

Proposed Sales and Use Tax Changes

On June 19, 2013, the Puerto Rico House of Representatives approved House Bill 1172, to enhance Sales and Use Tax (SUT) collections, ostensibly as it relates to taxable articles imported for use or consumption, but not resale, in Puerto Rico.

If enacted into law, HB 1172 would require that every person that is a “merchant” with an exemption or reseller’s certificate and that imports “taxable items” submit a “detailed declaration” upon introduction of said articles. An Internal Revenue Agent shall review, correlate and reconcile the information in such declaration at the point of introduction (port or airport) and notify the importer which articles are subject to SUT and the amount of tax due before allowing the importer to take possession thereof. The importer must either pay the tax, or post an acceptable bond, before taking possession of the articles.

HB 1172 also provides that articles imported by a purchaser that does not establish its status as a “merchant” with an exemption or a reseller’s certificate are presumed to be subject to the SUT and must either pay the tax, or post an acceptable bond, before taking possession of the articles.

An importer that does not agree with the agent’s determination may request administrative review, but will be required to pay the contested amount before such challenge.

HB 1172 would also introduce a presumption that every purchaser that acquires taxable items for delivery or that introduces said items directly, in Puerto Rico, does so for use consumption or warehousing in Puerto Rico, which presumption can only be rebutted by the submission of evidence.

The above changes would be effective immediately upon enactment.

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If you have any questions or comments, or would like additional information about HB 1172, please call any of our tax attorneys:

Manuel López Zambrana	787 641 7266
Pablo Hymovitz	787 641 7267
Xenia Vélez Silva	787 522 1460

Manuel López Zambrana

José C. Sánchez

Martin Pirillo

Pablo Hymovitz

Xenia Vélez Silva

José L. Barrios

Omar J. Marrero

Gustavo J. Viviani

Lizzie Ramos

Nina Ballester

235 Federico Costa Street
Parque Las Américas I – Suite 310
San Juan, Puerto Rico 00918

PO Box 11917
San Juan, PR 00922-1917

Switchboard: (787) 522-6776
Web Site: www.lspblaw.com

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