



AVISO CONTRIBUTIVO

Withholding at Source for Services Rendered and Waiver Certificates from Withholding for 2019

Law 257-2018 ("The Law"), signed on December 10, 2018, amended Article 59 of Section 1062.03 **to increase from 7% to 10% the withholding on payments for services rendered made from of January 1, 2019.** In addition, it is provided that for the years beginning after December 31, 2018, the exemption on withholding provided in said section will be on the first \$500 paid during the calendar year.

For the **Partial Waiver Certificates**, the amendments introduced by **The Law** establish that effective January 1, 2019, the applicable withholding will be **6%**.

We recommend to check in your **SURI** account, in the correspondence area, to confirm if your Waiver Certificate is already available. If it is not available, they can be requested at the Treasury Department.

During the month of December 2018 Partial Waiver Certificates (Model SC 2755) were issued, before **The Law** was approved, and they indicate a withholding tax of 3%. The **Internal Revenue Information Bulletin No. 18-24** establishes that effective January 1, 2019, **any withholding agent that issues professional service payments to suppliers that provide them with a Partial Waiver Certificate corresponding to the year 2019, the withholding will be 6%, regardless of whether the document indicates that the applicable withholding is 3%.**

IMPORTANT CHANGES:

- **Withholding increases from 7% to 10%.**
- **Partial Waiver Certificate increases from 3% to 6%.**
- **Withholding Exemption was reduced from the first \$1,500 to \$500.**





LET US HELP YOU ACHIEVE FURTHER
BUSINESS SUCCESS

UHY DEL VALLE & NIEVES PSC

Postal Address:

P.O. Box 361863

San Juan Puerto Rico 00936-1863

Physical Address:

Quebrada Arenas Industrial &

Professional Park

Carr. #1 Km 25.0

San Juan Puerto Rico 00926

Phone 787-793-4650

Fax 787-749-8722

Website uhy-pr.com

Email r.delvalle@uhy-pr.com

c.nieves@uhy-pr.com

Contact Persons

CPA Rafael Del Valle Vega

CPA Carlos F. Nieves Vega

UHY Del Valle & Nieves PSC *the "Firm" is a member of Urbach Hacker Young International Limited, a UK company, and forms part of the international UHY network of legally independent accounting and consulting firms. UHY is the brand name for the UHY international network. The services described herein are provided by the Firm and not by UHY or any other member firm of UHY. Neither UHY nor any member of UHY has any liability for services provided by other members."© 2012 Name of Firm

It is important that you review all the changes mentioned above and the effective dates of the same, in order that your entity can comply with this legislation recently approved. The PR Treasury Department is continually issue Circular Letters, and Administrative Order to clarify some of the changes and the implementations of the provisions of this new act.

The information in this newsletter is for educational purposes only and is not a source of legal or tax guidance. Nor does it constitute an opinion or advice regarding these matters or to avoid to paid any type of tax.

