



July 28, 2014

Tax Alert 2014 - 05

New Sales and Use Tax Developments

Pursuant to amendments to Subtitle D of the 2011 Puerto Rico Internal Revenue Code introduced by Act 80-2014 and other laws approved during 2013, effective August 1, 2014 every importer/reseller will have to pay in advance the Sales and Use Tax (SUT) in order to remove tangible personal property from the port of entry. The payment of the SUT will be available (with certain limitations) as a credit to be applied against SUT collected at the time of sale. The credit will be allowed to holders of a valid Reseller Certificate.

The Puerto Rico Treasury Department (PRTD) has established the procedures to declare and pay on line the SUT at the time of entry under Circular Letters No. 14-04 and 14-06, which include the so called "PICO" System ("Portal Integrado del Comerciante" or Merchant's Integrated Portal), and the procedures for the declaration and payment of the use tax on imported goods. At the Merchant's Integrated Portal, the merchant will be able to declare, pay, and file (among other things) the SUT in order to remove the inventory merchandise from the port. The importer must prepare an Imports Statement for Use (Form SC 2970) with the corresponding tax using the "PICO" System.

The registration at the portal must be made by the Business Administrator responsible for the management of the business. Once registered, the administrator of the portal will be able to grant access to other users who need to perform any kind of transaction related to the business locations such as declaration, filing of tax returns and payments.

The use of the "PICO" system is mandatory for all merchants. To be able to use the PICO System, the merchant (importer/reseller) must first get registered online at <http://comerciantes.hacienda.pr.gov> by July 31, 2014. The site can be viewed in English as well as in Spanish and contains all the information available at this time.

Other changes introduced by Act 80-2014 are summarized below:

- The SUT Monthly Return (Form SC 2915A) will be now filed by each legal entity (instead of by location) and is due the 20th day of each month. Municipal returns are still required to be filed by location and continue to be due the 10th of each month. Importers will file a Monthly Return of Taxes on Imports (Form SC 2915D) by the 10th day of the following month.

- Elimination of the Manufacturer Exemption Certificate, the Wholesaler Exemption Certificate, and the Eligible Wholesaler Exemption Certificate. In essence, this change will require collection of the sales and use tax when the inventory of the manufacturer or wholesaler is sold to the retailers. The Eligible Reseller Exemption Certificate and the Manufacturer Exemption on purchases of raw materials will remain in effect.
- Taxpayers using a “bond” may be required to modify or increase the bond to cover Sales and Use Taxes on merchandise introduced into Puerto Rico, as established by the Department of Treasury in Circular Letter 14-03.

Other related sites are:

<http://www.hacienda.pr.gov>

<http://www.hacienda.gobierno.pr/ivu>

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