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TAX ALERT

PR Treasury proposes postponement of effectiveness of new use tax on inventory

Pursuant to Act 117-2013, effective July 1, 2014, tangible personal property imported into Puerto Rico with the purpose of being an object of commerce in the ordinary course of business in Puerto Rico (i.e. inventory items) would be subject to use tax. The use tax would generally be paid prior to taking possession of such items.

On June 6, 2014, the Puerto Rico Treasury Department ("Treasury") issued [Informative Bulletin No. 14-07](#) indicating that it proposes to present a bill to the Puerto Rico Legislative Assembly to **postpone the effectiveness of the use tax on inventory items until August 1, 2014**. Among the amendments to be proposed is the filing of one Monthly Sales and Use Tax Return per legal entity rather than by commercial location. The proposed bill is expected to be approved before the end of the current legislative session on June 30, 2014.

IB14-07 also addresses other related sales and use tax ("SUT") matters, such as the issuance of a new SUT regulation that will include all guidelines and interpretations published by Treasury as of the implementation of the SUT in 2006. In addition, it announces the following upcoming changes:

1. Changes in the form in which the use tax declarations are filed and the use tax paid in cases of imports;
2. The implementation of a new monthly use tax return on imports and
3. A new process for handling the credits taken on taxes paid by resellers on purchases of tangible personal property for resale.

Treasury expects to have implemented most of these changes by August 1, 2014. Additional information will be provided by Treasury during June and July.

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

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