

Reviewer:	Liquidator:	20 ___	COMMONWEALTH OF PUERTO RICO DEPARTMENT OF THE TREASURY	20 ___	Serial Number
Field audited by:		SPECIAL PARTNERSHIP INFORMATIVE INCOME TAX RETURN			OPTION 94
Date ___/___/___		TAXABLE YEAR BEGINNING ON 20___ AND ENDING ON 20___			AMENDED RETURN
R	M	N			Receipt Stamp
Entity's Name			Employer Identification Number		
Postal address			Industrial Code	Municipal Code	
Zip code			Telephone Number - Extension		
Location of Principal Industry or Business - Number, Street, City			Date created		
Type of Principal Industry or Business			Day ___/Month ___/Year ___ Place created		
Date of election to operate as Special Partnership			Total Forms 480.60 SE		

Part I	1. Indicate if the special partnership has an exemption decree. If the answer is "Yes", indicate the act _____ 2. If the special partnership has an exemption decree, did it choose not to apply the exemption for this year? _____ 3. Is the special partnership a shareholder of other entity with an exemption decree currently in effect? (If it is more than one entity submit detail) _____ Indicate: Entity's name _____ Employer identification number _____	Yes	No
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		Distributable share per category	Amount	Tax Withheld	
Part II	1.	Net long-term gain (or loss) on sale or exchange of capital assets (Schedule D Corporation) (1)	00		
	2.	Net short-term gain (or loss) on sale or exchange of capital assets (Schedule D Corporation) (2)	00		
	3.	Net gain (or loss) on sale or exchange of substantially all assets dedicated to an activity under Act 78-1993 (Schedule D Corporation) (3)	00		
	4.	Net gain (or loss) on sale or exchange of property used in the business (Schedule D Corporation) (4)	00		
	5.	Net income (or loss) from the partnership's trade or business (Part VII, line 44) (See instructions) (5)	00	00	
		a)	Share of the net income attributable to services rendered by the partners (5a)	00	
		b)	Remaining net income (or loss) (Subtract line 5(a) from line 5) (5b)	00	
	6.	Net income (or loss) from partially exempt income (Schedule L, Part I, line 3) (6)	00	00	
	7.	Net income (or loss) from income subject to a preferential rate (See instructions) (7)	00	00	
	8.	Eligible distribution of dividends from corporations (See instructions) (8)	00	00	
	9.	Interest income from deposits in financial institutions (See instructions) (9)	00	00	
	10.	Distributable share on income, gain or loss from a partnership or special partnership owned by the special partnership (See instructions) (10)	00	00	
	11.	Total net income (or loss) from distributable share per category (Add lines 1 through 10) (11)	00	00	
	12.	Exempt income (Submit Schedule IE Individual) (12)	00		
	13.	Exempt income subject to alternate basic tax (Submit Schedule IE Individual) (13)	00		
	14.	Adjustment for purposes of the alternate basic tax (See instructions) (14)	00		
15.	Adjustment for purposes of the alternative minimum tax (Submit detail) (See instructions) (15)	00			
16.	Gross income (See instructions) (16)	00	00		

		Credits	Amount	Taxes Paid or Accrued
Part III	1.	Credit for investment in a Capital Investment Fund, other funds or direct investments (Schedule Q) (1)		00
	2.	Credit attributable to losses in a Capital Investment Fund or other funds (Schedule Q) (2)		00
	3.	Credit for tax withheld at source from Industrial Development dividends (Act No. 8 of 1987) (3)		00
	4.	Credit for the purchase of tax credits (Submit detail) (4)		00
	5.	Credit for the payment of additional duties on luxury vehicles under Act 42-2005 (See instructions) (5)		00
	6.	Returning Heroes and Wounded Warriors work opportunity tax credit (Schedule B4 Flow-through Entity) (6)		00
	7.	Other credits not included on the preceding lines (Submit detail) (See instructions) (7)		00
	8.	Total Tax Credits (Add lines 1 through 7) (8)		00

		Taxes Paid to Foreign Countries and the United States, its Territories and Possessions	Amount	Taxes Paid or Accrued
Part IV	1.	Net income from sources outside of Puerto Rico (1)	00	00

		Tax computation on built-in gain		
Part V	1.	Tax liability (Schedule GI, Part IV, line 14) (1)		00
	2.	Less amount paid:		
	a)	Automatic extension or original return (2a)	00	
	b)	Estimated tax or tax withheld at source (2b)	00	
	c)	With the return (2c)	00	
	d)	Total (Add lines 2(a) through 2(c)) (2d)	00	00
3.	Balance of tax due (Subtract line 2(d) from line 1. If line 2(d) is larger than line 1, enter the difference on line 4) (3)			00
4.	Amount overpaid (Subtract line 2(d) from line 1) (4)			00

Part VI	1. Net sales (1)		00	
	Less: Cost of goods sold or direct costs of production			
	2. Inventory at the beginning of the year <input type="checkbox"/> "C" <input type="checkbox"/> "C" o "VM"			
	(a) Materials (2a)		00	
	(b) Goods in process (2b)		00	
	(c) Finished goods or merchandise (2c)		00	
	3. Purchase of materials or merchandise (3)		00	
	4. Direct wages (4)		00	
	5. Other direct costs (Detail in Part VIII) (5)		00	
	6. Total cost of goods available for sale (Add lines 2 through 5) (6)		00	
	7. Less: Inventory at the end of the year <input type="checkbox"/> "C" <input type="checkbox"/> "C" o "VM"			
	(a) Materials (7a)		00	
	(b) Goods in process (7b)		00	
	(c) Finished goods or merchandise (7c)		00	00
	8. Gross profit on sales or production (8)			00
9. Gain (or loss) from the sale or exchange of property used in business (9)			00	
10. Rent (10)			00	
11. Interest (11)			00	
12. Income from services or commissions (12)			00	
13. Gain (or loss) on distributable share from other partnerships or special partnerships (Submit Schedule R Corporation) (13)			00	
14. Miscellaneous income (14)			00	
15. Total income (Add lines 8 through 14) (15)			00	

		(A)	(B)
Part VII	16. Compensation to partners or officers (Part IX) (16)	00	00
	17. Salaries, commissions and bonuses to employees (Total \$ _____) (See instructions) (17)	00	00
	18. Commissions to businesses (18)	00	00
	19. Social security tax (FICA) (19)	00	00
	20. Unemployment tax (20)	00	00
	21. State Insurance Fund premiums (21)	00	00
	22. Medical or hospitalization insurance (22)	00	00
	23. Insurances (23)	00	00
	24. Interest (24)	00	00
	25. Rent (25)	00	00
	26. Property tax: (a) Personal _____ (b) Real _____ (26)	00	00
	27. Other taxes, patents and licenses (Submit detail) (27)	00	00
	28. Losses from fire, storm, other casualties or theft (28)	00	00
	29. Motor vehicle expenses (Mileage _____) (See instructions) (29)	00	00
	30. Other motor vehicle expenses (See instructions) (30)	00	00
	31. Meal and entertainment expenses (Total _____) (31)	00	00
	32. Travel expenses (32)	00	00
	33. Professional services (33)	00	00
	34. Contributions to pensions and other qualified plans (See instructions. Submit Form AS 6042.1) (34)	00	00
	35. Depreciation (Submit Schedule E) (35)	00	00
	36. Bad debts (See instructions) (36)	00	00
	37. Charitable contributions (37)	00	00
	38. Organization and syndication (38)	00	00
	39. Deduction for employers who employ handicapped persons (39)	00	00
	40. Royalties (See instructions) (40)	00	00
	41. Management fees (See instructions) (41)	00	00
	42. Other deductions (Submit detail) (42)	00	00
	43. Total deductions (Add lines 16 through 42) (43)		00
44. Net operating income (or loss) (Subtract line 43 from line 15, Column B. Transfer to Part II, line 5) (44)		00	

