



**Part III Comparative Balance Sheet**

Assets	Beginning of the Year			Ending of the Year		
		Total			Total	
1. Cash on hand and in banks ..... (1)		00	(1)		00	
2. Accounts receivable ..... (2)	00		(2)	00		
3. Less: Reserve for bad debts ..... (3)	( 00)	00	(3)	( 00)	00	
4. Inventories ..... (4)		00	(4)		00	
5. Other current assets ..... (5)		00	(5)		00	
6. Notes receivable ..... (6)		00	(6)		00	
7. Investments ..... (7)		00	(7)		00	
8. Depreciable assets ..... (8)	00		(8)	00		
9. Less: Reserve for depreciation ..... (9)	( 00)	00	(9)	( 00)	00	
10. Loans receivable of stockholders or related entities (10)		00	(10)		00	
11. Land ..... (11)		00	(11)		00	
12. Other long-term assets ..... (12)		00	(12)		00	
13. <b>Total Assets</b> ..... (13)		00	(13)		00	
<b>Liabilities and Stockholder's Equity</b>						
<b>Liabilities</b>						
14. Accounts payable ..... (14)	00		(14)	00		
15. Accrued expenses (not paid) ..... (15)	00		(15)	00		
16. Other current liabilities ..... (16)	00		(16)	00		
17. Long-term notes payable ..... (17)	00		(17)	00		
18. Notes payable to stockholders or related entities (18)	00		(18)	00		
19. Other long-term liabilities ..... (19)	00		(19)	00		
20. <b>Total Liabilities</b> ..... (20)		00	(20)		00	
<b>Stockholder's Equity</b>						
21. Capital stock						
(a) Preferred stocks ..... (21a)	00		(21a)	00		
(b) Common stocks ..... (21b)	00		(21b)	00		
22. Additional paid in capital ..... (22)	00		(22)	00		
23. Home office account ..... (23)	00		(23)	00		
24. Reserve ..... (24)	00		(24)	00		
25. <b>Total Stockholder's Equity</b> ..... (25)		00	(25)		00	
26. <b>Total Liabilities and Stockholder's Equity</b> ..... (26)		00	(26)		00	

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

1. Net income (or loss) per books ..... (1)	00	7. Income recorded on books this year not included on this return (Itemize, use schedule if necessary)	
2. Income tax per books ..... (2)	00	(a) Exempt interest \$ _____	
3. Excess of capital losses over capital gains ..... (3)	00	(b) _____ \$ _____	
4. Taxable income not recorded on books this year (Itemize, use schedule if necessary)		(c) _____ \$ _____	
(a) _____ \$ _____		(d) _____ \$ _____	
(b) _____ \$ _____		(e) _____ \$ _____	
(c) _____ \$ _____		(f) _____ \$ _____	
(d) _____ \$ _____		(g) _____ \$ _____	
(e) _____ \$ _____		Total ..... (7)	00
(f) _____ \$ _____		8. Deductions on this tax return not charged against book income this year (Itemize, use schedule if necessary)	
Total ..... (4)	00	(a) Depreciation \$ _____	
5. Expenses recorded on books this year not claimed on this return (Itemize, use schedule if necessary)		(b) _____ \$ _____	
(a) Meal and entertainment (amount not deductible) \$ _____		(c) _____ \$ _____	
(b) Depreciation \$ _____		(d) _____ \$ _____	
(c) Motor vehicles (in excess of the limit) \$ _____		(e) _____ \$ _____	
(d) Vessels, airships and property located outside of P.R. \$ _____		(f) _____ \$ _____	
(e) Expenses incurred or paid to stockholders, related entities or persons \$ _____		(g) _____ \$ _____	
(f) _____ \$ _____		(h) _____ \$ _____	
(g) _____ \$ _____		(i) _____ \$ _____	
(h) _____ \$ _____		Total ..... (8)	00
(i) _____ \$ _____		9. <b>Total</b> (Add lines 7 and 8) ..... (9)	00
(j) _____ \$ _____		10. <b>Net taxable income (or loss) per return</b> (Subtract line 9 from line 6) ..... (10)	00
(k) _____ \$ _____			
Total ..... (5)	00		
6. <b>Total</b> (Add lines 1 through 5) ..... (6)	00		

Part V		Analysis of Home Office Account per Books	
1. Balance at the beginning of the year .....	(1)		00
2. Net income per books .....	(2)		00
3. Other increases (Itemize, use schedule if necessary) _____ _____ _____			
	(3)	00	
4. <b>Total</b> (Add lines 1, 2 and 3) .....	(4)	00	
5. Distributions:			
(a) Cash .....	(5a)		00
(b) Property .....	(5b)		00
(c) Stock .....	(5c)		00
6. Other decreases (Use schedule if necessary) _____ _____			
	(6)		00
7. Total (Add lines 5 and 6) .....	(7)		00
8. <b>Balance at end of year</b> (Subtract line 7 from line 4)	(8)		00

