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**Special Instructions For
Bona Fide Residents Of Puerto Rico Who Must File A
U.S. Individual Income Tax Return (Form 1040 or 1040A)**

If you are a bona fide resident of Puerto Rico who will file a U.S. Federal Income Tax Return, Form 1040, and claim an exclusion for income earned in Puerto Rico, you will have to make certain adjustments on your return. These special instructions explain the adjustments, and how to make them on your return.

Bona Fide Residents of Puerto Rico: Generally, you are a bona fide resident of Puerto Rico if during the tax year, you:

- Meet the presence test
- Do not have a tax home outside Puerto Rico, and
- Do not have a closer connection to the United States or to a foreign country than to Puerto Rico.

Publication 570 discusses these requirements and provides information on the special rules that apply in the year you are moving to or from Puerto Rico.

American Opportunity Tax Credit

Bona fide residents of Puerto Rico will receive the refundable part of this credit from the Puerto Rico Treasury Department.

Who Must File

In general, section 933 of the U.S. Internal Revenue Code requires that U.S. citizens who are bona fide residents of Puerto Rico during the entire taxable year, but who receive income from sources outside Puerto Rico and/or receive income as a civilian or military employee of the U.S. Government in Puerto Rico, must file a U.S. Federal income tax return. The income you receive from Puerto Rican sources is not subject to U.S. income tax. Because some of the income is exempt (under Code section 933) a part of the itemized deductions or a part of the standard deduction amount on your U.S. return must be allocated to that exempt income. This computation must be made before you can determine if you must file a U.S. tax return, because the minimum income level at which you must file a return is based, in part, on the standard deduction for your particular filing status. Use the following worksheet to determine if you have to file a U.S. income tax return:

Who Must File Worksheet for Bona Fide Residents of P.R. with exempt income (under section 933)

1. Enter STANDARD DEDUCTION

If your filing status is (see caution below) _____

Single	under 65 enter \$6,300 _____
	65 or older enter \$7,850 _____
Married filing jointly	both under 65 enter \$12,600 _____
	one 65 or older enter \$13,850 _____
	both 65 or older enter \$15,100 _____
Head of household	under 65 enter \$9,300 _____
	65 or older enter \$10,850. _____
Qualifying widow(er) with dependent child	under 65 enter \$12,600 _____
	65 or older enter \$13,850. _____

CAUTION: If someone can claim you as a dependent, enter amount from the Standard Deduction Worksheet in the instructions for Form 1040 or Form 1040A, as applicable.

2. Allowable portion of STANDARD DEDUCTION

- a. Gross income subject to U.S. tax (include taxable social security benefits; use Worksheet 1 of Pub. 915 to compute your taxable social security benefits) _____
- b. Total gross income from all sources (including exempt P.R. Income) _____
- c. Divide line 2a by line 2b _____
- d. Multiply STANDARD DEDUCTION (line 1) by line 2c. _____

3. Enter personal exemptions (personal exemptions are allowed in full):

- married filing jointly \$8,100 _____
- if someone can claim you as a dependent enter "0" _____
- all others enter \$4,050 _____

4. Add lines 2d and 3 _____

You must file a return if your gross income subject to U.S. tax (line 2a) is equal to or more than line 4. If you are married filing a separate return, you must file a return if your gross income subject to U.S. tax is equal to or more than \$4,050.