Part VIII	1. Salaries, wages and bonuses (1)	00	8. Repairs (8)	00
	2. Social security tax (FICA) (2)	00	9. Utilities (9)	00
	3. Unemployment tax (3)	00	10. Depreciation (Submit Schedule E) (10)	00
	4. State Insurance Fund premiums (4)	00	11. Other expenses (Submit detail) (11)	00
	5. Medical or hospitalization insurance (5)	00	12. Total other direct costs (Add lines 1 through 11. Same as Part VI, line 5) (12)	00
	6. Other insurances (6)	00		
	7. Excise taxes / Use taxes (7)	00		

Compensation to partners or officers

Part IX	Name of Partner	Social Security Number	Percentage of time devoted to Business	Percentage of stocks or shares owned		Compensation
				Common	Preferred	
						00
						00
						00
						00
						00
						00
Total compensation to partners or officers (Transfer to Part VII, line 16)						00

Comparative Balance Sheet

Part X	Assets	Beginning of the Year		Ending of the Year	
		Total		Total	
	1. Cash on hands and in bank (1)		00	(1)	00
	2. Accounts receivable (2)	00		(2)	00
	3. Less: Reserve for bad debts (3)	(00)	00	(3)	(00)
	4. Inventories (4)		00	(4)	00
	5. Other current assets (5)		00	(5)	00
	6. Notes receivable (6)		00	(6)	00
	7. Investments (7)		00	(7)	00
	8. Depreciable assets (8)	00		(8)	00
	9. Less: Reserve for depreciation (9)	(00)	00	(9)	(00)
	10. Land (10)		00	(10)	00
	11. Other long-term assets (11)		00	(11)	00
	12. Total Assets (12)		00	(12)	00
	Liabilities and Net Worth				
	Liabilities				
	13. Accounts payable (13)			(13)	00
	14. Accrued expenses (not paid) (14)	00		(14)	00
	15. Other current liabilities (15)	00		(15)	00
	16. Long-term notes payable (16)	00		(16)	00
	17. Other long-term liabilities (17)	00		(17)	00
	18. Total Liabilities (18)	00	00	(18)	00
	Net Worth				
	19. Partner's interest (19)			(19)	00
	20. Undistributed profit (20)	00		(20)	00
	21. Total Net Worth (21)		00	(21)	00
	22. Total Liabilities and Net Worth (22)		00	(22)	00

Reconciliation of Net Income (or Loss) per Books with Net Taxable Income (or Loss) per Return

Part XI	1. Net income per books (1)	00	5. Income recorded on books this year not included on this return	
	2. Taxable income not recorded on books this year (Itemize)		(a) Exempt interest _____	
	(a) _____		(b) _____	
	(b) _____		(c) _____	
	(c) _____		Total (5)	00
	Total (2)	00	6. Deductions on this return not charged against book income this year	
	3. Expenses recorded on books this year not claimed on this return		(a) Depreciation _____	
	(a) Meal and entertainment (amount not claimed) _____		(b) _____	
(b) Depreciation _____		(c) _____		
(c) Motor vehicles (in excess of the limit) _____		Total (6)	00	
(d) Vessels, aircrafts and property located outside of Puerto Rico _____		7. Total (Add lines 5 and 6) (7)	00	
(e) Expenses incurred or paid to related owners, persons or entities _____		8. Net taxable income (or loss) per return		
(f) _____		(Subtract line 7 from line 4) (8)	00	
Total (3)	00			
4. Total (Add lines 1 through 3) (4)	00			

Analysis of Undistributed Profits per Books

Part XII	1. Balance at the beginning of the year (1)	00	5. Distributions: (a) Cash (5a)	00
	2. Net income per books (2)	00	(b) Property (5b)	00
	3. Other increases (Itemize, use schedule if necessary)		(c) Other (5c)	00
	(a) _____ (3a)	00	6. Other decreases (Itemize) (6)	00
	(b) _____ (3b)	00	7. Total (Add lines 5 and 6) (7)	00
	4. Total (Add lines 1, 2 and 3) (4)	00	8. Balance at end of year (Subtract line 7 from line 4) (8)	00

Computation of gross income percentage derived from eligible activities

	Income from eligible activities		Income from non eligible activities	
	(A) Sources within Puerto Rico	(B) Sources outside Puerto Rico	(C) Sources within Puerto Rico	(D) Sources outside Puerto Rico
Part XIII				
1. Gross income derived during the period (Add Columns A through D)				00
2. Gross income from sources within Puerto Rico (Add Columns A and C)				00
3. Divide line 2 by line 1				%
4. Gross income from eligible activities (Add Columns A and B)				00
5. Divide line 4 by line 1				%

Questionnaire

	YES		NO			YES		NO	
Part XIV									
1. Did the special partnership keep part of its records on a computerized system during this year?	(1)								
2. The special partnership's books are in care of: Name _____ Address _____ E-mail _____ Telephone _____									
3. Check accounting method used: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Others (specify): _____									
4. Did the special partnership file the following documents? (a) Informative Returns	(4a)								
(b) Withholding Statement (Form 499R-2/W-2PPR)	(4b)								
5. If the special partnership's gross income exceeds \$3,000,000, are financial statements audited by a CPA licensed in Puerto Rico included with this return?	(5)								
6. Did the entity claim deductions for expenses connected with ownership, use, maintenance and depreciation of: (a) Vehicles?	(6a)								
(b) Vessels?	(6b)								
(1) Did more than 80% of the total income was derived from activities exclusively related to fishing or transportation of passengers or lease?	(6b1)								
(c) Aircrafts?	(6c)								
(1) Did more than 80% of the total income was derived from activities exclusively related to transportation of passengers or lease?	(6c1)								
(d) Residential property outside of Puerto Rico?	(6d)								
(1) Did more than 80% of the total income was derived from activities exclusively related to the lease of property to non related persons?	(6d1)								
7. Did the special partnership claim expenses connected to: (a) Housing? (except business employees)	(7a)								
(b) Employees attending conventions outside Puerto Rico or the United States?	(7b)								
8. Does the special partnership currently have an election under Section 340 of the Puerto Rico Income Tax Act of 1954 at the closing of the last taxable year before July 1, 1995? Enter the earnings or profits at that date	(8)								
9. Did the special partnership have earnings or profit related to periods when it was not a special partnership, or received in liquidations or reorganizations? Enter amount	(9)								
10. Is the special partnership a partner in other partnership or special partnership? (If more than one submit detail)	(10)								
Name _____ Employer Identification Number of the inferior Partnership or Special Partnership _____ Enter the proportion of participation _____									
11. Enter the amount of charitable contributions to municipalities included in Part VII, line 37									
12. Did the special partnership receive income from temporary investment during the first 36 months of starting the eligible activity?	(12)								
13. Number of partners									
14. Number of employees									

OATH

I _____, the managing partner of the partnership for which this Special Partnership Informative Income Tax Return is made, declare under penalty of perjury, that this return (including schedules and statements attached) has been examined by me and to the best of my knowledge and belief, is a true, correct and complete informative return, made in good faith, pursuant to the Puerto Rico Internal Revenue Code of 2011, as amended, and the Regulations thereunder.