Part VI		Questionnaire	
		Yes	No
1. If a foreign corporation, indicate if the trade or business in Puerto Rico was held as a branch .....	(1)		
2. If a branch, indicate the percent that represents the income from sources within Puerto Rico from the total income of the corporation: _____%			
3. Did the corporation keep any part of its accounting tax records on a computerized system during this taxable year? .....	(3)		
4. The corporation's books are in care of:			
Name _____			
Address _____			
E-mail _____			
Telephone _____			
5. Check method of accounting:			
<input type="checkbox"/> Cash <input type="checkbox"/> Accrual			
<input type="checkbox"/> Other (specify): _____			
6. Did the corporation file the following documents?:			
(a) Informative Return (Forms 480.5, 480.6A, 480.6B) .....	(6a)		
(b) Withholding Statement (Form 499R-2/W-2PR) .....	(6b)		
7. If the gross income exceeds \$3,000,000, are financial statements audited by a CPA licensed in Puerto Rico included with this return? .....	(7)		
8. Number of employees during the year: _____			
9. Did the corporation claim expenses related to the ownership, use, maintenance and depreciation of:			
(a) Vehicles? .....	(9a)		
(b) Vessels? .....	(9b)		
(1) Did more than 80% of the total income was derived from activities exclusively related to fishing or transportation of passengers or cargo or lease? .....	(9b1)		
(c) Aircrafts? .....	(9c)		
(1) Did more than 80% of the total income was derived from activities exclusively related to fishing or transportation of passengers or cargo or lease? .....	(9c1)		
(d) Residential property outside of Puerto Rico? .....	(9d)		
(1) Did more than 80% of the total income was derived from activities exclusively related to the lease of property to non related persons? .....	(9d1)		
10. Did the corporation claim expenses connected to:			
(a) Housing (except business employees) .....	(10a)		
(b) Employees attending conventions or meetings outside Puerto Rico or the United States? .....	(10b)		
11. Did the corporation distribute dividends other than stock dividends or distributions in liquidation in excess of the corporation's current and accumulated earnings? .....	(11)		
12. Is the corporation a partner in any special partnership? (If more than one, submit detail) .....	(12)		
Name of the special partnership _____			
Employer identification number _____			
13. Did you receive exempt income? (Submit Schedule IE Corporation) ....	(13)		
14. Enter the amount corresponding to qualified charitable contributions to municipalities: _____			
15. Indicate if insurance premiums were paid to an unauthorized insurer ....	(15)		
16. Employer's number assigned by the Department of Labor and Human Resources: _____			
17. Number of stockholders: _____			

**OATH**

**We, the undersigned, president (or vice president, or other principal officer) and treasurer (or assistant treasurer), or agent of the corporation for which this income tax return is made, each for himself declare under penalty of perjury, that this return (including schedules and statements attached) has been examined by us and is, to the best of our knowledge and belief, a true, correct, and complete return, made in good faith, pursuant to the Puerto Rico Internal Revenue Code of 2011, as amended, and the Regulations thereunder.**

\_\_\_\_\_  
President's or vice president's signature

\_\_\_\_\_  
Agent

\_\_\_\_\_  
Treasurer's or assistant treasurer's signature

**Specialist's Use Only**

I declare under 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 name (Print letter)	Registration number	Date	Check if <input type="checkbox"/> self-employed	Specialist's social security number
Firm's name				Employer's 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.





# Instructions to Complete the Foreign Life Insurance Company Income Tax Return (Form 480.40F)

## RELEVANT FACTS

### NEW TAX BENEFIT

The computation of the Alternative Minimum Tax is modified to leave without effect the second component of the tentative minimum tax related to the expenses paid to a related person and purchases of personal property to a related person.

### SIGNIFICANT CHANGES IN THE RETURN

#### Heading

A box space is provided to indicate if the return is filed based on a calendar, fiscal or 52-53 weeks year.

#### Return

In **Part IV**, additional space is provided to breakdown by concept and amount the income, expenses and deductions of lines **4, 5, 7 and 8**.

#### Schedule A Corporation

The part related to the Computation of Expenses Paid to a Related Person and Purchases of Personal Property from a Related Person was eliminated as established in Administrative Determination No. 16-11.

#### Schedule B Corporation

A line is added in **Part III** for the Amount Paid with Original Return in order for the taxpayers that amend their return to claim the payment made with the original return, if any.

#### Schedules R and R1 Corporation

New lines are provided in **Part I** to indicate the type of form and the control number of Form 480.60 EC, respectively.

### PAYMENTS FOR THE PREPARATION OF THE RETURN AND SANCTIONS TO TAX RETURNS SPECIALISTS

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

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 registration number and be signed by the authorized person.

### AREA CODE

You must indicate the area code (**787** or **939**) in the parenthesis located in the spaces provided in the heading of the return to write the phone number.

### RETURNED CHECKS

Every returned check drawn on behalf of the Secretary of the Treasury will be subject to a \$25.00 minimum charge. This charge is in addition to any other interest, surcharges or penalties provided by the Code or any other fiscal law, for omissions in fulfilling your tax responsibility. The Department will make the collection in a traditional or electronic manner.

