

October 21, 2014 www.mcvpr.com**TAX ALERT*****PR Treasury Postpones Enforcement of 2% Charge on Money Transfers***

Pursuant to Act 136-2014, effective September 1, 2014, Puerto Rico imposes a 2% special charge on all money transfer transactions from Puerto Rico to any entity, person or company abroad, including the United States ("Special Charge"). The Special Charge must be collected from each eligible money transfer transaction, regardless of the form of the transfer (e.g., electronic means, check and money order), by money service businesses duly licensed by the Puerto Rico Commissioner of Financial Institutions ("Money Service Businesses").

On October 16, 2014, the Puerto Rico Treasury Department ("PR Treasury") published Administrative Determination 14-26 ("AD 14-26") to provide, in general, the following guidance regarding the implementation of the Special Charge:

a) Postponement of the Special Charge's Effective Date

Due to the significant volume of requests and inquiries received from taxpayers and the short time frame to adopt official guidance and regulations regarding the implementation of Act 136-2014, PR Treasury has determined to postpone the obligation to collect the Special Charge until December 15, 2014.

PR Treasury advises Money Service Businesses to stop the collection of the Special Charge on eligible money transfer transactions from October 15, 2014 to December 15, 2014. The collection and remittance obligations under Act 136-2014 with respect to the Special Charge will be in full force and effect on and after December 16, 2014.

b) Money Transfer Transactions Subject to the Special Charge

In AD 14-26, PR Treasury expressly provides that the following money transfer transactions are not subject to the Special Charge:

- Debt payments to suppliers, such as vehicle loan payments, mortgages, credit cards, telephone, and insurance policies.
- Issuance of money orders or travelers checks, to the extent they are not transferred or sent outside of Puerto Rico by the Money Service Business.
- Sale of gift cards and pre-paid cards, to the extent they are not transferred or sent outside of Puerto Rico by the Money Service Business.

c) Remittance of the Special Charge

A new Form 480.9H, "Payment Voucher for the Special Charge Provided by Act 136-2014," has been published by PR Treasury for the remittance of the Special Charge. Form 480.9H is [available here](#).

Money Service Businesses shall remit the Special Charge at any PR Treasury's Collectors Office using Form 480.9H no later than the tenth (10TH) day of the month following the date the eligible transaction is made. As an exception to this general rule, if the Money Service Business commenced to collect the Special Charge on September 1, 2014, as provided by Act 136-2014, then it must remit the amount collected during the month of September 2014 using Form 480.9H no later than October 31, 2014.

You may access AD 14-26 [here](#).

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

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