Managing partner's signature

Specialist's Use Only

I declare under penalty of perjury that this return (including schedules and statements attached) has been examined by me, and to the best of my knowledge and belief is a true, correct, and complete return. The declaration of the person who prepares this return is with respect to the information received, and this information may be verified.

Specialist's name (Print)	Registration No.	Date	Check if self - employed specialist <input type="checkbox"/>
Firm's name			
Specialist's signature	Address	Zip code	

NOTE TO TAXPAYER

Indicate if you made payments for the preparation of your return: Yes No. If you answered "Yes", require the Specialist's signature and registration number.

Retention Period: Ten (10) years

Schedule L (P, SP, CI, ESC)

Rev. 04.14



PARTIALLY EXEMPT INCOME

20__

Taxable year beginning on _____, 20__ and ending on _____, 20__

Entity's Name	Case Number	Employer Identification Number
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Type of Entity:

Partnership
 Special Partnership
 Corporation of Individuals
 Employees Owned Special Corporation

Partially Exempt Income (Check one):

<input type="checkbox"/> Act No. 52 of 1983	<input type="checkbox"/> Act 78-1993	<input type="checkbox"/> Act 74-2010
<input type="checkbox"/> Act No. 47 of 1987	<input type="checkbox"/> Act 225-1995	<input type="checkbox"/> Act 132-2010

Part I	Net Income (or Loss)
1. Net operating income (or loss) for the year (Part III, line 41)	(1) _____ 00
2. Exempt amount - _____%	(2) _____ 00
3. Net income (or loss) from partially exempt activities (Subtract line 2 from line 1. Enter here and in Part II, line 6 of the return)	(3) _____ 00

Part II	Gross Profit on Sales or Production and Other Income
1. Net sales	(1) _____ 00
Less: Cost of goods sold or direct costs of production	
2. Inventory at the beginning of the year <input type="checkbox"/> "C" <input type="checkbox"/> "C" o "MV"	
(a) Materials	(2a) _____ 00
(b) Goods in process	(2b) _____ 00
(c) Finished goods or merchandise	(2c) _____ 00
3. Purchase of materials or merchandise	(3) _____ 00
4. Direct wages	(4) _____ 00
5. Other direct costs (Detail in Part IV)	(5) _____ 00
6. Total cost of goods available for sale (Add lines 2 through 5)	(6) _____ 00
7. Less: Inventory at the end of the year <input type="checkbox"/> "C" <input type="checkbox"/> "C" o "MV"	
(a) Materials	(7a) _____ 00
(b) Goods in process	(7b) _____ 00
(c) Finished goods or merchandise	(7c) _____ 00
8. Gross profit on sales or production	(8) _____ 00
9. Capital assets gain (or loss) (Schedule D Corporation)	(9) _____ 00
10. Gain (or loss) from the sale of property other than capital assets (Schedule D Corporation)	(10) _____ 00
11. Interest	(11) _____ 00
12. Other income (Submit detail)	(12) _____ 00
13. Total income (Add lines 8 through 12)	(13) _____ 00

Retention Period: Ten (10) years

Part III		Deductions and Net Operating Income	
		(A)	(B)
14. Compensation to partners (stockholders) or officers	(14)	00	00
15. Salaries, bonuses and commissions to employees (Total \$ _____) (See instructions)	(15)	00	00
16. Commissions to businesses	(16)	00	00
17. Social security tax (FICA)	(17)	00	00
18. Unemployment tax	(18)	00	00
19. State Insurance Fund premiums	(19)	00	00
20. Medical or hospitalization insurance	(20)	00	00
21. Insurances	(21)	00	00
22. Interest	(22)	00	00
23. Rent	(23)	00	00
24. Property tax: (a) Personal _____ (b) Real _____	(24)	00	00
25. Other taxes, patents and licenses (Submit detail)	(25)	00	00
26. Losses from fire, storm, theft or other casualties	(26)	00	00
27. Motor vehicle expenses (Mileage _____) (See instructions)	(27)	00	00
28. Other motor vehicle expenses (See instructions)	(28)	00	00
29. Meal and entertainment expenses (Total _____)	(29)	00	00
30. Travel expenses	(30)	00	00
31. Professional services	(31)	00	00
32. Contributions to pensions and other qualified plans (See instructions. Submit Form AS 6042.1)	(32)	00	00
33. Depreciation (Submit Schedule E)	(33)	00	00
34. Bad debts (See instructions of line 36 of the return. Submit detail)	(34)	00	00
35. Charitable contributions (See instructions)	(35)	00	00
36. Repairs	(36)	00	00
37. Royalties	(37)	00	00
38. Management fees	(38)	00	00
39. Other deductions (Submit detail)	(39)	00	00
40. Total deductions (Add lines 14 through 39)	(40)	00	00
41. Net operating income (or loss) for the year (Subtract line 40 from line 13, Column B. Enter here and in Part I, line 1)	(41)		00

Part IV		Detail of Other Direct Costs	
1. Salaries, wages and bonuses	(1)	00	
2. Social security tax (FICA)	(2)	00	
3. Unemployment tax	(3)	00	
4. State Insurance Fund premiums	(4)	00	
5. Medical or hospitalization insurance	(5)	00	
6. Other insurances	(6)	00	
7. Excise taxes / Use taxes	(7)	00	
8. Repairs	(8)		00
9. Utilities	(9)		00
10. Depreciation (Submit Schedule E)	(10)		00
11. Other expenses (Submit detail)	(11)		00
12. Total other direct costs (Add lines 1 through 11. Enter in Part II, line 5)	(12)		00

Retention Period: Ten (10) years

Schedule GI (P, SP, CI)

Rev. 04.14



TAX DETERMINATION ON BUILT-IN GAINS

20__

Taxable year beginning on _____, 20__ and ending on _____, 20__

Entity's Name _____ Employer Identification Number _____

Type of Entity: Partnership Special Partnership Corporation of Individuals

Part I Built-In Gain and Loss Not Realized								
Description of property	(A) Date acquired	(B) Date of conversion	(C) Market value at the time of conversion		(D) Adjusted basis at the time of conversion		(E) Built-in gain or loss not realized	
				00		00	00	
				00		00	00	
				00		00	00	
1. Total							(1)	00
2. Net built-in gain recognized on previous years (See instructions)							(2)	00
3. Total net built-in gain not realized (Subtract line 2 from line 1) (Transfer to Part IV, line 6)							(3)	00

Part II Built-In Gain Recognized (Assets sold during the year)									
Description of property	(A) Date acquired	(B) Date sold	(C) Sale price	(D) Allowable depreciation		(E) Costs or other basis and improvement costs		(F) Selling expenses	(G) Gain
				00	00		00	00	00
				00	00		00	00	00
				00	00		00	00	00
1. Total								(1)	00
2. Built-in gain not realized on assets sold during the year (From Part I)								(2)	00
3. Built-in gain recognized (Enter the smaller of lines 1 and 2)								(3)	00

