

AMNESTY FOR FILING DELINQUENT CORPORATE ANNUAL REPORTS

CORPORATE GROUP LEGAL ALERT

March 2014

Administrative Order 2014-02

The Puerto Rico Department of State recently issued Administrative Order 2014-02 providing a waiver of administrative fines for the late filing of corporate annual reports during the period from February 14, 2014 through April 15, 2014.

Failure to File Corporate Annual Report

The Puerto Rico General Corporations Act of 2009, as amended (the "GCA"), authorizes the imposition of penalties in the event that a domestic or foreign corporation fails to timely file its corporate annual report. Failure to file the corporate annual report for a term of two (2) consecutive years may also result in the revocation of the certificate of incorporation or the authorization to do business in Puerto Rico, as applicable.

Notification of Revocation

Administrative Order 2014-02 established that the Secretary of State will be issuing notifications of its intention to revoke the certificates of incorporation or the authorizations to do business in Puerto Rico, as applicable, of the corporations that have failed to file the required corporate annual reports in the last two (2) consecutive years.

The Department of State has published in its website <https://prcorpfilings.f1hst.com> a list of corporations that have been identified as not in good standing. Notifications to these corporations are being delivered since February 14, 2014 to the registered agent of record.

Amnesty

In the case of the corporations that decide to comply with the filing of their delinquent annual reports, no administrative fines will be imposed on such late filings. The amnesty of late filing penalties will be **effective from February 14, 2014 until April 15, 2014**.

The filing of these annual reports shall be made electronically through the Department of State's website <http://www.estado.gobierno.pr> along with credit card payment of the applicable filing fee. Paper filing of the reports is available; however, it is subject to a charge of \$30 per report.

Until April 15, 2014, corporations that have not yet filed their annual reports for prior years will be able to do so through the payment of the applicable filing fee without the imposition of administrative fines or penalties.

Limited Liability Companies

*Limited Liability
Companies are excluded
from the benefits of the
recently-announced
amnesty*

In the case of limited liability companies (“LLCs”), the GCA also authorizes the revocation of the certificate of organization or the authorization to do business in Puerto Rico, as applicable, if the LLC fails to pay its annual fees for a term of three (3) consecutive years.

The list published by the Department of State in its website includes LLCs that have been identified as not in good standing and accordingly, notifications were sent to LLCs listed therein. Listed LLCs must comply with the late annual fee payment on or before April 15, 2014 in order to avoid revocation of their certificate of organization or the authorization to do business in Puerto Rico, as applicable. However, the amnesty provided by Administrative Order 2014-02 does not include the waiver of the penalties and interest accrued for the late payment of the LLCs’ annual fees.

Note: *Because of the general nature and informative purpose of this newsletter, nothing herein should be considered as legal advice or a legal opinion or that it establishes in any way whatsoever an attorney-client relation or engagement for legal services with any reader. For further information, please contact our corporate lawyers.*

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