



CRIM Extends until February 28th to Pay Old Real Property Tax Debts with a 55% Discount

By: Juan A. Alvarado-Zayas, Esq., CPA

Administrative Order

On January 24, 2022, the Municipal Revenue Collection Center (“CRIM” by its Spanish Acronym) issued Administrative Order Number 2022-001 (the “Order”) to extend until February 28, 2022 the time for taxpayers to enjoy the 55% discount as established in Regulation Number 9323 known as “Special Regulation in Benefit of the Taxpayer for the Payment of Debt” (“Regulation 9323”). As you know, on September 24, 2021 the CRIM approved Regulation Number 9323 with the purpose of providing a last opportunity to the taxpayers to update their registries and pay the delinquent real property tax debts by establishing a uniform procedure.

The procedure mentioned above includes the previous consent of CRIM’s Governing Board, the Secretary of the Treasury and the Mayor where the property is located as established in Article 7.070 of Act 107 of 2020, as amended, since it grants discounts to the principal. Regulation 9323 grants to every taxpayer and the CRIM the chance to clarify any situation related to real property which can include, but is not limited to, discrepancies with the capacity, ownership, taxation, updating of records or working in any service form which is pending, without losing the benefits of discounts.

One of the articles of Regulation 9323 is Article 8 titled “Payment Alternatives According to the Years of the Debt and Periods for the Payment”. Such article provides the following:

- A. Real Property Tax Debts for the Fiscal Years 2019-2020, 2018-2019, 2017-2018 and 2016-2017

If the taxpayer pays between November 5, 2021 and January 31, 2022, will pay the principal amount; without interest, surcharges and penalties.

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If the taxpayer pays between February 1, 2022 and April 30, 2022, will pay the principal amount and interest; without surcharges and penalties.

B. Real Property Tax Debts for Fiscal Years Prior to 2016-2017

If the taxpayer pays between November 5, 2021 and January 31, 2022, will be entitled to a 55% discount on the amount of principal owed, without interest, surcharges and penalties.

If the taxpayer pays between February 1, 2022 and April 30, 2022, will be entitled to a 40% discount on the principal owed, without interest, surcharges and penalties.

If the taxpayer pays between May 1, 2022 and June 30, 2022, will be entitled to a 25% discount on the amount of principal owed, without interest, surcharges and penalties.

The Order further states that, on November 5, 2021, the CRIM started the special project for the collection of the debts in arrears. Most taxpayers have chosen to avail themselves of the applicable discount by in-person visits to both the CRIM's regional offices and the municipalities. Last December was a difficult month to meet taxpayers since the increase in COVID-19 cases has limited the availability of personnel to provide services at the CRIM as well as in the municipalities.

Based on the above, the CRIM has reconsidered the terms established on Article 8 of Regulation 9323 as follows:

- A. Extend until February 28, 2022 the period for the 55% discount for debts in arrears prior to fiscal year 2016-2017
- B. Extend until February 28, 2022 the benefit for fiscal years 2016-2017 to 2019-2020.