Part III Built-In Loss Recognized (Assets sold during the year)									
Description of property	(A) Date acquired	(B) Date sold	(C) Sale price	(D) Allowable depreciation		(E) Costs or other basis and improvement costs		(F) Selling expenses	(G) Loss
				00	00		00	00	00
				00	00		00	00	00
				00	00		00	00	00
1. Total								(1)	00
2. Built-in loss not realized on assets sold during the year (From Part I)								(2)	00
3. Built-in loss recognized (Enter the smaller of lines 1 and 2)								(3)	00

Part IV Tax on Net Built-In Gain Recognized		
1. Built-in gain recognized (Same as Part II, line 3)	(1)	00
2. Built-in loss recognized (Same as Part III, line 3)	(2)	00
3. Excess of built-in gain recognized over built-in loss recognized (Subtract line 2 from line 1)	(3)	00
4. Carryover of net built-in gain not recognized on previous years	(4)	00
5. Total of net built-in gain recognized (Add lines 3 and 4)	(5)	00
6. Net built-in gain not realized (Same as Part I, line 3)	(6)	00
7. Net built-in gain recognized before other adjustments (Enter the smaller of lines 5 and 6)	(7)	00
8. Adjustment on income and deductions	(8)	00
9. Net built-in gain recognized (Subtract line 8 from line 7)	(9)	00
10. Net taxable income	(10)	00
11. Net built-in gain recognized before operating or carry forward capital losses (Enter the smaller of lines 9 and 10)	(11)	00
12. Carry forward losses	(12)	00
13. Net built-in gain recognized subject to tax (Subtract line 12 from line 11)	(13)	00
14. Tax determined (Multiply line 13 by 39%)	(14)	00



Rev. 04.14

Commonwealth of Puerto Rico
Department of the Treasury

SPECIAL PARTNERSHIP INFORMATIVE INCOME TAX RETURN

FORM 480.10(E)

GENERAL INSTRUCTIONS

WHO MUST FILE THIS RETURN?

Every partnership, corporation or limited liability company engaged in trade or business in Puerto Rico that has a Special Partnership election currently in effect must file a return to report the income earned during the corresponding taxable year.

For purposes of this return, the terms special partnership and partner include a corporation and any of its stockholders or limited liability company and any of its members under the benefits of a special partnership.

WHEN AND WHERE IT MUST BE FILED?

This return must be filed not later than the 15th day of the third month following the closing of the special partnership's taxable year. For example, a special partnership which accounting year is a calendar year (ending on December 31, 2013) must file the return not later than March 17, 2014.

The return must be filed in the Department of the Treasury, Returns Processing Bureau, located at 10 Paseo Covadonga, Intendente Ramírez Building in Old San Juan, or sent by mail to the following address:

DEPARTMENT OF THE TREASURY
PO BOX 9022501
SAN JUAN PR 00902-2501

It may also be delivered at the Internal Revenue Collections Office of your municipality.

AUTOMATIC EXTENSION OF TIME TO FILE THE RETURN

A three (3) month automatic extension of time to file the return will be granted if it is requested not later than the due date to file the return. This will be done using Form AS 2644.

An extension of time to file the return does not extend the time for the payment of the tax corresponding to the distributable share of the partner in the Special Partnership.

COLUMN OF CENTS

While completing the return, the column of cents will not be used. That way we can expedite its processing. **It is important to remind you that it is not about rounding off, but eliminating the cents. See the following example:**

$\$480.90 = \480

$\$475.25 = \475

TAXPAYER'S ASSISTANCE

For additional information on the technical content of this pamphlet or to clarify any doubts, please call the Consulting Section at **(787) 722-0216**.

INFORMATIVE RETURN

Every special partnership must complete to each partner a Special Partnership Informative Return (Form 480.60 SE) and report the distributable share of every partner on the income and expenses, gains or losses and credits generated by the special partnership during the taxable year. Copy of these informative returns must be included with the filing of Form 480.10(E).

INSTRUCTIONS TO COMPLETE THE RETURN

HEADING OF THE RETURN

If the taxable year of the special partnership is a calendar year, there is no need to enter the date on which the taxable year begins and ends, only the corresponding year. Otherwise, if it is a fiscal year, you must enter the date on which the taxable year begins and ends in the space provided in the special partnership return.

Enter in the corresponding space the name, address and employer identification number of the special partnership. **Your employer identification number is required to process the return.**

Enter in the corresponding box the complete address where the business or principal office is located, type of business, as well as the date and place created or incorporated.

Enter in the corresponding box the number of Forms 480.60 SE (Informative Return – Special partnership) included with the return. A copy of Forms 480.60 SE provided to each partner must be included with the return.

Special Partnerships under Option 94

Every special partnership that exercised the option to determine the taxable net income according to Act 120-1994, as amended, for tax year 2011 and the following 4 years (Option 94), must inform that it is filing under Option 94 in the space provided for this purpose in the upper right corner of page 1 of the return.

Revocation of Option 94 for tax year 2013

Act 40-2013 amended Section 1022.06 of the Code to allow every taxpayer that elected Option 94 in tax year 2011, to revoke such option and to pay taxes under the provisions of Act 1-2011, as amended. In order to revoke the Option 94 election, the special partnership must leave blank the space provided to inform that it is filing under Option 94, which is located in the upper right corner of page 1 of the return.

The revocation can be filed only with the return corresponding to tax year 2013. Once the election to pay taxes under the Code is made, the same will be final and irrevocable for tax year 2013 and the following years.

PART I – TYPE OF EXEMPTION

Line 1 - Indicate if the special partnership has a tax exemption decree

Indicate if the special partnership has an exemption decree under any of the following acts: Tourism Incentives Act of 1983, as amended (Act No. 52 of 1983), Puerto Rico Tourism Development Act of 1993, as amended (Act 78-1993), Puerto Rico Tourism Development Act of 2010, as amended (Act 74-2010), Puerto Rico Agricultural Incentives Act, as amended (Act 225-1995), Public and Private Sector Co-partnership for New Housing Operation Act (Act 47 of 1987), Puerto Rico

Green Energy Incentives Act (Act 83-2010), Real Property Market Stimulus Act (Act 132-2010) or any other previous or subsequent act of similar nature.

Line 2 – Indicate if the special partnership chose not to apply the exemption for this year

Indicate if the special partnership chose not to apply the exemption for the taxable year.

If the special partnership chose to apply the exemption for the year, it must complete the Schedule corresponding to the current exemption decree. The following Schedules will be used to determine the net income covered by an exemption decree:

- Schedule L (P, SP, CI, ESC) – Partially Exempt Income
- Schedule Y Incentives – Income Tax for Exempt Businesses under Act 83-2010

Said Schedules are available at the Forms and Publications Division, Office 603 of the Department of the Treasury in Old San Juan, by calling (787) 722-0216 or accessing our website www.hacienda.gobierno.pr under the “Flow-through Entities” or “Exempt Businesses under Incentives Programs” topics.

Line 3 – Indicate if the special partnership is a shareholder of other entity with an exemption decree currently in effect

Indicate if the special partnership is a shareholder of other entity with an exemption decree currently in effect.

Enter the name and employer identification number of said entity. If it is more than one, submit detail.