### FINANCIAL STATEMENTS REQUIREMENT

If the entity has a volume of income during a taxable year equal or more than \$3 million, financial statements reporting the operations of the taxable year must be included with the return.

In cases in which the entity generates a volume of business equal to or more than \$1 million but less than \$3 million, the entity may choose to submit financial statements which reflect the results of its operations for the taxable year. Every business that is up to date with its tax responsibility and under these conditions chooses to include the financial statements, shall be entitled by the Secretary to a total or partial waiver on the withholding from payments for services rendered.

The financial statement must include a balance sheet, an income statement and a statement of cash flows. These statements should be submitted with an Audit Report issued by a certified public accountant (CPA) licensed in Puerto Rico.

In addition, Section 1061.15(b) of the Code establishes the requirement to include additional information in the financial statements attached with this return. In order to obtain additional information about the Guides for the Preparation of the Schedules Required as Supplementary Information, please refer to Administrative Determination No. 14-06 of March 6, 2014 and Administrative Determination No. 15-24 of December 17, 2015. The due date of the Supplementary Information must be no later than the last day of the month following the due date to file the income tax return, including the request for extension of time to file the income tax return. That is, a corporation with calendar year must file the return on April 15, therefore, the due date of the Supplementary Information will be no later than May 31. In case that the corporation requests an extension of time to file the income tax return, the due date of the return will be July 15, therefore, in this case the due date of the Supplementary Information will be August 31.

On the other hand, Section 1061.15(a) of the Code establishes the requirement to submit consolidated financial statements including the result of operations for each member of the group of related entities doing business in Puerto Rico. About this, Administrative Determination No. 14-07 of March 12, 2014, establishes that this requirement will be considered as met by

means of the filing of Form AS 2652.1, which must include the information corresponding to each entity member of the Group of Related Entities, including those that do not have the requirement to file the financial statements.

Every entity member of a group of related entities and that according to the previously indicated rules is required to file audited financial statements, will be required to submit the supplementary information described in Section 1061.15(b) of the Code.

Therefore, for purposes of complying with the requirement to include audited financial statements with the income tax return of taxable years beginning after December 31, 2012, every entity that has generated volume of business of more than \$1 million during such taxable year and that is a member of a group of related entities subject to the provisions of Section 1061.15(a)(4) of the Code, because the volume of business of such group of related entities is more than \$3 million, will be able to submit audited financial statements showing the financial position and the results of operations of such entity individually, without the need to submit consolidated or combined financial statements, as long as it includes, in the notes to such financial statements, a list of all related entities that are engaged in trade or business in Puerto Rico. Such information must include the name of each entity member of the group of related entities engaged in trade or business in Puerto Rico. An entity member of a group of related entities subject to the provisions of Section 1061.15(a)(4) of the Code but has not derived volume of business in excess of \$1 million for a taxable year, will not be required to submit audited financial statements for such year.

**A report that includes consolidated financial statements in which the operations in Puerto Rico are presented as supplementary information will not be accepted. Also, compiled or reviewed statements are not acceptable. They must be audited.**

**CONTRACTS WITH GOVERNMENTAL ENTITIES**

Every person, natural or juridical, contracted by a governmental entity must comply with the Executive Order 91-24, as amended, and the provisions of the Circular Letters of the Department in force at the time of processing the contracts. According to said provisions, every contract subscribed by a governmental entity must include a clause to certify that the contracted party filed the income tax returns for the last five years, and that the income, property, unemployment, temporary disability and driver's social security taxes, as applicable, have been paid.

In addition, in order to approve a contract or purchase order, the governmental entity must require the tax return filing (Form SC 6088) and debt (Form SC 6096) certifications from the Internal Revenue Area of this Department, the property tax certification from the Municipal Revenue Collections Center ("CRIM") and the corresponding certification from the Department of Labor and Human Resources. These documents must be requested annually.

In order to expedite the process of issuing the certifications, every person who has filed income tax returns for the last five years and who does not have tax debts, or if having debts, has formalized a payment plan, will receive the Tax Return Filing and Debt Certification automatically by mail (Form SC 2628). **For this purpose, it is necessary that if the corporation is contracted by a governmental entity, indicate so in the heading of the return, page 1.**

Since sometimes the tax return for the last filing year cannot be certified because the return is not already processed by the Department, it is recommended to personally file the original return along with a copy, in order to receive back said copy sealed with the Department's receipt stamp. This service will be offered at the Department of the Treasury, Intendente Ramírez Building in Old San Juan, at the Internal Revenue Collections Offices, and at the Orientation and Return Preparation Centers.

**COUPON'S BOOKLET FOR THE PAYMENT OF ESTIMATED TAX (FORM 480.E-1)**

The four installments of estimated tax corresponding to the following calendar or fiscal year, will be made with the latest version revised available for each installment. Payments made with coupons revised on previous dates may have problems in their application.

**TAXPAYER'S SERVICE CENTERS**

In the Taxpayer Service Centers, besides **informing about the status of your refund**, other services are offered such as: Tax Return Filing Certifications, Return Copies, assistance for Cases of Inheritance and Donations, Individuals, Corporations or Partnerships and Professional Services Withholding Waivers.

