

(H. B. 2619)

**(No. 173-2020)**

(Approved December 30, 2020)

## **AN ACT**

To amend Sections 1010.01, 1061.16, 1061.17, 1033.07, 1040.04, 4010.01, 4020.05, 4020.08, 4030.02, 4041.02, 4050.04, 4050.09, 6010.02, 6051.02, and repeal Section 4041.03 and mark it as Reserved in Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” in order to incorporate technical amendments to clarify the scope and content thereof, clarify definitions, clarify the legislative intent; empower the Secretary to establish a new deadline for filing returns for taxable year 2020 through an administrative determination; postpone the effectiveness of the provisions relating to marketplace facilitator; empower the Secretary to extend the effective date provided in the law through administrative determination, for an additional period of up to three (3) months; establish the mechanism to distribute the monies in the Municipal Improvement Fund; amend subsection (d) of Section 4 of Act No. 182-1996, as amended, known as the “Public Performance Promoter Act”; amend subsection A of Section 15.01 of Act No. 164-2009, as amended, known as the “General Corporations Act”; and for other related purposes.

## **STATEMENT OF MOTIVES**

The Legislative Assembly has an ongoing responsibility to revise all of its statutes, particularly fiscal or tax laws to ensure that they are not only consistent with the legislative intent but also with our reality. Therefore, this Act is enacted to, among other things, clarify the scope of certain recently adopted provisions.

Act No. 257-2018 introduced a new model to verify the expenses claimed by businesses in Puerto Rico for purposes of the Alternate Basic Tax and the Alternative Minimum Tax, reincorporated the Earned Income Credit and the Optional Tax, among others, as part of the New Tax Model. Since its approval, we

have undertaken the task of analyzing its implementation and the private sector's demands for adjustments to the model. Said demands have not been ignored.

For such reason, this Legislative Assembly approved Act No. 40-2020, which introduced important technical amendments to the Internal Revenue Code for a New Puerto Rico. Said Act was enacted after the approval of several amendments to Internal Revenue Code under Act No. 60-2019, as amended, known as the "Puerto Rico Incentives Code."

Act No. 40-2020 introduced the concept of marketplace facilitator, who facilitates the sale of tangible personal property, including specific digital property or services through a marketplace seller. Under this Act, the seller's liability to collect and remit the sales and use tax shifts to the marketplace facilitator.

By incorporating the marketplace facilitator provisions into our tax law, we conform the law to the holding of the Supreme Court of the United States in *South Dakota v. Wayfair, Inc.*, 138 S. Ct. 2080 (2018). In this case, the Court rejected the physical presence rule as controlling precedence for the states, including the territory of Puerto Rico, to require sellers to collect sales tax. Said Court held that there should be a substantial nexus to require facilitators of physical or electronic (online or virtual) marketplaces to collect and remit the sales tax.

Act No. 40-2020 provided that the marketplace facilitator's liability would become effective retroactively to January 1, 2020. However, since Act No. 40-2020 was signed after the start of the COVID-19 emergency, this Legislative Assembly deems it appropriate to postpone the effectiveness of the marketplace facilitator provisions for transactions conducted after December 31, 2020. Should additional time be needed for system programming and the publication of the rules applicable to this new requirement, the Secretary of the Treasury shall be empowered to postpone the effective date of said provisions for a period not to exceed three (3) months.

The Department of the Treasury has taken significant steps to unify and integrate all of the internal revenue components into a single system for the purpose of expediting the processing of the tax information of our workers and businesspersons. Right before the pandemic (caused by COVID-19), in February 2020, the Department of the Treasury launched the third phase of the Unified Internal Revenue System (SURI, Spanish acronym), a technological tool that shall allow taxpayers to conduct most transactions electronically. Amid the pandemic crisis, the benefits of SURI quickly became evident, the Department of the Treasury processed and distributed tens of million dollars in federal funding among our citizens, workers, heads of household, retirees, and self-employed individuals. Aware of the challenge to continue improving SURI and relieve the people from the burden of filing their income tax returns during this pandemic, this Act empowers the Secretary to establish a new deadline for filing the returns and paying the taxes for taxable year 2020; however, this deadline may not be extended beyond June 15, 2021.

***BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:***

Section 1.- Subsection (a) of Section 1010.01 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” is hereby amended to read as follows:

“Section 1010.01.- Definitions.

(a) As used in this Subtitle, where not otherwise manifestly incompatible with the intent thereof-

(1) ...

...

(3) Limited Liability Company.- The term ‘limited liability company’ means those entities organized under Chapter XIX of Act No. 164 of December 16, 2009, as amended, known as the ‘General Corporations Act,’

including those commonly denominated series limited liability companies. The term ‘limited liability company’ also refers to those entities organized under similar laws of any state of the United States of America or foreign country. For the purposes of this Subtitle, limited liability companies shall be subject to taxation in the same manner and form as corporations; provided, however, that they may elect to be treated as partnerships for tax purposes under the rules applicable to partnerships and partners contained in Chapter 7 of this Subtitle, even when the company has only one single member. The Secretary shall establish through regulations, the form and manner of making such election, which shall be filed on or before the deadline for the filing of the income tax return for the year of the election, including extensions.

(A) ...

...

(C) If a corporation is converted to a limited liability company under the provisions of Section 19.16 of Act No. 164-2009, as amended, or pursuant to a similar provision of a successor law or to the law of the foreign jurisdiction in which it was organized, the entity may elect that the option to pay taxes as a partnership be carried back to the preceding tax year, if at the time of the conversion the income tax return for said year has not expired, including extensions. None of the provisions herein shall be construed as if such conversion is a reorganization, as such term is defined in subsection (g) of Section 1034.04.

...

...”

Section 2.- Subsection (f) is hereby added to Section 1061.16 of Act No. 1-2011, as amended, to read as follows:

“Section 1061.16.- Date and Place to File Returns.

(a) ...

...

(e) ...

(f) The Secretary of the Treasury is hereby empowered to establish a new income tax filing deadline for tax year 2020, which according to this Code, expire on or before April 15, 2021. Provided, that said deadline may not be extended beyond June 15, 2021. If this power is exercised, the deadline established in subsection (a) of this Section and in all other sections of Subchapter A, of Chapter 6 of Subtitle A of this Code, shall be substituted for the deadline determined by the Secretary upon publication of an Administrative Determination and said deadline shall be deemed to be the original deadline for filing for all intents and purposes of this Code.”

Section 3.- Subsection (h) is hereby added to Section 1061.17 of Act No. 1-2011, as amended, to read as follows:

“Section 1061.17.- Payment of Tax.

(a) ...

...

(g) ...

(h) The Secretary of the Treasury is hereby empowered to establish a new income tax payment deadline for tax year 2020, which according to this Code, expire on or before April 15, 2021. Provided, that said deadline may not be extended beyond June 15, 2021. If this power is exercised, the deadline established in subsection (a) of this Section and in all other sections of Subchapter A, of Chapter 6 of Subtitle A of this Code, shall be substituted for the deadline determined by the Secretary upon publication of an Administrative Determination and said deadline shall be deemed to be the original filing deadline for all intents and purposes of this Code.”

Section 4.- Subparagraph (F) of paragraph (1) of subsection (a) of Section 1033.07 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” is hereby amended to read as follows:

“Section 1033.07.- Depreciation, Amortization, and Depletion.

(a) Current Depreciation.- There shall be allowed as a deduction a reasonable allowance for the exhaustion, wear and tear, including a reasonable allowance for obsolescence of:

(1) Property used in trade or business,

(A) ...

...

(F) For the purposes of subparagraphs (B) through (E) of this paragraph, the term ‘purchase’ means any acquisition of property; provided, that the transferor is not a related party and the basis of the property in the hands of the transferee is not determined in whole or in part by reference to the basis of such property in the hands of the transferor; provided, however, that the above limitation shall not apply, and property, other than goodwill, transferred by a related party shall be deemed to be acquired by purchase under subparagraphs (A), (B), (D), and (E) when both the transferor and the transferee are engaged in trade or business in Puerto Rico, and the gain realized by the transferor, if any, constitutes gross income for the purposes of Sections 1031.01, 1091.02, or 1092.01(c), whichever applies, and the cost of the acquisition of the property is supported by a transfer pricing study, which shall be attached to the transferor’s return for the taxable year in which the acquisition occurs. The term ‘related party’ shall have the meaning provided in Section 1010.05.