PART II – DISTRIBUTABLE SHARE PER CATEGORY

Enter the amount derived for each activity and the corresponding tax withheld, if any.

Line 1 - Net long-term gain (or loss) on sale or exchange of capital assets

Enter the gain or loss derived from the sale or exchange of capital assets held by the partnership for more than six months. You must complete Schedule D Corporation, Part II, line 10 and transfer the total to this line.

Line 2 - Net short-term gain (or loss) on sale or exchange of capital assets

Enter the gain or loss derived from the sale or exchange of capital assets held by the partnership for six months or less. You must complete Schedule D Corporation, Part I, line 6 and transfer the total to this line.

Line 3 - Net gain (or loss) on sale or exchange of substantially all assets dedicated to an activity under Act 78-1993

Enter the gain or loss derived from the sale or exchange of substantially all assets dedicated to an activity under Act 78-1993. You must complete Schedule D Corporation, Part III, line 11 and transfer the total to this line.

Line 4 - Net gain (or loss) on sale or exchange of property used in the business

Enter the gain or loss derived from the sale or exchange of property used in the business other than capital assets. You must complete Schedule D Corporation, Part VII, line 43 and transfer the total to this line.

Line 5 - Net income (or loss) from the partnership's trade or business

Enter the net income or loss from the operations of the eligible activities. Do not include the gains or losses from lines 1, 2, 3, 4, 6, 7, 8, 9, 10 and 12 of this Part II.

The amount reflected on this line is used when the taxpayer elects to treat certain items as ordinary income (Section 1114.06(b) of the Puerto Rico Internal Revenue Code of 2011, as amended (Code)) and by nonresident alien partners.

Enter on line 5(a) the share of the income included on line 5 attributable to services rendered by the partners not reported as salaries on Form 499R-2/W-2PR or as compensation for services rendered on Form 480.6A or 480.6B.

Enter on line 5(b) the result of the amount on line 5 less the amount on line 5(a).

Line 6 - Net income (or loss) from partially exempt income

Enter on this line the sum of the net operating income or loss covered under an exemption decree. Add line 3, Part I of all Schedules L (P, SP, CI, ESC) included in the return.

Line 7 - Net income (or loss) from income subject to a preferential rate

Enter on this line the sum of all net operating income or losses covered under an exemption decree subject to a fixed tax rate, excluding dividends, long-term capital gains and interest income on deposits in financial institutions.

Enter in the first Column the amount of net taxable income and in the second Column the tax at preferential rate determined according to the exemption decree granted to the special partnership. You must include on this line the income and tax determined and deposited by the special partnership, as computed on Schedules Y Incentives, in the case that the special partnership has operations covered by a decree under Act 83-2010.

Line 8 - Eligible distribution of dividends from corporations

The partners may claim in their returns the dividends received by the special partnership from eligible dividend distributions, as defined in Section 1023.06 of the Code, according to their distributable share, along with the portion of the 10% tax withheld. Otherwise, at the election of the partner, said income will be included in the special partnership income to determine its net income or loss, as provided in Section 1114.06(b) of the Code.

Line 9 - Interest income from deposits in financial institutions

Enter the income earned from interest on investments or deposits in cooperatives, savings associations authorized by the Federal Government or by the Commonwealth of Puerto Rico, commercial and mutual banks or in banking organizations established in Puerto Rico, as well as the 10% amount withheld, if the election was made.

Line 10 - Distributable share on income, gain or loss from a partnership or special partnership owned by the special partnership

The special partnership can be a partner in other special partnership (inferior partnership) or partnership. Enter on this line the distributable share on income or loss of the inferior partnership attributable to the special partnership.

Line 12 - Exempt income (Schedule IE Individual)

Enter the total sum of exempt income from Schedule IE Individual. You must include with the return Schedule IE Individual duly completed.

Line 13 - Exempt income subject to alternate basic tax (Schedule IE Individual)

Enter the total sum of exempt income from Schedule IE Individual, Column B. You must include with the return Schedule IE Individual duly completed.

Line 14 - Adjustment for purposes of the alternate basic tax

Enter here any adjustment to the income from the special partnership that, at the special partnership's individual partner level, are considered income subject to alternate basic tax, including but not limited to, the adjustment for the determination of the share in the profit or loss from certain special partnerships under the percentage of completion method. Refer to Regulation No. 8329 of January 9, 2013.

Line 15 - Adjustment for purposes of the alternative minimum tax

Enter here any adjustment to the income from the special partnership that, at the special partnership's corporate partner level, are considered income subject to alternative minimum tax.

You must submit a schedule detailing the nature of each item included on this line with the amount of each adjustment per item. Please refer to Schedule A Corporation and its respective instructions to identify the adjustments subject to alternative minimum tax.

Line 16 – Gross income

Enter here the special partnership's gross income for purposes of the imposition of the additional tax on gross income.

As a general rule, gross income will be the one established in Section 1031.01 of the Code, less the exemptions from gross income provided by Section 1031.02 of the Code. Also, it is provided that in the case of gains and income derived from the production or sale of property in the ordinary course of business, either personal or real property, the gross income will be the total generated from the sale of goods or products without deducting the cost of such goods or products sold. For the definition of gross income applicable to insurance companies, gas stations, commissioners, brokers, representative agents, advertising agencies and contractors, as well as for the exemptions from gross income, refer to Section 1023.10(g)(1) of the Code.

PART III - CREDITS

Act 40-2013 established a moratorium to certain tax credits and the essential requirement to all credit holders to inform the Secretary of the Treasury the amount of credits granted and approved as of June 30, 2013. Every taxpayer owning a tax credit must refer to the Internal Revenue Circular Letter No. 13-08 of July 22, 2013 ("CC 13-08"), that provides the information and procedures related to the tax credits affected by Act 40-2013.

Every taxpayer that wants to claim a tax credit, must submit with the return, copy of Form 480.71.1 "Informative Return for Tax Credit Holders" duly filed with the Department, as provided by CC 13-08.

Line 1 - Credit for investment in a Capital Investment Fund, other funds or direct investments

In order to claim this credit you must complete Schedule Q, available in the Department of the Treasury.

Line 2 - Credit attributable to losses in a Capital Investment Fund or other funds

See instructions of Schedule Q related with the allowable credit for losses in investment funds, available in the Department of the Treasury.

Line 3 - Credit for tax withheld at source from Industrial Development dividends (Act No. 8 of 1987)

The partners of a special partnership will be entitled to claim, according to the percentage applicable to the distributable share of the special partnership, a credit as established in Section

4(a) of the Incentives Act, against the tax due for the year in which the special partnership received, as an investor, a distribution from Industrial Development Income.

Enter on this line the tax withheld at source to the special partnership on dividends from Industrial Development Income.

Line 4 - Credit for the purchase of tax credits

The partners of a special partnership will be entitled to claim their distributable share on tax credits acquired by the special partnership through the purchase, exchange or transfer from investors that generated the credits under any of the acts that allow tax credits. The special partnership, as the buyer of the credits, and its partners, are subject to the limitations imposed to the investor from whom the credits were acquired with respect to the taxable years on which those credits can be considered, and the maximum amount of the credits to be claimed on each taxable year.

In order to claim this credit, the conveyor and the cessionary will submit with the income tax return in the year of the cession, a sworn statement notifying the same to the Secretary.

