



# TAX OPPORTUNITIES LLC

TAX AND BUSINESS ADVISORY SERVICES

## TAXOPP ALERT – 2018 Waiver Certificate for Withholding Tax on Services

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Dear clients and friends:

On January 2, 2018 the Puerto Rico Treasury Department (“PR Treasury”) issued Internal Revenue Informative Bulletin No. 18-01 (“IB IR 18-01”) to notify all taxpayers and withholding agents about the status of the 2018 waiver certificates for withholding tax on services rendered in Puerto Rico (known as the 7% withholding tax).

The IB IR 18-01 states the following:

- The 2017 Waiver Certificate that was valid until last December 31, 2017 will remain valid until January 31, 2018;
- The automatic renewal process of the waiver certificates started by the end of December 2017, and it is expected that those eligible taxpayers will receive their certificates within the first days of January 2018; and
- In the case that any taxpayer requires urgently the waiver certificate, they may request such certificate by either: (i) personally, (ii) email, or (iii) phone.

As a reminder, Section 1062.03 of the Puerto Rico Internal Revenue Code of 2011, as amended (“the Code”), generally states that payments for services rendered within Puerto Rico in excess, by persons engaged in a trade or business in Puerto Rico, are subject to a 7% withholding tax at source. Failure to comply with your responsibility as a withholding agent may represent interests, surcharges and penalties to be assessed by the PR Treasury in accordance with the Code.

If you need our assistance with the request of your waiver certificate and/or need further guidance with your responsibility as a withholding agent, please contact a member of our team.

Cordially,

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