



Municipality of Guaynabo Amnesty Program

By Juan A. Alvarado-Zayas

Abatement of Interest, Surcharges and Penalty Charges on the Payment of Municipal License Tax Debts

On September 3, 2015, the Mayor of Guaynabo signed Ordinance No. 24, 2015-2016 Series (the "Ordinance"), to provide municipal taxpayers the opportunity to pay certain municipal license tax debts with the Municipality of Guaynabo (the "Municipality") with a total abatement of interest, surcharges and penalties. This amnesty program is available for municipal license tax debts for all fiscal years up to 2014-2015 and is effective since September 3, 2015, through October 31, 2015. This due date can be extended by a municipal executive order for a period not exceeding thirty (30) days.

Voluntary taxpayers who want to avail to the benefits of this amnesty must visit the Municipality's Finance Department to complete an official application which the Municipality will use to evaluate if the taxpayer qualifies for the amnesty and to determine the amount to be paid.

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A non-refundable fee of 0.5% of the amount of the deficiency will be required to be paid by the taxpayer that requests to be evaluated for the benefit of this amnesty program. This fee will be of a minimum of twenty five dollars (\$25), and a maximum of five hundred dollars (\$500).

Maximum Authorized Benefits (see Figure 1)

- Outstanding debts for fiscal years 2005 -2006 and previous fiscal years – total abatement of interest, surcharges and penalties with the payment of forty five percent (45%) of the principal balance due. If a payment plan is requested, the amount payable will consist of fifty percent (50%) of the principal amount due.
- Outstanding debts for fiscal years 2006 -2007 thru 2009-2010 – total abatement of interest, surcharges and penalties with the payment of sixty five percent (65%) of the principal balance due. If a payment plan is requested, the amount payable will consist of seventy percent (70%) of the principal amount due.
- Outstanding debts for fiscal years 2010 -2011 thru 2014-2015 – total abatement of interest, surcharges and penalties with the full payment of the principal balance due. If a payment plan is requested, the amount payable will consist of the principal balance plus ten percent (10%) of the interest, surcharges and penalties due.

Payment Plans (see Figure 2)

- In the case of payment plans, the maximum period of the same will not exceed 36 months. The Director of Finance requires a payment of (10%) of the applicable balance due, according to Figure 1 below. No interest will be charged on payment plans covering periods up to 12 months. For payment plans covering periods in excess of 12 months up to 24 months, a five percent (5%) interest will be charged, and for payments plans covering periods in excess of 24

months up to 36 months, a seven percent (7%) interest will be charged.

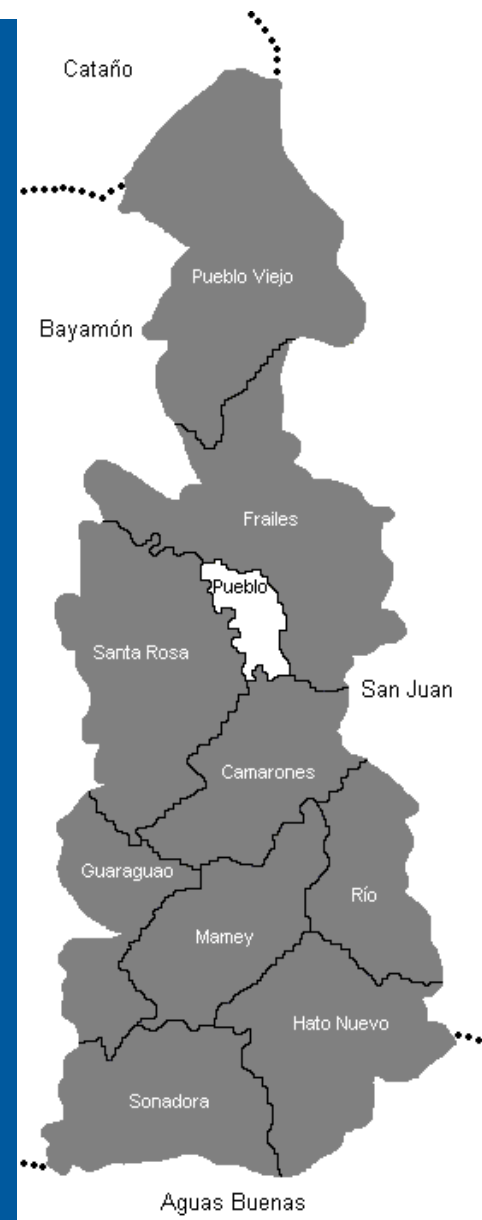
Requirements to Benefit from the Tax Amnesty

