

October 22, 2024

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Mr. Philip Lam  
Financial Crimes Enforcement Network  
U.S. Department of the Treasury  
P.O. Box 39  
Vienna, VA 22183

Subject: Request for Recognition of Local Tax-Exempt Nonprofits Under BOI Reporting Regulations

Dear Mr. Lam,

I hope this letter finds you well. On behalf of nonprofit organizations in Puerto Rico that are tax-exempt under Section 1101 of Puerto Rico's Tax Code but do not hold 501(c)(3) status, we respectfully request that these entities be granted similar recognition under the Beneficial Ownership Information (BOI) reporting regulations.

These organizations serve critical roles in Puerto Rican communities, offering services in health, education, housing, and community development, all while complying with stringent local regulatory requirements. They are granted tax-exempt status by the Puerto Rico Department of Treasury based on their public service missions. However, requiring them to adhere to the same BOI reporting standards as for-profit entities under the Corporate Transparency Act would impose an undue administrative burden, given that these organizations already provide extensive transparency to local authorities.

It should also be noted that, even though Puerto Rico is a U.S. territory, it is treated as a foreign taxing jurisdiction under the Internal Revenue Code. This unique status introduces regulatory and administrative differences that make BOI compliance particularly challenging for Puerto Rican entities, given that local laws often differ significantly from those at the federal level. Moreover, for Puerto Rican nonprofits that lack 501(c)(3) status, the requirement to file a federal form, such as the 1120 or 1065, to claim exemptions creates additional obstacles, especially for organizations with limited resources and infrastructure.

The nonprofit sector is essential to Puerto Rico's social and economic stability. According to a 2022 study, there are over 13,863 active nonprofits on the island, and they play a vital role in addressing serious challenges such as poverty, with 43.5% of the population living below the poverty line, according to the U.S. Census Bureau. These nonprofits also contribute significantly to Puerto Rico's economy, representing 15% of total employment and generating an annual economic impact of \$3.2 billion.

Recognizing local tax-exempt organizations under Section 1101 as exempt from BOI reporting would align federal requirements with local regulations, reducing unnecessary administrative burdens while still upholding the spirit of transparency and accountability. These entities are subject to comprehensive oversight by the Puerto Rico Department of Treasury, ensuring they adhere to strict regulatory and financial standards.

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We would greatly appreciate your consideration of this request and welcome the opportunity to discuss it further or provide any additional documentation that might be helpful.

Thank you for your time and attention to this matter.

Sincerely,



CPA Agnes B. Suárez  
Board President  
Asesores Financieros Comunitarios, Inc.