

Accounting rules and laws in puerto rico

[Business](#), [Accounting](#)



Assuming a retail business is started which deal with sale and repair of furniture, there are various laws which must be adhered to failure to which a fine will be imposed or certificate of incorporation may be revoked. Corporation which are established in Puerto Rico are required by law to annually submit a financial report to the office of department of state. Such report should be submitted not later than 15th day of April. In addition the report should bear proper authentication i. e. should be signed by the president or vice-president of the company and the treasure or assistant treasurer.

The financial statements submitted should be prepared in accordance to the general acceptable accounting principle showing the financial position of the business at the end of the period. In addition this financial report should be audited by certified public accountant who should give his opinion on whether the financial statement give a true and fair view and if they are prepared in accordance with the general acceptable accounting principle. The auditor should also state whether accounting policies have been consistently applied.

The auditing of financial statement is done to ensure that the company does not under estimate or over estimate its profit with a view to defraud the government or shareholder i. e. to ensure that the financial statement show a true and fair view of financial performance of the business.

Auditing is also done in order to detect any error or fraud perpetrated by employee or management. When accounts are audited, it increases their reliability to the users who include the government, investors, shareholders,

creditors, supplies and business partner. In case of non-capital stock corporation whose volume of business does not exceed \$ 1, 000, 000 it is not necessary to have the report audited by a certified public accountant however such report must be sworn before a notary public or any other officer empowered to administer oath.

The corporation is also required to keep and maintain records, document and accounting book. This provision is necessary in establishing the amount of gross income and deduction which must appear in the income tax return filed by the company. The accounting record should also indicate the amount of investment the company has made within and outside Puerto Rico.

Where a domestic corporation fails to file such reports within the period established by law or refuse to amend or file the report as ordered by secretary of state for submitting incomplete or unsatisfactory report or fail to keep proper books of accounts then the secretary of state may impose fine for violation of this section. The fine imposed is not less than \$ 500 and not greater than \$2, 000 and should be paid 30 days upon receipt of notice of fine. Where the corporation fails to file the report as required by law during two consecutive periods the secretary of state is authorized to revoke their certificate of incorporation.

Assuming the corporation deals with furniture business there is additional accounting provision relating to furniture repair. This provision state that in order to receive any personal property for repair the owner should be issued with receipt which specify cost of estimates, whether amount charged apply to cost of repair, time taken to conduct the estimates and warranty offered

incase of repair. Violation of this rule will attract a fine up to a maximum of \$10, 000 per infraction.

References:

Puerto Rico, general business laws, retrieved on 18 July 2009 at,

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Puerto Rico, commerce law, retrieved on 18 July 2009 at, [www. michie.](http://www.michie.com/puertorico)

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