

Deloitte Tax LLP

Puerto Rico Tax Alert – June 2018 – Number 5

PROCEDURE TO REQUEST THE EMPLOYEE RETENTION TAX CREDIT

On June 8, 2018, the Puerto Rico Treasury Department (PRTD) issued Internal Revenue Circular Letter No. 18-11 (IR CL 18-11) to establish the requirements to qualify for the Employee Retention Tax Credit (ERTC) and to provide guidance.

Please refer to Deloitte Tax LLP Tax Alert – June 2018 - Number 4 Employee Retention Tax Credit for additional information regarding the ERTC.

All the requirements detailed below **must be met** for an employer to be eligible for the ERTC.

1. Conducted a trade or business at the time Puerto Rico was impacted by hurricanes Irma and/or María;
2. Had employees on payroll at the time Puerto Rico was impacted by both hurricanes (*Eligible Employees*);
3. The business became inoperable due to the damages sustained by the hurricanes;
4. Continued paying Qualified Wages to Eligible Employees during the period it was not in operation;
5. Has filed all required payroll tax forms for taxable year 2017; and,
6. Is a Registered Merchant with the PRTD.

The request for the ERTC must be submitted electronically through the employer's platform for filing the Employer's Quarterly Return of Income Tax Withheld (Form 499R-1B) and the benefit will be paid electronically by direct deposit to the Eligible Employer. The platform will be available until December 31, 2018 and can be accessed through www.hacienda.pr.gov/beneficio-por-retencion-de-empleados-patronos-afectados-tras-el-paso-de-los-huracanes-irma-y-maria. The PRTD will not accept paper requests.

The information provided in the electronic request must be consistent with the information provided in the following payroll forms:

1. Quarterly Unemployment & Disability Insurance Contribution Report (Form PR-SD-10) for the quarters ending on September 30, 2017 and December 31, 2017, and
2. Withholding Statements (Form 499R-2/W-2PR) electronically filed with PRTD for taxable year 2017.

The PRTD has issued additional guidance thru a Question and Answer Guide called (Guía para el Beneficio por Retención de Empleados a Patronos Afectados por el Paso de los Huracanes Irma y Maria) which may be accessed thru www.hacienda.pr.gov.

While reasonable care has been taken in the preparation of this document, it is not a substitute for obtaining qualified tax advice. Deloitte accepts no responsibility for any errors this publication may contain, whether caused by negligence or otherwise, or for any loss, however caused, sustained by any person who relies on it. If you have any doubts or need to discuss in detail, please contact us at +1 787 759 7171

Harry Márquez, CPA,
Partner
+1 787 282 5383

Ricardo Villate, CPA,
Managing Director
+1 787 282 5370

Michelle Corretjer, CPA,
Managing Director
+1 787 282 5371

Roberto Solá, CPA,
Senior Manager
+1 787 282 5303

María Otero, CPA,
Senior Manager
+1 787 282 5337

Marcos Morlá, CPA,
Senior Manager
+1 787 282 5372

Arturo Román, CPA,
Senior Manager
+1 787 773 3795

Candice Lubbers, CPA,
Manager
+1 787 282 5386

Felipe Rodríguez, CPA,
Manager
+1 787 773 3751

Edwin Ramos, CPA,
Manager
+1 787 773 3793

Vimary Díaz, CPA,
Manager
+1 787 282 5311

Tina Pastrana, CPA,
Manager
+1 787 773 3799

Laura Díaz,
Manager
+1 787 773 3704

Javier Martínez, CPA,
Manager
+1 787 282 5389

As used in this document, "Deloitte" means Deloitte Tax LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.

30 Rockefeller Plaza
New York, NY 10112-0015
United States

Copyright © 2018 Deloitte Development LLC. All Rights Reserved
36 USC 220506
Member of Deloitte Touché Tohmatsu Limited