To benefit from the amnesty, the taxpayer must meet the following requirements:

- Be in compliance with the filing and payment of the Volume of Business Declaration (“VOB”) for fiscal year 2015-2016, and submit a written promise to file and pay future Volume of Business Declarations (“VOB”).
- Submit any missing Volume of Business Declarations (if any) for the years covered by the amnesty program.
- Execute a written closing agreement with the Municipality.
- Submit the payment to the Municipality of Guaynabo in cash, credit card, money order or certified check.
- Taxpayers under a municipal license tax investigation and for whom the Municipality has issued a deficiency notice, and those who are currently undergoing collection proceedings at the Commonwealth of Puerto Rico Civil Court of First Instance can also benefit from the amnesty. However, in these cases the Municipality will require an additional payment of ten percent (10%) of the outstanding balance to cover the legal fees incurred by the Municipality.

General Rules

The Ordinance states that the payments made with the amnesty are final and taxpayers will not be allowed to request a refund or tax credit, if the amount paid exceeds the total amount of the debts. However, taxpayers are allowed to object any municipal license tax debt, provided the evidence to support the elimination of such debt is submitted with the application form during the evaluation process. The objections will be evaluated and the Municipality will allow the taxpayer 30 days after the day of the final notice of determination to pay the balance of the debt with the applicable discounts. Periods included in such agreements will not be re-opened regarding the matters discussed or agreed. The closing agreements cannot and will not be



modified by any official, employee or agent of the Municipality of Guaynabo.

Z&A Comments

The amnesties have proven to be an effective tool for the government to collect past due taxes, and also help to clean up old debts in their systems. They also represent excellent opportunities for taxpayers to get in compliance with the government, while saving some money in the tax debts owed. If you have a business in the Guaynabo area, you should move fast since the amnesty ends on October 31st and some paperwork needs to be completed. Our professionals are ready to assist you in case you are interested in benefitting from this amnesty.

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Maximum Authorized Benefits - Figure 1

Full Payment

Fiscal years	Required Payment	Savings
From 2010-2011 to 2014-2015	Principal Balance due	100% of interest, surcharges and penalties
From 2006-2007 to 2009-2010	65% Principal Balance due	35% Principal + 100% of interest, surcharges and penalties
2005-2006 and previous years	45% Principal Balance due	55% Principal + 100% of interest, surcharges and penalties

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Payment Plans (Installments up to 36 months) - Figure 2

Fiscal years	Up to 12 Months	Up to 24 Months	Up to 36 Months	Savings
From 2010-2011 to 2014-2015	Principal Balance due + 10% of interest, surcharges and penalties	Principal Balance due + 10% of interest, surcharges and penalties + 5% of financing interest	Principal Balance due + 10% of interest, surcharges and penalties + 7% of financing interest	90% of interest, surcharges and penalties
From 2006-2007 to 2009-2010	70% of Principal Balance due	70% of Principal Balance due + 5% of financing interest	70% of Principal Balance due + 7% of financing interest	30% of Principal + 100% of interest, surcharges and penalties
2005-2006 and previous years	50% of Principal Balance due	50% of Principal Balance due + 5% of financing interest	50% of Principal Balance due + 7% of financing interest	50% of Principal + 100% of interest, surcharges and penalties

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