

## New Procedures to Establish Qualified Plan Distributions in the U.S. and Puerto Rico

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The Puerto Rico Treasury Department recently issued Internal Revenue Circular Letter 21-20, which establishes procedures for a former resident of Puerto Rico to demonstrate that distributions received from a U.S. retirement plan qualified under the Code and whose trust was created in a U.S. state are not subject to tax under the Puerto Rico Internal Revenue Code of 2011, as amended (the "**Puerto Rico Code**"). In order to establish that distributions received from a U.S. retirement plan are not taxable under the Puerto Rico Code, an individual is required to submit IRS Form 8898 (Statement for Individuals Who Begin or End Bona Fide Residence in a U.S. Possession) to the employer who maintains the plan from which the distributions are made. If the individual does not submit a Form 8898, such individual must instead submit the following information to such employer to demonstrate the individual's change of residence:

1. An affidavit under penalty of perjury that contains all the personal circumstances of the individual, which must include the following information: name, postal address, and the date he or she became a resident of his or her current place of residence outside of Puerto Rico. In addition, such individual must detail the information of the plan, including a statement to the effect that the plan is qualified under the Code and include the U.S. state in which the trust for the plan was created;
2. Evidence of any correspondence received at the current address that is addressed to the individual; and
3. Copy of a valid identification card (license and/or voter ID card) issued by a governmental entity of the new place of residence.

An individual who fails to provide the required information will be deemed to continue to be a resident of Puerto Rico who remains subject to any withholding and payment of income taxes applicable under the Puerto Rico Code.

The Internal Revenue Circular Letter 21-20 is available [here](#).