Line 5 - Credit for the payment of additional duties on luxury vehicles under Act 42-2005

The amount of the credit to be claimed will be equal to the amount of the duty paid by the special partnership for the government label (*marbete*) for the luxury vehicle plus 5% legal interest on that amount from March 16, 2007 to December 31, 2011, minus 33% for attorney's fees. Taxpayers who were part of the first list claimed 50% of the credit in the 2011 and 2012 returns, respectively. On the other hand, taxpayers who were identified for the second list claimed 50% of the credit in the 2012 return and the remaining 50% will be claimed in the 2013 return.

Enter on this line **the amount notified** by the Department of the Treasury for taxable year 2013.

Line 6 – Returning Heroes and Wounded Warriors work opportunity tax credit

Enter the amount previously determined on Schedule B4 Flow-through Entity, line 4.

Line 7 - Other credits not included on the preceding lines

Enter the total amount of other credits not included on the preceding lines. If on this line you included credits from different concepts, you must submit a schedule showing a breakdown of such credits. You must also submit documents or evidence to support such credits.

PART IV – TAXES PAID TO FOREIGN COUNTRIES AND THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS

Enter in this part the net income from sources outside of Puerto Rico and the taxes paid outside of Puerto Rico on said net income. Use Schedule C Corporation, Part I, to determine the net income derived by the special partnership for each country, territory or possession indicated, and include in Part II of said Schedule the taxes paid or accrued to each one of these jurisdictions. Do not complete Part III of Schedule C Corporation. Submit Schedule C Corporation with the Special Partnership Informative Income Tax Return, Form 480.10(E).

Line 1 – Net income from sources outside of Puerto Rico

Enter in the first box the total amount of net income from sources outside of Puerto Rico derived by the special partnership, as determined in Part I of Schedule C Corporation.

Enter in the second box the total amount of income tax paid or accrued to the United States, its possessions or foreign countries as reported in Part II of Schedule C Corporation.

PART V – TAX COMPUTATION ON BUILT-IN GAINS

The tax on built-in gains applies to every special partnership that previously was a regular partnership or corporation. The tax is imposed when the sale or disposition of the assets acquired through the conversion, is realized within the period of 10 years from the first day of the first taxable year of the special partnership.

The increase of the value accumulated during the period after the conversion, which the special partnership realizes as gain when disposing the asset, is not subject to this tax.

The built-in gain is taxable at the maximum applicable tax rate to corporations (39%). See Section 1115.08 of the Code.

Line 1 – Tax liability (Schedule GI (P, SP, CI))

Enter the tax on built-in gain determined for the year, as computed on Schedule GI (P, SP, CI), Part IV, line 14.

Line 2 – Amount Paid

Enter the amount paid for purposes of the built-in gain.

PART VI - GROSS PROFIT ON SALES, MANUFACTURE OR OTHER INCOME

Enter the manufacturing and sales costs, as well as the gross profit from sales. Check the applicable box to indicate your inventory appraisal method at the beginning and end of the year.

Itemize in Part VIII of the return the other direct costs shown on line 5. Note that the depreciation of assets used in manufacture will be included as Other Direct Costs in Part VIII, line 10. The

flexible depreciation of assets, other than manufacturing, must be entered in Part VII, line 35.

Enter on line 12 of Part VI the income from services rendered or commissions earned.

Enter on line 13 the gains or losses from the distributable share of the partnership in other partnerships or special partnerships.

PART VII - DEDUCTIONS AND NET OPERATING INCOME

The income and expenses to be included in Parts VI, VII and VIII of Page 2 of the return are related with the activities of the special partnership **not** covered under acts that provide for partially exempt income. The detail of partially exempt income will be detailed on Schedule L (P, SP, CI, ESC).

Enter the deductions related to your operations on lines 16 through 42.

Use Column (A) of lines 16 through 42 of Part VII to report the deductible portion (that is, 49% of total) of those expenses attributable to the conduct of an industry or business in Puerto Rico and that are not subject to income tax or to withholding at source under the Code in the taxable year in which they are incurred or paid, if such expenses:

- are expenses incurred or paid to a partner that owns 50% or more of a partnership's interest, or
- are expenses incurred or paid to any related person or entity affiliated to the partnership. For these purposes the rules applicable to determine the members of a controlled group of corporations or a group of related entities, established in Sections 1010.04 and 1010.05 of the Code, will be applicable when determining the relation of the Partnership with its members and affiliates.

The non deductible portion of these expenses (that is, 51% of total expenses) must be included on line 3(e) of Part XI of the return.

In Column (B) enter the total amount of each expense item, which will include the amount indicated in Column (A).

Following we provide information regarding some on those deductions.

Line 16 - Compensation to partners or officers

Enter the total compensation paid or accrued to all partners of the special partnership reported as salaries on Form 499R-2/W-2PR or as compensation for services rendered on Form 480.6A or 480.6B. Payments for services rendered or in the form of interest from the use of capital, will be considered as paid to one that is not a partner of the special partnership, as long as said payment are determined without considering the special partnership income. On the other hand, the partner must include said payments as taxable income according to the accounting method used to recognize income. Detail the corresponding information in Part IX, Page 3 of the return.

Line 17 – Salaries, commissions and bonuses to employees

If you claim the Returning Heroes and Wounded Warriors work opportunity tax credit provided by the VOW to Hire Heroes Act of 2011 (Schedule B4 Flow-through Entity), you must reduce from the deduction for salaries, the amount of the credit claimed on Schedule B4 Flow-through Entity, Part I, line 2. Therefore, indicate in the parenthesis provided the total of salaries paid and on line (17) the deductible portion after reducing the total of salaries by the amount of credit claimed.

Line 25 – Rent

Enter the cost for the leasing of structures and equipment, excluding automobile leases. Expenses related to automobile leases must be included on line 35.

Line 27 - Other taxes, patents and licenses

Submit a schedule of the excise taxes or licenses paid by the special partnership.

Line 29 - Motor vehicle expenses (Mileage)

You may claim a deduction on this line, based on a standard mileage rate, for the expenses related to the use and maintenance of an automobile which are incurred to carry on a trade or business or for the production of income of the special partnership. Include on the mileage line the total miles used in the trade or business or for the production of income and multiply it by sixty cents (\$ 0.60).

The expenses of automobile use and maintenance includes repairs, insurance, gasoline, oil and filter changes, cleaning, tires, annual license fees and other expenses of a similar nature. This expense does not include depreciation, rental payments on ordinary leases or financial leases, which are claimed on line 35 (or on line 10 of Part VIII, as applicable) submitting Schedule E. Also, do not include expenses related to the use of tolls or parking.

For these purposes, the term “automobile” does not include the following:

- those used directly in the business of transporting passengers or property for which compensation or payment is made, such as limousines, taxis and public vehicles;
- funeral cars, flower carriages, buses, ambulances, motorcycles, trucks, vans and any other similar vehicle used primarily for transport of cargo; and
- cars rented or held for rental by persons regularly engaged in the business of car leasing.

If you incurred expenses for vehicles which are not considered automobiles according to the above definition, you should claim them on line 30 and submit the details.

For tax year 2013, it will be allowed to claim on this line the actual expenses incurred for the use and maintenance of automobiles in those cases where the mileage information is not available.