(G) ...

...

...”

Section 5.- Paragraph (1) of subsection (c) of Section 1040.04 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” is hereby amended to read as follows:

“Section 1040.04.- Taxable Year for Which Deductions and Credits Taken.

(a) ...

...

(c) Amounts owed to a related party that is a foreigner or a nonresident not engaged in a trade or business in Puerto Rico.-

(1) In General.- Notwithstanding the accounting method used by the taxpayer, any amount owed to a related party (as defined in Section 1010.05 of this Code) that is a foreigner or a nonresident not engaged in a trade or business in Puerto Rico that is otherwise deductible under Section 1033.01 of this Code, shall not be deducted by the taxpayer in a taxable year preceding that in which said amount is paid to any such related parties; provided, that the amounts paid on or before the deadline for filing the income tax return of the taxpayer, including extensions, for the taxable year, shall be deemed for these purposes to be paid in said year.

(2) ...”

Section 6.- Paragraphs (1), (2), and (3) of subsection (jj); subparagraph (I) of paragraph (3) of subsection (nn); and paragraph (1) of subsection (ddd) of Section 4010.01 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” are hereby amended to read as follows:

“Section 4010.01.- General Definitions.

For the purposes of this Subtitle, the following terms, words, and phrases shall have the general meaning expressed below, except when the context clearly indicates otherwise:

(a) ...

...

(jj) Endorsement.- The notification or action taken by a promoter before the Secretary for the sale and collection of the charge for admission to a public event, through the declaration required to such effect.

(1) Not later than forty-eight (48) hours before the first day of sale and collection of the charge for admission to a public event, the promoter shall electronically file an endorsement information return through the Unified Internal Revenue System (SURI, Spanish acronym) an endorsement information return [sic] including the following information:

(a) name of the main artists that shall perform at the public event;

(b) number of tickets to be sold, as well as their respective sales price. For the purposes of this subsection, the sales price shall not include discounts to be granted by the promoter or service fees to be charged by ticketing companies;

(c) number of courtesy tickets;

(d) period during which the admissions to the public event shall be sold;

(e) evidence of a valid blanket bond;

(f) any other requirement prescribed by the Secretary through regulation, administrative determination, circular letter, or general information bulletin.

In the event that, for the same public event, the producer decides to release additional tickets or new consecutive dates for an event already notified electronically in accordance with this Section, the appropriate information return shall be amended so as to show the change.



(2) The promoter shall file together with the endorsement a bond payable to the Secretary in the form and manner prescribed by the Secretary through regulation, which bond shall assure the amount of the tax on charges for admissions as well as interest, fines, and penalties that may be imposed pursuant to this Subtitle. Provided, that the Secretary may establish an annual bond, using as a basis the tax information from previous years of the public performance producer.

(3) The promoter shall have a non-deferrable period of thirty (30) business days from the presentation of each public event, to claim the endorsement and, consequently, the redemption of the bond.

(A) Failure to meet the requirement to claim the endorsement or to file an information return described in this Section within the period established in paragraph (3) shall be subject to a fine of one thousand dollars (\$1,000) per violation or ten percent (10%) of the appropriate sales tax of the endorsed tickets, whichever is greater. Moreover, OSPEP may refer to the Fiscal Audit Bureau any promoter who fails to meet the requirement to endorse the tickets within the period provided in this paragraph (3), in order to conduct an audit and determine the number of endorsed tickets sold so as to assess the sales tax collected and not remitted to the Department of the Treasury.

(B) The promoter shall notify OSPEP during the endorsement claim process, rather than during the process to request such endorsement, the number of discounted tickets sold.

(nn) Taxable Services.-

(1) ...

(2) ...

(3) For events occurring after September 30, 2015, taxable services shall exclude the following:

(A) ...

...

