



**IMPORTANT TAX NOTICE**

**WITHHOLDING EXEMPTION FROM WAGES PAID DURING DECEMBER 2010 AND CHRISTMAS BONUS**

On October 25, 2010, the Governors of Puerto Rico presented to the legislative body his proposed Tax Reform that grants tax benefits to all taxpayers . As part of the Tax Reform the taxpayers be able to claim a tax credit of up to 15% in the 2010 tax return. Based on that benefits and the limited time to adjusted the withholding tax tables, the Puerto Rico Treasury Department issued in October 28, 2010 the Administrative Determination No. 10-09, which established that all employers and withholding agents are hereby **EXEMPTED** from their obligation to withhold the income tax at sources with respect to the wages paid on daily, biweekly, bimonthly and monthly payroll periods corresponding to the month of December 2010. Also, the employers are exempt to withhold the income tax at source on the Christmas Bonus corresponding to the taxable year 2010. However, any income that does not constitute wages or Christmas Bonus shall continue to be subject to income tax. The withholdings corresponding to social security, Medicare and other deductions voluntary authorized by law or employees are unaffected by this Administrative Determination. *(Please see attach the Administrative Determination #10-09)*

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1

This is only and informative bulletin and does not constitute a legal counsel of the matters included.

It is necessary to seek advice from your tax advisor to clarify any doubts you may have.

“UHY Del Valle & Nieves, PSC., is a local certified public accounting firm with international affiliations, and is ready to provide valuable assistance for all your corporate and individual financial needs. Our firm has successfully complied with the high quality standards of the Peer Review Board of the American Institute of Certified Public Accountants (AICPA) and obtained an unqualified report.

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