Following are the telephone number of the "Hacienda Responde" Contact Center and the location of each one of our Service Centers:

- ☞ **"Hacienda Responde" Contact Center**  
Telephone: (787) 622-0123
- ☞ **San Juan Services Center**  
Intendente Ramírez Building  
10 Paseo Covadonga, Office 101
- ☞ **San Juan Services Center - Representative's Center**  
Intendente Ramírez Building  
10 Paseo Covadonga, Office 209
- ☞ **Aguadilla Services Center**  
Punta Borinquen Shopping Center  
Bert St., East Parade St. Intersection  
Malezas Abajo Ward, Ramey Base
- ☞ **Arecibo Services Center**  
Governmental Center  
352 De Diego Ave.  
Gautier Benítez Corner
- ☞ **Caguas Services Center**  
Governmental Center  
Goyco Street, Acosta Corner, Office 507
- ☞ **Mayagüez Services Center**  
Governmental Center  
50 Nenadich Street, Office 108
- ☞ **Ponce Services Center**  
Governmental Center  
2440 Luis A. Ferré Blvd., Office 410

**INCOMPLETE RETURN**

The return must be completed in all of its parts. Therefore, all the information of the Income Statement, Balance Sheet,



Reconciliation of Net Income (or Loss) per Books with Net Taxable Income (or Loss) per Return, Analysis of Home Office Account per Books and the questionnaire included in Part VI must be detailed. **Returns that do not comply with this requirement will be considered as not filed.**

### TECHNICAL ASSISTANCE

For additional information on the technical contents of this booklet or to clarify any doubts, please call **(787) 622-0123, option number 8 in the directory.**

### HACIENDA MAKING CONNECTION

Access the Department of the Treasury's website: [www.hacienda.pr.gov](http://www.hacienda.pr.gov). Here you can find information about the following services, among others:

- ↪ Electronic transfer of the Individual Income Tax Return using programs or applications certified by the Department
- ↪ 2016 Withholding Statements and Informative Returns Preparation Program
- ↪ Employer's Quarterly Return of Income Tax Withheld Filing and Preparation Program
- ↪ Virtual Internal Revenue Collections Office / Payments Online
- ↪ Puerto Rico Internal Revenue Code of 1994, as amended (Spanish only)
- ↪ Puerto Rico Internal Revenue Code of 2011, as amended (Spanish only)
- ↪ Forms, Returns and Informative Booklets, such as:
  - Income Tax Returns for Exempt Businesses under the Puerto Rico Incentives Programs
  - Form AS 4809 - Information of Identification Number - Organizations (Employers)
  - Form AS 2778.1 - Power and Declaration of Representation for Digital Signature by Returns, Declarations and Refund Claims Specialists
  - *Modelo SC 2800 - Planilla de Contribución sobre Caudal Relicto* (Spanish only)
  - *Modelo SC 2800 A - Planilla Corta de Contribución sobre Caudal Relicto* (Spanish only)
  - *Modelo SC 2800 B - Planilla de Contribución sobre Caudal Relicto (Causantes fallecidos a partir del 1 de enero de 2011)* (Spanish only)
  - *Modelo SC 2788 - Planilla de Contribución sobre Donaciones* (Spanish only)
  - *Modelo SC 2788 A - Planilla de Contribución sobre Donaciones (Aplica a donaciones efectuadas a partir del 1 de abril de 2011)* (Spanish only)
  - Informative Booklet to Provide Guidance on the Income Tax Responsibilities of Federal, Military and Other Employees

- *Folleto Informativo de Contribución sobre Ingresos de Sacerdotes o Ministros* (Spanish only)
- *Folleto Informativo para Aclarar sus Dudas sobre Aspectos Contributivos en la Venta de Ciertas Propiedades Inmuebles* (Spanish only)
- Withholding of Income Tax at Source on Wages - Instructions to Employers (Spanish and English)
- ↪ Circular Letters and Administrative Determinations, such as:
  - Internal Revenue Circular Letter No. 02-09 of June 28, 2002 - Withholding on Payments for Services Rendered
  - *Carta Circular de Rentas Internas Núm. 11-01 del 3 de enero de 2011 - Procedimiento para Reclamar Créditos Contra la Contribución sobre Ingresos, Notificar la Venta de Créditos o Solicitar Cupones de Pago para Cubrir Gastos de Energía Eléctrica, Agua y Alcantarillado* (Spanish only)
  - *Determinación Administrativa Núm. 07-01 del 12 de enero de 2007 - Tratamiento Contributivo de Indemnización Recibida por Concepto de Daños y Perjuicios, por Razón de Incapacidad Ocupacional y No Ocupacional; y Pagos por Terminación de Empleo* (Spanish only)
  - *Determinación Administrativa Núm. 07-03 del 4 de abril de 2007 - Aportaciones y Transferencias de Cuentas de Aportación Educativa* (Spanish only)
  - *Determinación Administrativa Núm. 08-04 del 22 de mayo de 2008 - Enmienda a la Determinación Administrativa Núm. 07-01 Relativa al Tratamiento Contributivo de Indemnización Recibida por Concepto de Daños y Perjuicios, por Razón de Angustias Mentales Incidentales a Daños Físicos* (Spanish only)
  - *Determinación Administrativa Núm. 11-10 del 30 de junio de 2011 - Disposiciones bajo el Código de Rentas Internas para un Nuevo Puerto Rico (Ley de Incentivos de Energía Verde de Puerto Rico)* (Spanish only)
  - *Determinación Administrativa Núm. 12-04 del 14 de febrero de 2012 - Disposiciones Relacionadas a la Elección o Conversión a Sociedad bajo el Capítulo 7 del Subtítulo A del Código de Rentas Internas del 2011* (Spanish only)
  - *Determinación Administrativa Núm. 12-09 del 29 de mayo de 2012 - Disposiciones Relacionadas a la Elección y Notificación de Tratamiento como Sociedad bajo el Capítulo 7 del Subtítulo A del Código de Rentas Internas de 2011* (Spanish only)
  - Administrative Determination No. 12-12 of August 8, 2012 - Income Tax Return Requirement (Nonresident Foreign Corporations Subject to the Income Source Rule under Section 1035.05 of the Puerto Rico Internal Revenue Code of 2011)
  - *Determinación Administrativa Núm. 12-13 del 14 de septiembre de 2012 - Limite en Deducción por Aportaciones a Fideicomisos para Empleados bajo la Sección 1033.09(a)(1)(A) del Código de Rentas Internas de Puerto Rico de 2011* (Spanish only)

