

Tax Alert: Changes to the financial statements requirement for the Corporation Annual Report

Act #60 of June 12, 2010 (the “Act”) has been signed by the Governor. This Act includes additional amendments to the recently amended General Corporations Law (Act #164 of December 16, 2009).

The principal amendment directly affects corporations whose volume of business is \$3 million dollars or less. Prior to this amendment, every for profit corporation (domestic or foreign) with a volume of business of \$3 million dollars or less had to include with its Annual Report a balance sheet compiled by a CPA licensed in Puerto Rico (“PR CPA”). This situation led many corporations to request an automatic and additional extension of time to file the annual report. Now, the balance sheet to be included with the report must be prepared according to GAAP by a person with general accounting knowledge. This change alleviates the economic burden of many small businesses.

The requisite of including an audited balance sheet certified by a PR CPA for corporations (domestic and foreign) with volume of business in excess of \$3 million was not changed.

Another amendment introduced by the Act is related to the filing due date of the annual fee for LLC entities. Prior to this amendment, the due date to file the LLC annual fee was March 1. This caused confusion to the general public, because of the various due dates to file each report. Now, the due date for filing the Corporation Annual Report will be April 15, the same due date to file the other corporate returns.

These changes are applicable to the corporate annual reports for the year ended December 31, 2009 including those filed from January 1, 2010 and thereafter.

Should you have any questions or comments, please do not hesitate to contact personnel in our Tax Department at [787-754-1915](tel:787-754-1915)

