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## CORPORATIONS WATCH

PREPARED BY:

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### **NEW PAYMENT PLAN AVAILABLE FOR FINES REGARDING CORPORATE ANNUAL REPORTS AND RECORD KEEPING**

Puerto Rico's Department of State recently approved regulations offering payment plans to corporations that have been fined due to a failure to timely file annual reports or keep certain records. Entering into a payment plan will allow the corporation to obtain a certificate of "Good Standing" without paying the total amount owed up front.

Under the General Corporations Law of Puerto Rico, domestic and foreign corporations are required to file an annual report with the Department of State on or before April 15. They are also required to keep certain books and records in Puerto Rico. When a corporation does not comply with these requirements, the Secretary of State is authorized to impose a fine ranging between \$500 and \$2,000 in the case of for-profit domestic or foreign corporations (among other penalties). Fines must be paid within 30 days after receipt of their notification, according to the Law.

Regulation No. 7703 of June 8, 2009 amends existing regulations to provide that any corporation consenting to a fine may request a payment plan covering the amount of its fines and related annual report filing fees. Its request must indicate why the corporation is unable to pay said amount and must propose the plan's terms. However, the plan cannot exceed three years (in the case of for-profit corporations), 25% of the amount owed must be paid during the first year, and the corporation must file timely annual reports during the plan. The Department must notify its approval or rejection of the proposed plan within thirty days of its presentation, and, if the corporation disagrees with the Department's decision, it may submit a new proposal or submit the matter to an administrative proceeding.

Once the corporation has an approved payment plan, it will be able to obtain a certificate of "Good Standing" from the Department of State. This certificate will indicate that the entity has and is complying with such a plan. The certificate's date of expiration will be the next payment due date or annual report filing date, whichever is earlier.

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If you have any questions in regards to the above, please do not hesitate to contact our offices. Our address is: Fiddler González & Rodríguez, PSC, PO Box 363507, San Juan, PR 00936-3507. Fax (787) 754-7532. Our website is [www.fgrlaw.com](http://www.fgrlaw.com)

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