(I) Services rendered by a person engaged in trade or business or income-producing activities in Puerto Rico to another person engaged in trade or business or income-producing activities in Puerto Rico that is part of a controlled group of corporations or a controlled group of related entities, as defined in Sections 1010.04 and 1010.05 of this Code, except that, for these purposes the provisions of paragraph (2)(D) of subsection (b) of Section 1010.04 shall not be taken into account, or is a partnership or excluded member engaged in trade or business or income-producing activities in Puerto Rico, should the rules of group of related entities or controlled group of corporations be applied, for the purposes of this subsection, it would be considered a component member of such group, by another person that is part of one of said groups;

(J) ...

...

(ddd) Marketplace Facilitator.- Means a person, including an affiliate of the person, that facilitates the sale of tangible personal property, including specific digital property or taxable services that meet the requirements of paragraphs (1) and (2) listed below:

(1) The person engages directly or indirectly in any of the following activities:

(A) Lists, makes available, or advertises tangible personal property, including specific digital property or services for sale on behalf of a 'marketplace seller,' as such term is defined in subsection (eee) of this Section, in a forum owned, operated, or controlled by the person.

(B) Facilitates the sale of the seller's products through a marketplace by transmitting or otherwise communicating an offer or acceptance of a retail sale of tangible personal property, including specific digital property or

taxable services between a purchaser and a marketplace seller in a forum including a store, booth, catalog, Internet site, or other similar forum.

(C) Owns, rents, makes available or operates any electronic or physical infrastructure or any property, process, method, copyright, trademark, or patent that connects purchasers to marketplace sellers in order to make retail sales of tangible personal property, including specific digital property or taxable services.

(D) Provides or facilitates a marketplace for making the retail sales of tangible personal property, including specific digital property or taxable services regardless of who has control or ownership of said tangible personal property, specific digital property, or taxable services that are subject of the retail sale.

(E) ...

(F) ...

(G) Sets prices for the sale of the tangible personal property, including specific digital property or taxable services by the marketplace seller.

(H) Provides or offers customer services to a marketplace seller or to the customers of a marketplace seller, or accepts or assists with taking orders, returns, or exchanges of tangible personal property, including specific digital property or taxable services sold by a marketplace seller.

...

...”

Section 7.- Paragraph (5) of subsection (a) of Section 4020.05 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” is hereby amended to read as follows:

“Section 4020.05.- Collection of the Tax.

(a) General Rule.- Any merchant engaged in any business where taxable items subject to taxation under this Subtitle are sold shall be required to collect the sales taxes as withholding agent, unless:

(1) ...

...

(5) Any merchant engaged in the business of mail order sales, as defined in subsection (d) of Section 4020.08 of this Code, whose only nexus in Puerto Rico is the buyer who is a Puerto Rico resident or a person engaged in trade or business in Puerto Rico, shall be considered a withholding agent and shall be required to collect the taxes imposed under this Subtitle. Any mail-order sale conducted after December 31, 2020, where a marketplace facilitator engages in at least one of the activities listed in paragraphs (1) and (2) of subsection (ddd) of Section 4010.01, shall be considered a taxable transaction and, therefore, said marketplace facilitator shall be considered a withholding agent and be required to collect the tax imposed under this Subtitle on behalf of the seller. The Secretary shall prescribe through regulations, circular letter, or administrative determination the form and manner in which fulfillment of this new requirement shall be determined. The Secretary is hereby empowered to postpone the effective date provided in this paragraph up to three (3) months, if deemed necessary; however, in exercising such discretion, the Secretary shall specify and publish the need for additional time through administrative determination, circular letter, information bulletin, or any other general publication.

(b) ...

...

...”

Section 8.- Subsections (a), (d), and (e) are hereby amended and subsection (f) is hereby repealed in Section 4020.08 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” to read as follows:

“Section 4020.08.- Collection of Sales Tax on Mail-Order Sales

(a) Any person engaged in the business of making mail-order sales, as defined in subsection (d) of this Section, whose only nexus in Puerto Rico is the buyer who is a Puerto Rico resident or a person engaged in trade or business in Puerto Rico, shall be subject to the requirements of this Subtitle. For transactions conducted as of January 1, 2021, marketplace facilitators engaged in at least one of the activities listed in each one of paragraphs (1) and (2) of subsection (ddd) of Section 4010.01, (b) [sic] shall be liable to collect and remit the tax imposed under this Subtitle. The Secretary is hereby empowered to postpone the effective date provided in this subsection up to three (3) months, if deemed necessary; however, in exercising such discretion, the Secretary shall specify and publish the need for additional time through administrative determination, circular letter, information bulletin, or any other general publication.