Line 31 - Meal and entertainment expenses

You may deduct 50% of the expenses actually paid or incurred, up to 25% of the gross income of the taxable year, for meal and entertainment expenses directly related with the industry or for the production of income.

You cannot include as part of such expenses the items that do not constitute ordinary and necessary expenses of your trade or business.

No deduction shall be allowed for meal and entertainment expenses considered extravagant or sumptuous.

Line 34 - Contributions to pensions and other qualified plans

Enter the contributed amount to pension, profit sharing or other qualified plans approved by the Secretary of the Treasury. This deduction is subject to certain limitations.

To claim this deduction for your contributions to any of those plans, you must keep in your records certain information required by regulations. You must complete Form AS 6042.1 and submit it with your return in order to be entitled to the deduction. Said form will be required to determine the tax on nondeductible contributions and excess contributions to qualified retirement plans. This tax must be paid with the filing of this return.

These plans are subject to a periodic investigation to determine if they are in compliance with the applicable dispositions of the Code. If the dispositions are not met, the Secretary can cancel the plan and reject the deduction.

Line 35 – Depreciation and amortization

Submit a detail of the current depreciation and amortization in Part (a) and Part (d) of Schedule E - Depreciation.

In the case of automobiles, the depreciation or lease expense (including operating leases) is limited to the smaller of the amount paid or \$6,000 annually for a maximum of 5 years. In the case of automobiles used by sellers, the deductible amount cannot exceed \$10,000 annually for a maximum period of 3 years.

This deduction will be allowed only for that part used in the trade or business, or for the production of income.

The \$30,000 basis limitation and useful life term do not apply to those automobiles acquired by a corporation or partnership engaged in the leasing, transportation of passengers or cargo businesses.

The Code allows a deduction for goodwill amortization, as long as the goodwill is purchased from third parties during taxable years beginning after June 30, 1995. The deduction will be determined using the straight-line method and a useful life of 15 years.

Also, the Code provides a deduction for amortization of intangible property, other than goodwill, acquired through purchase or developed in taxable years beginning after December 31, 2009. The deduction will be determined using the straight-line method and a useful life of 15 years or the intangible's useful life, whichever is less.

Line 36 - Bad debts

For taxable years beginning after June 30, 1995, the reserve method to compute the deduction for bad debts can not be used. Instead, they may claim a deduction only for the debts that become uncollectable within the taxable year (direct write-off method).

Line 37 - Charitable contributions

You may deduct, subject to certain limitations, the charitable contributions paid during the taxable year to a nonprofit religious, charitable, scientific, literary, educational or museological organizations, or to organizations for the prevention of cruelty or abuse of children, the elderly or disabled, or to animals, organizations for the prevention of domestic violence or hate crimes, or to organizations of war veterans in the United States or Puerto Rico. However, no part of the net earnings of any organization to which you contribute may benefit any private shareholder or individual.

You may also claim a deduction for contributions paid to:

- the Commonwealth of Puerto Rico, the United States Government, or any of its states, territories or possessions, or any political subdivision thereof, or the District of Columbia, when the contributions or donations are used exclusively for public purposes;
- university level accredited educational institutions established in Puerto Rico;
- the José Jaime Pierluisi Foundation;
- the Fund for the Financing of Cultural Affairs of Puerto Rico;
- the Puerto Rico Communitarian Foundation;
- the Corporation of the Symphonic Orchestra of Puerto Rico;
- the Fund for Services Against Remediable Catastrophic Illnesses.

The Secretary will publish a list of non for profit entities qualified to receive the contributions.

The allowable deduction is the total amount of the charitable contributions paid, not to exceed 10% of the net income determined without the benefit of said deduction.

The contributions made to a municipality of cultural or historic value, as certified by the Institute of Puerto Rican Culture or the Cultural Center of each municipality, or that makes possible the realization of any cultural or historic work, may be claimed as charitable contributions when the amount of such contributions is \$50,000 or more, and are made in connection with the celebration of the centennial foundation of the municipality. The total of said contributions is not subject to the limitations provided by the Code.

Line 38 - Organization and syndication

This organization and syndication expenses will be treated as differed expenses and admitted as a deduction as elected by the special partnership, pro rata, on a period not shorter than 60 months, beginning in the month the special partnership started operations.

Line 39 - Deduction for employers who employ handicapped persons

Enter \$400 for each severely handicapped person employed for at least 20 hours per week during nine months of the taxable year. The deduction is allowed for a maximum of 5 persons severely handicapped. In force regulations of the Vocational Rehabilitation Program of the Department of the Family will be used to determine the severely handicapped condition.

The employer that claims this deduction must submit with the return the following:

1. a certification indicating that the handicapped person has been employed at least during 9 months of the taxable year for which the deduction is claimed, and
2. a certification issued by the Secretary of the Department of the Family stating that, in accordance to its rules and procedures, the person for whom the deduction is claimed is a severely handicapped person.

Line 40 – Royalties

Enter the royalty expenses incurred or paid during the year.

Line 41 – Management fees

Enter the total of management fees or any other expenses related to the administration of the entity incurred or paid during the year.

Line 42 - Other deductions

Those expense items for which Part VII does not provide specific lines, will be totaled and entered as Other Deductions. **Submit with the return a schedule itemizing those deductions.**

No deductions will be allowed for expenses connected with the ownership, use and maintenance of vessels, except for the expenses of vessels engaged in commercial fishing, transportation or commercial tourism if the special partnership derived 80% or more of its total income from said activities.

A deduction will neither be allowed for expenses related to the ownership, use and maintenance of aircrafts, unless the special partnership has derived 80% or more of its total income from activities exclusively related to the transportation of passengers or leasing.

In the same way, no deduction will be allowed for expenses related to the ownership, use, maintenance and depreciation of residential property (located within or outside of Puerto Rico), unless the special partnership has derived 80% or more of its total income from activities exclusively related to the rental of property to non related persons.

PART VIII - OTHER DIRECT COSTS

Enter the Other Direct Costs. The total of these costs should be entered on line 12 of this part and will be equal to the amount in Part VI, line 5 of the return.

PART IX - COMPENSATION TO PARTNERS OR OFFICERS

Include the compensation that the partners of the partnership received as salaries and other compensations. Do not include the distributions made to the partners during the year.

Enter the total compensation to partners or officers in Part VII, line 16.

PART X AND XI - COMPARATIVE BALANCE SHEET AND RECONCILIATION OF NET INCOME (OR LOSS) PER BOOKS WITH NET TAXABLE INCOME (OR LOSS) PER RETURN

These statements must be completed in all of its parts in order for the return to be considered filed. Therefore, you cannot submit these statements in loose sheets. **Any return that does not comply with these requirements will be returned.**

If the volume of business of the special partnership exceeds \$3,000,000, it is required to submit Financial Statements Audited and Certified by a Certified Public Accountant (CPA) licensed in Puerto Rico.

If the volume of business of the special partnership exceeds \$1,000,000 but does not exceed \$3,000,000, the special partnership may choose to submit Financial Statements Audited and Certified by a Certified Public Accountant licensed in Puerto Rico. By doing so, and if the special partnership is up to date with its tax responsibility, it shall be entitled to a withholding waiver of the 7% on payments for services rendered.

PART XII - ANALYSIS OF UNDISTRIBUTED PROFITS PER BOOKS

Enter the profits not distributed to the partners at the closing of the taxable year of the partnership.

