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TAX ALERT

House Bill 2041 would introduce Treasury's proposed changes to sales and use tax provisions of the PR Code

Further to our [June 9, 2014 Tax Alert](#), the Administration has presented its proposals to the Puerto Rico Legislative Assembly in HB 2041.

As anticipated, HB 2041 seeks to postpone the effectiveness of the use tax on imported inventory items until **August 1, 2014**. It further includes the following changes to the sales and use tax ("SUT") current regime:

- Recognizes the introduction of items into a Foreign Trade Zone as a taxable event.
- Extends the validity of the Manufacturers, Eligible Wholesalers and Registered Wholesalers Waivers until July 31, 2014.
- Creates a new Use Tax Declaration for Release and a Monthly Return for Use Tax on Imports.
- Amends the due date to file the **Monthly Sales and Use Tax Return** and pay the corresponding sales tax (and the use tax on inventory withdrawn for use by the merchant) from the 10th to the 20th day of the month following the date of the taxable event.
- Establishes that the Use Tax Bond amount will include, in addition to an amount equivalent to the corresponding use tax, a 25% of said amount to guarantee the payment of any surcharges, interest, penalties or administrative fines imposed to the merchant.
- Eliminates the provision that requires the opening of a deposit account in a local financial institution to allow a credit of 100% of SUT paid. Registered merchants with Reseller Certificates will be allowed to claim a credit of up to 70% of the tax reflected in the Monthly Sales and Use Tax Return. The 70% could be increased or decreased by regulation.
- Creates a Reseller Credit Control Account which will reflect the amount of credit available to a reseller and requires the taxpayer to manage certain adjustments to such account.

HB 2041 is expected to be approved before the end of the current legislative session on June 30, 2014 and become effective August 1, 2014.

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

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