



November 12, 2012 www.mcvpr.com

EMPLOYEE BENEFITS ALERT

Treasury Issues Administrative Determination to Clarify Limit on Deductions for Contributions to Trusts Funding Qualified Defined Benefit Plans

On September 14, 2012, the Puerto Rico Treasury Department ("Treasury") issued Administrative Determination No. 12-13 ("AD 12-13"), to clarify the limit of the annual deduction that can be claimed by an employer for contributions made under a qualified defined benefit plan.

Treasury has determined that pursuant to Section 1033.09(a)(1)(A)(i)(IV) of the Puerto Rico Internal Revenue Code of 2011, as amended (the "PR Code") a deduction will be allowed for contributions made to a trust established pursuant to the terms of a defined benefit plan qualified under Section 1081.01(a) up to the amount required to:

- Comply with the minimum funding standards of Sections 412, 430, 431, and 432 of the U.S. Internal Revenue Code of 1986, as amended ("US Code"), or the parallel provisions in Sections 302 through 305 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA");
- Avoid the provisions related to the funding-based limits on benefits and benefit accruals of US Code Sections 436 or the parallel provisions of ERISA Section 206(g);
- Avoid US Code at-risk status for purposes of US Code Section 430(i) or the parallel provisions of ERISA Section 303(i);
- Avoid the requirements of ERISA Section 4010; and
- Keep a plan 100% funded.

The provisions in AD 12-13 are applicable to taxable years beginning after December 31, 2010.

A copy of AD 12-13 is available [here](#).

If you have any questions or would like our assistance regarding this matter, you may contact any of the following members of our Employee Benefits Practice Team:

Yamary González	787-250-5687	yg@mcvpr.com
Alba I. Joubert	787-250-5649	aj@mcvpr.com
Lillian Toro Mojica	787-250-2608	ltm@mcvpr.com
Mayleen Santiago	787-250-2616	msg@mcvpr.com
Edwin O. Figueroa	787-250-5690	eof@mcvpr.com

The content of this McV Alert has been prepared for information purposes only. It is not intended as, and does not constitute, either legal advice or solicitation of any prospective client. An attorney-client relationship with McConnell Valdés LLC cannot be formed by reading or responding to this McV Alert. Such a relationship may be formed only by express agreement with McConnell Valdes LLC.