

MEMORANDUM

TO : ALL CLIENTS

FROM : BAKER TILLY PUERTO RICO, CPAs, PSC

DATE : August 10, 2010

SUBJECT : Property Tax Amnesty

PERSONAL AND REAL TAX AMNESTY

On July 2, 2010, the Governor of Puerto Rico approved Law 71 which grants the opportunity to pay any pending real and personal property tax debts waiving all interest, surcharges and penalties. The Law provides to all taxpayers, between the period of 120 day starting on August 16, 2010 and ending December 13, 2010, the opportunity to pay the principal of the real and personal property tax liability and waives during this period the payment of all the interest, surcharges and penalties impose by the Municipal Revenue Collection Office (CRIM).

The Law requires among other conditions, that in order to take advantage of this amnesty all current year real and personal property tax debts must have been paid. This means that in the case of **real** property the tax liability for the fiscal year 2009-10 and the first semester of the fiscal year 2010-2011 must be paid and in the case of **personal** property the liability for 2009 must also be paid. In addition, the Law 71 requires the filing of any pending personal property tax return.

As a heads up, the Law 71 also creates a registry of real properties, including commercial and industrial properties with improvements that have not been assessed by CRIM and provides a grace period during which owners can request assessment and at the same time receive the exoneration. Although, the implementation of this registry requires the creation of a committee which at this moment has not been established. We will provide you an update on this topic as soon as we become aware before that the mentioned registry is in place.

We would gladly help you in taking advantage of this opportunity that does not come often. Should you have any questions or comments related to the above, please contact us at 787-622-8855 for an advice.

You may also contact us or send any information electronically to elomba@bakertillypr.com or by fax at (787)-622-8850 for advice.