



# VITA/TCE Volunteer Tax Alert (VTA)

*Thank you for volunteering and for your dedication to top QUALITY service!*

<b>VTA Number</b>	VTA-2019-03
<b>Date Issued</b>	March 27, 2019
<b>Intended Audience</b>	Partners, Volunteers and IRS SPEC Relationship Managers
<b>Purpose</b>	To provide an update regarding the American Opportunity Tax Credit (AOTC) for bona fide residents of Puerto Rico.
<b>Identified Issue</b>	<p>The Tax Cuts and Jobs Act of 2017 made the AOTC permanent with the same rules for claiming the refundable part. In previous years this credit had appeared on the Puerto Rico Income Tax Return from 2009 until 2017. However, the return for 2018 does not have any line or schedule to claim the AOTC.</p> <p>How would bona fide residents in Puerto Rico, including federal employees working in Puerto Rico who have U.S. filing requirements, claim this credit?</p>
<b>Tax law clarification</b>	At this time, the bona fide residents of Puerto Rico cannot claim the AOTC on their Puerto Rico Individual Income Tax Return because the Puerto Rico Treasury Department "Hacienda" does not have a plan in effect with the U.S. Treasury to reimburse Puerto Rico for the AOTC payments.
<b>Message to Volunteers</b>	IRS Counsel International informs that there is nothing within U.S. law that authorizes bona fide residents of Puerto Rico to claim the AOTC on a US Federal Income tax return. Therefore, any taxpayer who had qualified education expenses must wait for "Hacienda" instructions.

*For additional questions, please talk to your site coordinator, partner or IRS SPEC relationship manager.*