Revised Annual Filing Procedure for Puerto Rico Benefits Trusts

April 11, 2016

The Puerto Rico Treasury Department recently issued Administrative Determination No. 16-05 (the ?ÃÂ£***Determination***?ÃÂ¥), which provides a revised procedure for trusts forming part of Puerto Rico qualified requirement plans (?ÃÂ£***Benefits Trusts***?ÃÂ¥) to meet their annual filing requirements under Section 1061.10(a) of the Puerto Rico Internal Revenue Code of 2011, as amended (?ÃÂ£***Trust Filing***?ÃÂ¥). The new Trust Filing procedure applies with respect to taxable years beginning after December 31, 2014. Prior to the Determination, Benefits Trusts were required to file Form 480.7(OE) (or, if the trust was subject to Title I of ERISA, a copy of the IRS Form 5500) with the Puerto Rico Treasury Department by the last day of the seventh month following the end of the plan year (subject to an automatic 2?? month extension). Under the Determination, Benefits Trusts established or adopted by an employer that must file a Puerto Rico income tax return will comply with its Trust Filing requirement by completing Form SC 6042 and submitting it with the employer?ÃÃs income tax return. On the other hand, if the employer is not required to file a Puerto Rico income tax return, the Benefits Trust will complete and file only certain prescribed portions of the Form SC 6042, in which case the Trust Filing is due by the same deadline that has applied to the Form 480.7(OE). Apart from revising the Trust Filing procedure, the Determination also provides that a Benefits Trust which generates net income (or loss) during the taxable year not related to its exempt activity must file Form 480.2 to report such income (or loss) and to pay any applicable income tax. The Determination (in Spanish) is available **here**.