(b) ...

(c) ...

(d) For the purposes of this Subtitle, the term “mail order” means the sale of tangible personal property, ordered by any medium, including but not limited to, mail, catalog, websites, e-commerce, Internet, or other communications media, whether or not electronic, to a person who receives the order outside of Puerto Rico and ships the tangible personal property or causes the tangible personal property to be shipped, whether or not by mail, from any place outside of Puerto Rico, to a person in Puerto Rico, whether or not such person ordered the tangible personal property. Likewise, this term shall also include any sale of tangible personal property, including specific digital property or taxable services made by a

marketplace seller through a marketplace facilitator engaged in at least one of the activities listed in paragraphs (1) and (2) of subsection (ddd) of Section 4010.01 of this Code.

(e) Any person engaged in the business of mail-order sales and deemed to be engaged in the sale of taxable items in Puerto Rico in accordance with subsection (h) of Section 4010.01 of this Code, shall be deemed to be a merchant subject to the requirements of this Subtitle. Provided, further, that as of January 1, 2021, mail-order sales shall be deemed to be subject to the tax imposed under this Subtitle; provided, that if such sales are conducted through a marketplace facilitator, as such term is defined in subsection (ddd) of Section 4010.01 of this Code. In this case, the marketplace facilitator shall be considered a withholding agent and be required to remit the tax imposed under this Subtitle. The Secretary is hereby empowered to postpone the effective date provided in this subsection up to three (3) months, if deemed necessary; however, in exercising such discretion, the Secretary shall specify and publish the need for additional time through administrative determination, circular letter, information bulletin, or any other general publication”

Section 9.- Paragraphs (6) and (7) are hereby amended and a subparagraph (A) is hereby added to paragraph (8) of subsection (d) of Section 4030.02 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” to read as follows:

“Section 4030.02.- Certificate of Exemption and Certificate of Eligible Reseller.

- (a) ...
- (b) ...
- (c) ...

(d) When requesting a certificate of exemption or a certificate of eligible reseller, merchants shall submit to the Secretary the following to the extent applicable:

(1) ...

(2) ...

(3) ...

(4) ...

(5) ...

(6) In the case of an eligible reseller that is a new business:

(A) ...

(B) At the request of the Secretary, a bond for his approval and acceptance, in an amount resulting from multiplying the volume of eligible sales for the first year of operations by seven percent (7%), before January 1, 2021, and eleven point five percent (11.5%) after December 31, 2020, or a lower amount as determined by the Secretary after evaluating the information provided by the taxpayer.

(7) In the case of an eligible reseller that is an existing business:

(A) ...

(B) At the request of the Secretary, a bond for his approval and acceptance, in the amount resulting from multiplying the average volume of eligible sales during the three (3) years immediately preceding the date of the request, or applicable period, by seven percent (7%) before January 1, 2021, and eleven point five percent (11.5%) after December 31, 2020, or a lower amount as determined by the Secretary after evaluating the information provided by the taxpayer.

(8) In the case of a manufacturing plant, proof of a valid manufacturer identification number issued by the Secretary.

(A) In the case of a New Business, as defined in subsection (f) of this Section, it shall suffice to present proof of having applied to the Secretary for a manufacturer identification number. In this case, the Secretary may request a bond, for his approval and acceptance, in an amount deemed sufficient based on the representations of the manufacturing plant.

(e) ...

(f) ...”

Section 10.- Subsections (a) and (b) of Section 4041.02 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” are hereby amended to read as follows:

“Section 4041.02.- Import Declaration and Monthly Import Duty and Sales and Use Tax Returns.