- *Determinación Administrativa Núm. 14-06 del 6 de marzo de 2014 - Guías para la Preparación de los Anejos Requeridos como Información Suplementaria (Spanish only)*
- *Determinación Administrativa Núm. 14-07 del 12 de marzo de 2014 - Requisito de Someter Estados Financieros Auditados con la Planilla de Contribución sobre Ingresos, Determinación de la Contribución Adicional sobre Ingreso Bruto y Cambios Importantes en el Formulario Modelo SC 2652 (Spanish only)*
- *Determinación Administrativa Núm. 15-24 del 17 de diciembre de 2015 - Modificación a las Guías para la Preparación de los Anejos Requeridos como Información Suplementaria (Spanish only)*
- *Determinación Administrativa Núm. 16-11 del 30 de septiembre de 2016 - Contribución Alternativa Mínima para Años Contributivos 2015 y 2016 (Spanish only)*



## TAXPAYER'S BILL OF RIGHTS

The Taxpayer's Bill of Rights grants the following rights under the Puerto Rico Internal Revenue Code of 2011, as amended (Code):

To receive a proper, considerate and impartial treatment.

The information submitted will be confidential.

All interviews must be at a reasonable time and place for the taxpayer, in coordination with the employees of the Department of the Treasury (Department).

The interview or audit must not be used to harass or intimidate in any manner the person interviewed.

To receive a clear and simple explanation of the process to which the taxpayer will be subjected and the rights that assist him.

To be assisted by an attorney, accountant, certified public accountant, or any other authorized person at any moment during the interview.

To be informed prior to the interview of the intention to tape the interview, and to be able to obtain an exact copy of such recording subject to the payment of the cost thereof.

To be informed of the nature of your tax liability.

To be advised of your right against self-incrimination by your own testimony, to remain silent and that your silence should not be taken or commented against you, in case of a possible exposure to a criminal action.

To consult an attorney, accountant, certified public accountant, or agent authorized to represent you within the Department at any moment during the interview, or to be able to finish the interview even when it has commenced.

To be notified in writing of any adjustment made by the Department as a result of a tax audit when it involves the addition of interest, penalties and surcharges, as provided by the Code, as well as the exact amount of the adjustment and the reasons for such changes.

To claim the benefits of a payment plan if you can't pay the full tax liability when it becomes due.

To waive the rights described in the preceding paragraphs, if such waiver is made knowingly and voluntarily.

To grant a written power of attorney to authorize any person to represent you during a tax interview or process. Such person shall receive, for purposes of the interview, equal treatment as you, unless you are notified that such person is responsible for an unreasonable delay or interference with the audit.

No discrimination on the basis of race, color, sex, birth, origin or social condition, or political, religious ideas or association of any taxpayer or his representative. No records will be maintained of tax information for these purposes.

The Department's employees will explain and protect your rights during all phases of the process. If you believe that your rights have been violated, you should discuss this matter with the supervisor of the employee. If you do not agree with the action taken by the supervisor, you may file a complaint with the Office for the Protection of Taxpayer Rights.

### OFFICE FOR THE PROTECTION OF TAXPAYER RIGHTS

The Office for the Protection of Taxpayer Rights (Ombudsman of the Taxpayer) was created to assure compliance of the provisions of the Taxpayer's Bill of Rights. Said office is located at the Department of the Treasury in Old San Juan, Office 105. For assistance, please call (787) 977-6622, (787) 977-6638, or (787) 721-2020, extension 2180.

