

Publications

# Puerto Rico Treasury Department Extends Relief for Eligible Distributions to Participants Affected by Hurricane Maria

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The Puerto Rico Treasury Department (“PR Treasury”) has issued Administrative Determination No. 18-13 to extend until November 30, 2018, the Eligibility Period for the relief on Eligible Distributions (including, hardship withdrawals) to participants in Puerto Rico tax qualified retirement plans who were affected by Hurricane Maria.

## Administrative Determination No. 18-13

On July 31, 2018, the PR Treasury issued Administrative Determination No. 18-13 (“AD 18-13,” and available [here](#) in Spanish) extending the Eligibility Period for the relief on Eligible Distributions (including, hardship withdrawals) to participants in retirement plans qualified under Section 1081.01(a) of the Puerto Rico Internal Revenue Code of 2011, as amended (“PR Code”), who were affected by Hurricane Maria. The PR Treasury originally granted the relief in Administrative Determinations No. 17-29 (“AD 17-29”) and 18-02 (“AD 18-02”). For a summary of the guidance in AD 17-29 and AD 18-02, see our Groom Briefs (available [here](#) and [here](#)).

## Eligibility Period

DA 18-13 extends the Eligibility Period (originally expiring on June 30, 2018) until November 30, 2018. Consequently, distributions from a Qualified Plan made to an Eligible Individual during the Eligibility Period (now from September 20, 2017 to November 30, 2018) requested to cover Eligible Expenses would qualify as Eligible Distributions and will enjoy the preferential tax treatment.<sup>[1]</sup>

Eligible Distributions made during the extended Eligibility Period must comply with the requirements of AD 17-29 and AD 18-02, including, but not limited to, the \$10,000 maximum amount on Tax Exempt Eligible Distributions, the \$100,000 maximum amount on Eligible Distributions, and the Sworn Statement.

## Distributions Made from July 1 to July 31, 2018 (“Interim Period”)

Distributions made during the period after the expiration of the original Eligibility Period (June 30, 2018) and before the issuance of AD 18-13 (July 31, 2018) may still qualify as Eligible Distributions to the extent in compliance with the requirements of AD 17-29, AD 18-02, and AD 18-13.

The following additional requirements apply to Eligible Distributions made during the Interim Period:

- the participant must provide the employer or plan administrator with the Sworn Statement required by AD 17-29 on or before September 28, 2018 (or such other later date established by the plan administrator or employer for such purpose); and
- the 10% tax withholding on the taxable amount of the Eligible Distribution is made and deposited with the PR Treasury.

If the withholding required by AD 17-29 and AD 18-02 was not made at the time of distribution, on or before September 30, 2018, the Eligible Individual must pay the amount that should have been withheld to the employer or plan administrator, along with the request for the Eligible Distribution and the Sworn Statement. The tax withheld must be deposited by the employer or plan administrator with the PR Treasury by October 15, 2018. Such amount withheld will be deemed a withholding for the month of September of 2018 and will not be subject to the payment of interest, surcharges or penalties if deposited by the deadline. Any tax withholding in excess of the amounts required by AD 17-29 and AD 18-02 may be claimed as a refund by the participant on his 2018 individual income tax return.

## Reporting

Eligible Distributions and taxes withheld thereon must be reported on Form 480.7C, Informative Return – Retirement Plans and Annuities for 2018.

[\[1\]](#) See our previously issued Groom Briefs for all defined terms, including a summary of the preferential tax treatment.