(a) Import Declaration.- Any person that imports into Puerto Rico tangible personal property shall file a detailed use tax declaration for any tangible personal property introduced from abroad, within the time, in the form and manner, and with such information as prescribed by the Secretary, as a prerequisite to release the imported tangible personal property, or to report and pay the use tax as provided in Section 4042.03(a)(1)(B)(i)(III). Provided, that this declaration shall include the portion of the municipal use tax to be collected by the Secretary under Section 6080.14 of this Code, in relation to any tangible personal property introduced from abroad; therefore, the filing of an additional declaration for purposes of the Municipal Sales and Use Tax shall not be necessary. Provided, further, that the Secretary shall allow persons to claim in the Import Declaration, the sales tax collected by the seller.

(b) Monthly Tax on Imports Return.- Any person that imports tangible personal property by any medium, including a postal service system or air carrier, subject to use tax shall file a Monthly Tax on Imports Return not later than the



twentieth (20<sup>th</sup>) day of the month following the month of the transaction subject to the tax, either electronically or in the forms prepared and furnished by the Secretary, as he may determine, including such information as prescribed by the Secretary. The filing of a Monthly Tax on Imports Return shall not be a prerequisite for the release of the imported tangible personal property. Provided, that this return shall include the portion of the municipal use tax to be collected by the Secretary under Section 6080.14 of this Code, in relation to any tangible personal property introduced from abroad; therefore, the filing of an additional return for purposes of the Municipal Sales and Use Tax shall not be necessary. The Secretary shall be empowered to exempt every person that has fully paid the use tax at the time of filing the Import Declaration from the filing of this monthly return.

(c) ...

...

...”

Section 11.- Section 4041.03 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” is hereby repealed and declared Reserved.

Section 12.- Paragraph (4) of subsections (c) of Section 4050.04 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” is hereby amended to read as follows:

“Section 4050.04.- Credit for Taxes Paid by a Merchant-Reseller.

(a) ...

(b) ...

(c) Reseller Certificate.- Any person duly registered as a merchant that acquires taxable items for resale and is a reseller (as defined in this Subtitle) may apply for a Reseller Certificate. This certificate shall be issued by the Secretary for

the purpose of identifying whether or not the merchant-reseller may claim the credit established in this Section, and not for the reseller to present it to its suppliers. Each certificate so issued shall be numbered, comply with the provisions of Section 6054.02, and be valid for one (1) year. The Secretary may, at his discretion and by a determination to such effects, limit the validity of the certificates. In order to apply for such certificate, the merchant-reseller shall:

- (1) ...
- (2) ...
- (3) ...
- (4) Provide the declaration of volume of business for the payment of the municipal license taxes in all the municipalities where the merchant-reseller is doing business. Provided, that such requirement shall not apply if at the time of the filing of the application, the merchant-reseller has not commenced operations;
- (5) ...
- (d) ...
- ...”

Section 13.- Section 4050.09 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” is hereby amended to read as follows:

“Section 4050.09.- Creation of the Municipal Improvement Fund.

(a) Creation of the Fund.- A ‘Municipal Improvement Fund’ is hereby created under the custody of one or more private financial institutions designated by the Municipal Finance Corporation:

(1) For periods before July 1, 2014, the Municipal Improvement Fund shall be funded from a special fund to be created by the Commonwealth of Puerto Rico; and

(2) For periods beginning after July 1, 2014, the Municipal Improvement Fund shall be funded in accordance with the provisions, terms, and other conditions set forth in the Municipal Administration Fund Act.

(b) The monies available in the Municipal Improvement Fund shall be allocated proportionately by representative and senate district to be appropriated for capital works and improvement projects in the municipalities, such as:

(1) ...

...

(8) ...

Not later than the fifth (5<sup>th</sup>) day after the close of each month, the Puerto Rico Fiscal Agency and Financial Advisory Authority shall prepare a certification of the balance accumulated in the Municipal Improvement Fund. After said certification, the Department of the Treasury shall remit the accumulated balance to the Rural Infrastructure Program of the Land Authority not later than the tenth (10<sup>th</sup>) day after the close of each month. Fifty (50) percent of said amount shall be allocated proportionately among the eight (8) senate districts and the remaining fifty (50) percent shall be allocated proportionately among the forty (40) representative districts. The Senators and Representatives of the corresponding districts, in conjunction with the Land Authority, shall administratively determine the capital works and improvement projects to be carried out, as allowed under this Section.”