Terms and Conditions of Regulation 9323

- A. Additional Payment Requirements - A taxpayer who wants to benefit from the provisions of Regulation 9323 must pay or have paid the real property taxes for the fiscal years 2020-2021 and 2021-2022. If the payment can not be made, a payment plan can be established for a period not exceeding one year.
- B. Waiver of Objections to Appraisal and Notification - All the debts covered by Regulation 9323 must be detailed. Once covered by Regulation 9323, the taxpayer waives any objection to the appraisal or notification of the debt that is the object of the plan.
- C. Taxpayers in the Process of Audit and under Judicial Proceedings - Those taxpayers who are in the process of a tax audit or in an administrative hearing or judicial review process may avail themselves of the benefits of Regulation 9323. However, such fact would be sufficient cause to desist from the audit, administrative hearing or judicial proceedings, in relation to the debt or debts object of the plan.
- D. Adjudication of the Debts - The determination of the taxpayer to avail himself of the benefit of Regulation 9323 will result in the adjudication of the amount corresponding to the years challenged according to the official notification of debt issued by the CRIM.
- E. Taxpayer under Payment Plan, Final Agreement or Bankruptcy Process - Those taxpayers who are covered by a payment plan, a final agreement with the CRIM, or a bankruptcy process, prior authorization by said Bankruptcy Court, at the time Regulation A9323 enters into force may renegotiate the pending balance of said payment plan with CRIM's Executive Director under the terms and conditions established in Regulation 9323.
- F. Agreements for Collection of Delinquent Debts - Any agreement for the collection of delinquent debts that the CRIM or any municipality has with a private entity will not be impediment so that the taxpayer or any person duly authorized to act on his behalf, can avail himself of the incentive plans provided in Regulation 9323.
- G. Voluntary and Final Payments - The payment under the alternative that is chosen under Regulation 9323 will be voluntary and final for all purposes and will not be subject to subsequent claims. It is understood that any

amount paid under Regulation 9323 will not be subject to refund.

- H. Where to Claim the Benefits - Any natural or legal person, or one that is duly authorized to act on his behalf, who owes real property taxes, who chooses to benefit from Regulation 9323 and does not have any claim on the debt, may do so in any of the seventy-eight (78) municipalities, in any of the nine (9) Regional Offices, through the CRIM website (www.crimpr.net) or through the Taxpayer Service Center ("Call Center" 787-625-2746).
- I. Expiration of Benefits - The benefits of Regulation 9323 will end on June 30, 2022.

Claims on CRIM's Records

The taxpayer who has any real property tax claim on the CRIM's records, may request through a Service Request Form to resolve or update the record thereof. Said claim may only be originated with the assistance of an authorized representative, in any of CRIM's Regional Offices. Depending on the date the claim is filed, the CRIM will honor the taxpayer with the discount alternative in effect on that date. The CRIM will work and resolve the claim promptly and it may request additional information from the taxpayer to resolve the claim. If the taxpayer does not respond within the required period of time, after being warned, he will lose the discount in force on the date the claim was filed.

Excluded Taxpayers

Those taxpayers who have submitted a request for self-appraisal under Article 7.062 of Act 107-2020, will not be able to avail themselves of the benefits of Regulation 9323. Likewise, elected officials, appointed by the Governor or senatorial or legislative confirmation, as provided by the Acts and the Constitution of the Commonwealth of Puerto Rico may not avail themselves of the benefits of Regulation 9323.

Penalties

The taxpayer who chooses not to be part of the benefits of Regulation 9323, or who by opting to participate in them fails to comply with any of the requirements or terms established in Regulation 9323, will be subject to all the collection

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mechanisms provided by the Act 107-2020, including, but not limited to real property liens. In the event of non-compliance with any of the terms and conditions of Regulation 9323, the debts will be restored by applying interest, surcharges, penalties, and additions to the tax, without granting any relief or discount.

Negative Certification of Paid Debts

The CRIM's Executive Director shall have the obligation to issue, on or before ninety [90] days after the payment of the eligible debt under Regulation 9323, a negative certification of debt. This is in addition to the receipts of payments stamped as received that the CRIM delivers at the time the taxpayer makes his payment under Regulation 9323.

ATBA Comments

The extended payment period is a very short one and, as you know, time flies. Therefore, if you owe (or think that may have real property tax exposure that you want to address) a prompt evaluation must be done to determine if the benefits under Regulation 9323 represent an option for you or your company. The discounts available are very attractive so you must move fast.

We may assist you in determining if you or your company may benefit from the provisions of Regulation 9323 and if the payment option best suits your cash flow situation. Contact one of our tax specialists to seek further guidance regarding these and other tax and business topics.

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Johnny is Co-founder and Managing Member of Alvarado Tax & Business Advisors LLC. Prior to that he was Co-founder and Partner of Zaragoza & Alvarado LLP.

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