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TAX ALERT

House Bill 1568 Proposes to Postpone the Reduction in Sales and Use Tax

As discussed in our Tax Alert of July 3, 2013, Act 40-2013 amended the Puerto Rico Internal Revenue Code of 2011, as amended, to, among others, reduce the municipal portion of the sales and use tax ("SUT") rate from 1.5% to 1% (for a combined rate of 6.5%) effective December 1, 2013, unless said reduction was postponed by the Puerto Rico Legislature by joint resolution until a later date (but never after February 1, 2014).

House Bill 1568 ("HB 1568") proposes to postpone the reduction in SUT rate until February 1, 2014. HB 1568 further provides that, similar as Act 40, the Puerto Rico Legislature may continue to postpone said reduction as necessary by joint resolution.

HB 1568 has been approved by the House of Representatives and the Senate and is pending approval of the Governor of Puerto Rico.

For updates on this matter, you may contact any of the attorneys of our Tax Practice Group listed below:

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