Section 14.- Subparagraph (B) of paragraph (1) of subsection (a) of Section 6010.02 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” is hereby amended to read as follows:

“Section 6010.02.- Procedure in General.

(a) Notice of Deficiency and Taxpayer Resources.-

(1) Reconsideration and Administrative Hearing.-

(A) ...

(B) The taxpayer may submit to the Secretary, within thirty (30) days from the mailing date of the notice, or within the time extension granted by the Secretary for such purposes, a written request for reconsideration of such deficiency and administrative hearing thereon. However, in the case of returns, declarations, or forms filed electronically, when the notice of deficiency is sent electronically, the Secretary shall allow the request for reconsideration and administrative hearing to be submitted electronically.

(C) ...

...

...”

Section 15.- Paragraph (2) of subsection (a) of Section 6051.02 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” is hereby amended to read as follows:

“Section 6051.02.- Examination of Books and Witnesses.

(a) Determining Taxpayer’s Liability.-

(1) ...

(2) The Secretary or any official or employee of the Department of the Treasury is hereby empowered to use electronic mechanisms to gather information as necessary for the examination of books and witnesses established in subsection (a)(1) of this Section, but not limited to notifications of returns with mathematical errors, omitted or incorrect information, mail audits, and notices issued by any of the electronic systems used by the Department, included, but not limited to the Unified Internal Revenue System (SURI, Spanish acronym). Moreover, the Secretary or any official or employee of the Department of the Treasury is hereby empowered to use the email addresses officially provided by taxpayers through any of the electronic systems of the Department to send

notifications of returns with mathematical errors, omitted or incorrect information, mail audits, and any other notices, except in the case of deficiencies, in which case the provisions of Section 6010.02(a)(1)(A) of this Code shall apply. Provided, that in the case of notifications of returns with mathematical errors, omitted or incorrect information, mail audits, and any other notices, taxpayers shall be allowed to submit requests for review or administrative appeals electronically.”

...

...”

Section 16.- Subsection (d) of Section 4 of Act No. 182-1996, as amended, known as the “Public Performance Promoter Act,” is hereby amended to read as follows:

“Section 4.- Requirements for Acting as Promoter in the Commonwealth of Puerto Rico.

(a) ...

...

(d) All promoters authorized by the registry to exercise their profession shall post a performance bond annually in the amount prescribed by the Secretary of the Treasury, in order to guarantee the holding of the performance and that tickets sold do not exceed the venue capacity. The bond may be issued by a surety company with offices in Puerto Rico. The bond shall secure the payment of refunds in the event the performance is suspended. In the process of obtaining an endorsement, the Department of the Treasury shall take into account the effective period of the bond at the time such endorsement is requested. If the event is scheduled to be held after the expiration date of the bond, but not later than six (6) calendar months after such expiration date, such fact shall not be sufficient grounds for denying an endorsement. However, once the sale of tickets is authorized, the promoter shall be responsible for renewing the bond prior to the holding of the

event so that it is valid on the event date. The Public Performance Promoters Services Office (OSPEP) within the Consumption Tax Bureau shall be responsible for overseeing compliance with the provisions of this Act and for imposing, through the appropriate regulations, any fines deemed pertinent.”

...

...”

Section 17.- Subsection A of Section 15.01 of Act No. 164-2009, as amended, known as the “General Corporations Act,” is hereby amended to read as follows:

“Section 15.01.- Domestic Corporations; Annual Reports; Books and Other Documents in Puerto Rico.-

A. Every corporation organized under the laws of the Commonwealth shall annually file with the office of the Department of State, or electronically, not later than the fifteenth (15<sup>th</sup>) day of April, a report certified, under penalty of perjury, pursuant to Section 1.03 (A) and (B), by an authorized official, a director, or the incorporator.

The report shall contain:

1. A financial statement prepared in accordance with generally accepted accounting principles showing the financial condition of the corporation at the close of its operations. Corporations required to file audited financial statements under Section 1061.15 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011,’ shall file a duly audited financial statement together with the corresponding opinion of a certified public accountant.

2. ...

...”

Section 18.- Effectiveness.

This Act shall take effect upon its approval, except for Section 10, which shall take effect on October 1, 2021.