include with the return a copy of the bona fide farmer certificate in force.

PART I - NET INCOME (OR LOSS)

Line 2 - Enter in the space provided the percentage of the exemption you are entitled to claim according to your Resolution under the Tourism Incentives Act or Tourism Development or Agriculture Incentives Act.

Multiply the net operating income from the touristic or agricultural eligible activities, whichever applies, by the applicable exemption percentage. Enter the amount on this line.

Line 3 - The net operating losses under the Tourism Incentives or Tourism Development Acts may be deductible only against income from touristic activities. The net losses from operations that are not covered under any of the previously mentioned incentives acts, can be claimed only against the totally taxable income. **A schedule must be included with the return to sustain the deduction claimed.**

The excess of losses from touristic activities from previous years may be carried forward and claimed only as a deduction against income from touristic activities by the partners of the special partnership. Said loss may be deductible up to an amount equal to the percentage of income from the touristic activity that would have been taxable. The losses will be carried forward in the same order that they are incurred.

A net income or loss generated by a special partnership in a year in which an election was made for a flexible exemption under Article 3(a)(1)(D) of Act 78 of 1993, will be considered as a net income or loss from the partnership's eligible activity.

In case of a special partnership, that has renegotiated its rights under Act 78 of 1993, the partners may claim as a deduction, the net losses incurred from operations under previous decrees (Industrial or Tourism Incentives Act).

Add line 3, Part I of each Schedule L (SP, IC, ESC) used and enter the total in Part II, line 6 of the return.

SCHEDULE U - TAX DETERMINATION ON BUILT - IN GAINS

This schedule must be used when the requirements indicated in the instructions for Part IV of the return are met.