The Ombudsman of the Taxpayer is responsible for attending the problems and claims of the taxpayers and to facilitate the process between the taxpayers and the Department of the Treasury. Also, the Ombudsman of the Taxpayer has authority to prevent or correct any infringement of the rights of the taxpayer, made by any employee of the Department.

For additional information, you can request the booklet: "*Carta de Derechos del Contribuyente*".

# INSTRUCTIONS TO COMPLETE THE FOREIGN LIFE INSURANCE COMPANY INCOME TAX RETURN

## WHO MUST FILE THIS FORM?

In general, every foreign life insurance company must file this return.

The term "foreign life insurance company" includes any life insurance company organized under the laws of the United States of America, any of its states, territories and possessions or the District of Columbia, which qualifies as a life insurance company under the provisions of Part 1, Subchapter L of the United States Internal Revenue Code, or under the laws of any other country where it conducts life insurance business and which qualify as a life insurance company under Section 1111.04 of the Puerto Rico Internal Revenue Code of 2011, as amended (Code), except for having been organized outside of Puerto Rico.

## WHEN AND WHERE IT MUST BE FILED?

This return must be filed on or before the 15th day of the fourth month following the end of the taxable year of the Foreign Life Insurance Company. As an example, a Foreign Life Insurance Company whose accounting period is a calendar year (closing as of December 31, 2016) must file the return no later than April 18, 2017. In the case of a Foreign Life Insurance Company that does not have an office or place of business in Puerto Rico, the return must be filed no later than the 15th day of the sixth month following the end of the taxable year.

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

- a) **Returns with Refund:**  
DEPARTMENT OF THE TREASURY  
PO BOX 50072  
SAN JUAN PR 00902-6272
- b) **Returns with Payment and Others:**  
DEPARTMENT OF THE TREASURY  
PO BOX 9022501  
SAN JUAN PR 00902-2501

It may also be delivered to the Collections Office of your municipality or the Orientation and Return Preparation Centers.

## AUTOMATIC EXTENSION OF TIME TO FILE THE RETURN

A 3 months automatic extension of time to file the return will be granted if it is requested no later than the due date to file the return. This will be done using Form AS 2644.

Every corporation must pay with the request for an automatic extension of time, the entire amount of tax determined.

**An extension of time to file the return does not extend the time for the payment of tax or any installment of the same.**

## CORPORATIONS SCHEDULES

The following schedules must be used, when necessary, to file the income tax return of corporations.

- Schedule A Corporation - Alternative Minimum Tax
- Schedule B Corporation - Recapture of Credit Claimed in Excess, Tax Credits and Other Payments and Withholdings
- Schedule C Corporation - Credit for Taxes Paid to Foreign Countries, the United States, its Territories and Possessions
- Schedule D Corporation - Gains or Losses from Sale or Exchange of Property
- Schedule D1 Corporation - Tax on Income Subject to Preferential Rates
- Schedule E - Depreciation
- Schedule IE Corporation - Excluded and Exempt Income
- Schedule Q - Investment Funds - Credit for Investment, Losses and Amount to Carryover
- Schedule Q1 - Investment Funds - Determination of Adjusted Basis, Capital Gain, Ordinary Income and Special Tax
- Schedule R Corporation - Partnerships and Special Partnerships
- Schedule R1 Corporation - Partnerships and Special Partnerships (Complementary)
- Schedule T Corporation - Addition to the Tax for Failure to Pay Estimated Tax in Case of Corporations
- Form AS 2652.1 - Apportionment of the Deduction for the Surtax Computation - Group of Related Corporations
- Form AS 2877 - Deemed Dividend Tax
- Form AS 2879 - Foreign Corporations and Partnerships - Tax on Dividend Equivalent Amount and Effectively Connected Interest (Branch Profits Tax)

The schedules and their instructions are available in our webpage: [www.hacienda.pr.gov](http://www.hacienda.pr.gov).

**HEADING OF THE RETURN**

If the taxable year of the corporation is a calendar year, there is no need to enter the dates on which the taxable year begins and ends. You must only enter the corresponding year. If it is a fiscal year or a 52-53 week year, you must enter the date in the spaces provided on the return. In the box of Taxable Year, you must check the applicable alternative.

**NAME, EMPLOYER'S IDENTIFICATION NUMBER AND ADDRESS**

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

If the corporation does not have an employer identification number, you must request it from the Internal Revenue Service and notify it to the Department of the Treasury using Form AS 4809.

Also enter, the registry number assigned by the Department of State, the date and place of incorporation of the corporation.

Enter the Merchant's Registration Number assigned by the Department of the Treasury, the complete address where the business or principal office is located, and the telephone number.

Check the applicable box if it is the first or last return you are filing.

Check the box if the corporation has contracts with governmental entities.

If the corporation informs a change of address at the moment of filing the return, check the applicable box and write the new address clearly and legible. On the other hand, if the change of address is made at any other moment during the year, you must use Form SC 2898 (Change of Address). The same is available at our webpage: [www.hacienda.pr.gov](http://www.hacienda.pr.gov). Also, you may obtain it at the Forms and Publications Division, Office 603, of the Department of the Treasury in Old San Juan, or you may request it by calling (787) 622-0123.

