

November 18, 2014 www.mcvpr.com**TAX ALERT*****Municipal License Tax Amnesty Approved by the Municipality of San Juan***

On October 31, 2014, the Municipality of San Juan (the "Municipality") approved Municipal Ordinance No.15, Series 2014-2015, to implement a municipal license tax amnesty that will be effective from November 1st, 2014 through February 28, 2015. Eligible taxpayers can enjoy the following benefits, depending on the fiscal year in which the debt originated:

- a. Fiscal years 2010-2011 through 2013-2014- If the taxpayer elects to make a lump-sum payment of 100% of the principal amount owed, accrued interest, penalties and surcharges will be waived. If the taxpayer elects the payment plan alternative, only 10% of the accrued interest, penalties and surcharges will be added to the total principal amount owed.
- b. For fiscal years 2006-2007 through 2009-2010- If the taxpayer elects to make a lump-sum payment of 65% of the principal amount owed, accrued interest, penalties and surcharges will be waived. The payment plan alternative will be available for 70% of the principal amount owed, and accrued interest, penalties and surcharges will be waived.
- c. For fiscal year 2005-2006 and prior fiscal years- If the taxpayer elects to make a lump-sum payment of 45% of the principal amount owed, accrued interest, penalties and surcharges will be waived. The payment plan alternative will be available for 50% of the principal amount owed, and accrued interest, penalties and surcharges will be waived.

All payment plans require an initial minimum payment of 10% of the amount to be settled. Payment plans will accrue interest on the amount to be settled, at the following rates:

- 0% - Plans financed for 12 months or less;
- 5% - Plans financed for more than 12 months, but less than 24 months; and
- 7% - Plans financed for more than 24 months, and up to 36 months.

To be eligible for the amnesty, a taxpayer must meet the following requirements:

- a. File a request with the Municipality together with a non-refundable filing fee ranging from \$25-\$500, depending on the total amount owed to the Municipality.
- b. File any unfiled volume of business declarations for the fiscal years covered by the amnesty;
- c. Be in compliance with the filing and payment of the volume of business declaration for fiscal year 2014-2015; and
- d. Agree to file and pay the municipal license for subsequent taxable years.

Taxpayers with pending administrative or judicial proceedings can also enjoy the benefits of the amnesty program. However, in such cases, an additional 10% of the amount to be settled will be added to the payments described above.

Taxpayers that disagree with the amount of the debts can file a request for reconsideration along with the relevant evidence. If notice of the resolution is made after the amnesty period, the taxpayer will have 30 days to pay or establish a payment plan, as described above.

All taxpayers making payments under the amnesty program will be required to execute a closing agreement with the Municipality. The available payment methods are: cash, debit or credit card, certified check and money orders.

If you have any questions, you may contact any of the attorneys of our Tax Practice Group listed below:

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