

Puerto Rico Treasury Announces Qualified Retirement Plan Limits for 2017

January 5, 2017

The Puerto Rico Department of the Treasury recently issued Tax Policy Circular Letter No. 16-07 (the "**Circular**"), which announced applicable qualified retirement plan limits for 2017, as required by the Puerto Rico Internal Revenue Code of 2011 (the "**PR Code**"). For plans qualified in Puerto Rico and for those plans dual qualified in the United States and Puerto Rico, only the limits on annual benefits, annual contributions, and plan compensation have changed for 2017. The applicable plan limits are as follows:

- Annual Benefit Limit (All Defined Benefit Plans): \$215,000 (increased from \$210,000 for 2016).
- Annual Contribution Limit (All Defined Contribution Plans): \$54,000 (increased from \$53,000 for 2016).
- Annual Compensation Limit (All Plans): \$270,000 (increased from \$265,000 for 2016).
- Compensation Limit for a Highly Compensated Employee: \$120,000 (unchanged).
- Elective Deferrals Limit (Dual Qualified Plans or Federal Government Thrift Plans): \$18,000 (unchanged).
- Elective Deferrals Limit (Puerto Rico-Only Plans): \$15,000 (unchanged).
- Catch-up Contribution Limit (Federal Government Thrift Plans): \$6,000 (unchanged).
- Catch-up Contribution Limit (Dual Qualified Plans or Puerto Rico-Only Plans): \$1,500 (unchanged).
- After-Tax Contribution Limit: 10% of the employee's aggregate compensation during the period an employee is a plan participant (unchanged).

The Circular also reminds plan sponsors that distributions of benefits to Puerto Rico residents, or participants that were Puerto Rico residents when the benefits were accumulated or when the contributions were made to the plan, are subject to the tax requirements of the PR Code. In addition, the Circular reminds plan sponsors that dual qualified plans are subject to the PR Code's withholding and reporting requirements. View the [Circular \(in Spanish\)](#) [here](#).