**PART I - NET INCOME**

**Line 1 - Life insurance company taxable income**

Enter the taxable income as reported on the certified copy of the income tax return filed with the U.S. Commissioner of Internal Revenue or the taxable income determined in accordance with the provisions of the tax laws of the country in which it was organized. You must include with the return copy of such certified copy.

If the company is not taxable on its income from all sources in the country of its origin or organization, it will be subject to the provisions of Section 1092.01(b) of the Code.

**Line 8 - Surtax net income deduction**

Enter **\$25,000**, except in case the corporation belongs to a controlled group of corporations which are 80% or more owned, directly or indirectly, by the same person or persons. In those cases, the allowed credit will be only \$25,000 for the entire group of corporations.

If a corporation is a component member of a controlled group of corporations by December 31, the credit allowed to such corporation for the taxable year that includes such December 31, shall be an amount equal to \$25,000 distributed among the corporations that are component members of the group or the applicable amount according to the apportionment plan.

If a corporation has a taxable year of less than twelve months that does not include December 31, and is a component member of a controlled group of corporations with respect to such taxable year, the allowable credit for that taxable year will be \$25,000 distributed among the number of corporations that are component members of the group as of the last day of said taxable year.

In case of group of related corporations, the deduction for the computation of the surtax must be prorated among all corporations that are members of the related group of corporations. The group of corporations must file Form AS 2652.1, where the deduction distribution shall be reported. This form must be filed electronically.

This amount cannot exceed \$25,000 for the year.

**PART II - COMPUTATION OF TAX**

**Line 11 - Surtax**

Multiply line 9 by the applicable tax rate and enter the result.

**Surtax Computation Table for Taxable Years Beginning after December 31, 2012.**

If the net income subject to surtax is:	The tax shall be:
Not over \$75,000	5%
Over \$75,000 but not over \$125,000	\$3,750 plus 15% of the excess over \$75,000
Over \$125,000 but not over \$175,000	\$11,250 plus 16% of the excess over \$125,000
Over \$175,000 but not over \$225,000	\$19,250 plus 17% of the excess over \$175,000
Over \$225,000 but not over \$275,000	\$27,750 plus 18% of the excess over \$225,000
Over \$275,000	\$36,750 plus 19% of the excess over \$275,000

**Line 13 - Alternative Tax - Capital Gains and Preferential Rates**

Enter the amount determined on Schedule D1 Corporation, line 9.

If the net long-term capital gains exceed the net short-term capital losses, the corporation may elect to pay an alternative tax. The alternative tax is determined by taxing the net income excluding net long-term capital gains at the normal tax rates, plus a 20% on such gains.

On the other hand, any corporation may exercise the option of paying a special tax equal to 10% of the total eligible interests earned on debt of corporations engaged in trade or business in Puerto Rico from new mortgages on residential property located in Puerto Rico.

Any corporation may exercise the option of paying a 4% tax on the total distributable share on the net income subject to preferential rates from partnerships and special partnerships or on the net income subject to 4% tax rate from operations of an international financial entity that operates as a bank unit.

Corporations may determine the applicable tax to certain transactions of long-term capital gains or of the distributable share on the net income subject to preferential rates from partnerships and special partnerships that are subject to a rate different to 20% or 4%, as applicable.

**Compute the alternative tax on income subject to preferential rates included in Columns B through G, only if the special rate option was exercised, on Schedule D1 Corporation - Tax on Income Subject to Preferential Rates. Include said schedule with the return.**

#### Line 18 - Alternative minimum tax

Enter the excess of tentative minimum tax over adjusted regular tax from Schedule A Corporation, Part V, line 33.

Every corporation (except those not engaged in a trade or business in Puerto Rico) will be subject, in addition to any other tax imposed by the Code, to a tax equal to the excess, if any, of:

- 1) the tentative minimum tax for the taxable year, over
- 2) the adjusted regular tax for the taxable year.

**To compute the excess of Alternative Minimum Tax over the Adjusted Regular Tax, you must complete Schedule A Corporation and include it with your return.**

#### Line 19 - Branch profits tax

In addition to any other tax imposed by the Code, those foreign corporations engaged in trade or business in Puerto Rico that operates as branches, **are subject to a 10% tax** of the amount equivalent to the dividend or profit distribution for the taxable year.

This provision shall not be applicable to any taxable year in which the foreign corporation engaged in a trade or business in Puerto Rico derived at least 80% of its gross income from sources within Puerto Rico or from income effectively connected, or treated as effectively connected to operations from a trade or business in Puerto Rico, during the 3 taxable years period ended at the closing of said taxable year.

**Corporations subject to said additional tax must complete Form AS 2879 and include it with their return. For more information, see the instructions of the form.**

#### Line 20 – Deemed dividend tax

For the taxable years commenced after December 31, 2013, will be imposed, collected and paid a 10% tax, without taking into consideration any deduction or credit granted by Subtitle A of the Code, on the total deemed dividend considered received by a foreign owner (who owns directly or indirectly 50% or more of the corporation's stocks) of a corporation, during any taxable year.