PART XIII - COMPUTATION OF GROSS INCOME PERCENTAGE DERIVED FROM ELIGIBLE ACTIVITIES

Determine the percentage of the gross income earned by the special partnership from:

1. Puerto Rico sources
2. Eligible activities as defined in Section 1114.01(a) of the Code.

Section 1114.01 of the Code requires that at least 70% of the gross income generated by a special partnership be income from Puerto Rico sources and 70% of the gross income be derived from the conduct of one of the eligible activities. A determination to that effect will be effective on the first day of the taxable year in which the special partnership does not meet this requirement.

The special partnership that does not meet these requirements will be subject to tax during said taxable year according to the type of entity that it legally is:

- Corporation – The entity will be subject to tax as a regular corporation.
- Partnership – The entity will be subject to tax as a partnership under the provisions of Chapter 7 of the Code. See Administrative Determination No. 12-04 (Spanish only).
- Limited Liability Company – The entity will be subject to tax as a regular corporation, except in the case of those limited liability companies that, as provided by Section 1010.01(a)(3)(A) of the Code are considered partnerships subject to the provisions of Chapter 7 of Subchapter A of the Code. See Section 1010.01(a)(3) of the Code and Administrative Determination No. 12-09 (Spanish only).

See Circular Letter No. 12-01 (Spanish only) when the special partnership file its return under Option 94.

PART XIV - QUESTIONNAIRE

Enter all the information required in the questionnaire in order to process the return.

SIGNATURE AND OATH OF THE RETURN

The return must be signed and sworn by the managing partner of the partnership for which this Special Partnership Informative Income Tax Return is prepared.

SIGNATURE OF THE RETURN BY THE SPECIALISTS

The Tax Return Specialist must declare under penalty of perjury that he/she examined the return and to the best of his/her knowledge and belief, the return is correct and complete.

If the return is prepared by an accounting firm duly registered as a specialist, it must include the registration number and be signed by the authorized person.

Indicate if you paid for the preparation of the return and make sure that the specialist signs the return and includes his/her registration number. THE CODE PROVIDES CIVIL AND CRIMINAL SANCTIONS TO THOSE SPECIALISTS WHO FAIL TO SUBMIT THIS INFORMATION OR WHO DO NOT MEET ANY OTHER REQUIREMENTS ESTABLISHED BY THE CODE.

INSTRUCTIONS TO COMPLETE THE SCHEDULES

SCHEDULE D CORPORATION – GAINS AND LOSSES FROM SALE OR EXCHANGE OF PROPERTY AND COMPUTATION OF TAX AT PREFERENTIAL RATES

Use this Schedule to determine the gains and losses from the sale, exchange or disposal of capital assets.

Refer to the instructions of the income tax return of Taxable Corporations for details about how to complete this Schedule.

SCHEDULE GI (P, SP, CI) - TAX DETERMINATION ON BUILT-IN GAINS

This schedule must be used when the requirements indicated in the instructions for Part V of the return are met.

SCHEDULE IE INDIVIDUAL – EXCLUDED AND EXEMPT INCOME

Complete this Schedule to report the excluded and exempt income received during the taxable year.

Enter the total of the first column on line 12 of Part II, Page 1 of the Special Partnership Informative Income Tax Return to inform the exempt income.

Enter the total of the second column on line 13 of Part II, Page 1 of the Special Partnership Informative Income Tax Return, to inform the exempt income subject to the alternate basic tax.

Refer to the instructions of the Individual Income Tax Return for details about how to complete this Schedule.

SCHEDULE L (P, SP, CI, ESC) – PARTIALLY EXEMPT INCOME

This schedule must be used by those special partnerships operating under Act 52 of 1983, Act 47 of 1987, Act 78-1993, Act 225-1995, Act 74-2010 and Act 132-2010. Check the box corresponding to the act under which the entity operates.

For each applicable act, a Schedule L (P, SP, CI, ESC) must be completed and included with the return.

In the case of a special partnership operating under Act 52 of 1983 or Act 78-1993, and has made an election under Article 5(b) or 3(a)(1)(D) respectively, must submit with the return a copy of the notification addressed to the Secretary of the Treasury exercising the election.

Any exempt business under Act 78-1993 or Act 74-2010, must include with the return a copy of the order issued by the Tourism Company Director indicating the beginning date of the exemption.

Businesses operating under Act 225-1995, must include with the return a copy of the bona fide farmer certificate in force.

If the business generates exempt income from the lease to nonrelated persons of residential property located in Puerto Rico,

under Act 132-2010, you must complete Schedule L and transfer the net rental income to Schedule IE Individual, Part II, line 23.

PART I - NET INCOME (OR LOSS)

Line 2 - Enter in the space provided the percentage of the exemption you are entitled to claim according to your Resolution under the Tourism Incentives or Tourism Development Act or Agriculture Incentives Act.

Multiply the net operating income from the touristic or agricultural eligible activities, whichever applies, by the applicable exemption percentage. Enter the amount on this line.

Line 3 - The net operating losses under the tourism incentives or tourism development acts may be deductible only against income from touristic activities. The net losses from operations that are not covered under any of the previously mentioned incentives acts, can be claimed only against the totally taxable income. **A schedule must be included with the return to sustain the deduction claimed.**

The excess of losses from touristic activities from previous years may be carried forward and claimed only as a deduction against income from touristic activities by the partners of the special partnership. Said loss may be deductible up to an amount equal to the percentage of income from the touristic activity that would have been taxable. The losses will be carried forward in the same order that they are incurred.

A net income or loss generated by a special partnership in a year in which an election for a flexible exemption under Article 3(a)(1)(D) of Act 78-1993 is in force, will be considered as a net income or loss from the partnership's eligible activity.

Add line 3, Part I of each Schedule L (P, SP, CI, ESC) used and enter the total in Part II, line 6 of the return.

PART III – DEDUCTIONS AND NET OPERATING INCOME

Enter on lines 14 through 39 the deductions related to the partially exempt income.

Use Column (A) of lines 16 through 39 of Part III to report the deductible portion (that is, 49% of total) of those expenses attributable to the conduct of an industry or business in Puerto Rico and that are not subject to income tax or to withholding at source under the Code in the taxable year in which they are incurred or paid, if such expenses:

- are expenses incurred or paid to a partner that owns 50% or more of a partnership's interest, or
- are expenses incurred or paid to any related person or entity affiliated to the partnership. For these purposes the rules applicable to determine the members of a controlled group of corporations or a group of related entities, established in Sections 1010.04 and 1010.05 of the Code, will be applicable when determining the relation of the Partnership with its members and affiliates.

The non deductible portion of these expenses (that is, 51% of total expenses) must be included on line 3(e) of Part XI of the return.

In Column (B) enter the total amount of each expense item, which will include the amount indicated in Column (A).

For information regarding the expense items, refer to the instructions of Part VII of the return.

SCHEDULE Y INCENTIVES – INCOME TAX FOR EXEMPT BUSINESSES UNDER ACT 83-2010

Use this Schedule to determine the tax liability attributable to the partners of an exempt business under Act 83-2010. Use Schedule Y1 Incentives for the computation of the tax credits applicable to businesses under Act 83-2010.

Refer to the instructions of the income tax return for Exempt Businesses under the Puerto Rico Incentives Program for details about how to complete this Schedule.