**Corporations subject to this tax must complete Form AS 2877 and submit it with the return. For more information, see the instructions of the form.**

## INTERESTS, SURCHARGES AND PENALTIES

### Interests

The Code provides for the assessment of interests at a 10% annual rate over any tax balance not paid by its due date.

### Surcharges

In case that imposition of interests is applicable, a surcharge of 5% of the amount due will be assessed, if the delay in paying exceeds 30 days, but not over 60 days; or 10% of the amount due, if the delay exceeds 60 days.

### Penalties

The Code imposes a progressive penalty of 5% to 25% of the total tax for late filing unless you can show reasonable cause for the delay.

Also, any person required under the Code to file a return, declaration, certification or report, who voluntarily fails to file such return, declaration, certification or report, within the term or terms required by the Code or regulations, in addition to other penalties, shall be guilty of a misdemeanor.

**If any person voluntarily fails to file the above mentioned return, declaration, certification or report (within the terms required by the Code or regulations) with the intention to avoid or defeat any tax imposed by the Code, in addition to other penalties, shall be guilty of a third degree felony.**

### PARTS III, IV AND V - COMPARATIVE BALANCE SHEET, RECONCILIATION OF NET INCOME (OR LOSS) PER BOOKS WITH NET TAXABLE INCOME (OR LOSS) PER RETURN, AND ANALYSIS OF HOME OFFICE ACCOUNT PER BOOKS

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

The amount in Part V, line 8 (Analysis of Home Office Account per Books) must be the same amount as the one of Part III, line 23 of this return.

### PART VI - QUESTIONNAIRE

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

### SIGNATURE AND OATH OF THE RETURN

The return must be signed by the president, vice president or other principal officer, and by the treasurer or assistant treasurer of the corporation.

The return can also be signed by an Agent Authorized by the Board of Directors of the Corporation. You must keep for your record the copy of the Corporate Board Resolution authorizing the Agent to sign the return, in case that it be required later by the Department.

### DUTY TO PAY ESTIMATED TAX

According to the provisions of Section 1061.23 of the Code, every corporation engaged in trade or businesses in Puerto Rico, subject to tax under the provisions of Subchapter A of the Code, must pay an estimated tax for the taxable year.

## ESTIMATED TAX COMPUTATION

The estimated tax computation, including the alternative minimum tax, will be made using an approximate calculation of the gross income that can reasonably be expected that the corporation will receive or accumulate, as applicable, depending on the accounting method in which the net income determination is based on, and an approximate calculation of the deductions and credits provided by the Code or special acts, including the non refunded tax paid in excess corresponding to the previous taxable year.

## PAYMENT OF ESTIMATED TAX

The estimated tax for the taxable year will be paid in four installments:

1st installment: the 15th day of the fourth month

2nd installment: the 15th day of the sixth month

3rd installment: the 15th day of the ninth month

4th installment: the 15th day of the twelfth month

If the duty to pay estimated tax arises for the first time after the last day of the third month and prior to the first day of the sixth month of the taxable year, the installments will be:

1st installment: the 15th day of the sixth month

2nd installment: the 15th day of the ninth month

3rd installment: the 15th day of the twelfth month

If the duty to pay estimated tax arises for the first time after the last day of the fifth month and prior to the first day of the ninth month of the taxable year, the installments will be:

1st installment: the 15th day of the ninth month

2nd installment: the 15th day of the twelfth month

If the duty to pay estimated tax arises for the first time after the last day of the eighth month and prior to the fifteenth day of the twelfth month of the taxable year, the estimated tax will be paid in its entirety on the 15th day of the twelfth month of the taxable year.

The estimated tax installments will be paid together with a payment coupon (Form 480.E-1). You may also make the payments without the need of a coupon using Payments Online. For additional information, please call (787) 622-0123.

The estimated tax payments must be made through Payments Online, at the Internal Revenue Collections Offices or mailed to the Returns Processing Bureau to the following address:

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

Payments with managers checks, checks or money orders at the Internal Revenue Collections Offices will be made payable to the Secretary of the Treasury.

## CHANGES IN THE ESTIMATED TAX COMPUTATION

If there is any change in the estimated tax computation as a result of a change in income, deductions or for any other reason, the remaining installments must be proportionally increased or reduced to reflect the increase or reduction in the estimated tax.

## PENALTIES

The Code establishes in Section 6041.10 a 10% penalty of the amount not paid of any estimated tax installment. For these purposes, the estimated tax will be the smaller of:

- 1) 90% of the tax for the taxable year, or
- 2) the larger between:
  - a) the total tax determined as it results from the preceding year's income tax return, or
  - b) an amount equal to the tax computed at the rates and under the act applicable to the taxable year using the data included in the income tax return of the previous year.

The previous clause (2) will not be applicable if the previous taxable year was not a 12 month taxable year, or if the corporation filed a tax return for that previous taxable year in which a tax determined was not reflected, without taking into consideration any credit to which the corporation had been entitled, including credits for taxes withheld or paid. On the other hand, you can take into consideration any credit for taxes paid or accumulated during the taxable year to the United States, its territories and possessions, or any foreign country to which you are entitled.