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TAX ALERT

Automatic Release of Imports Repealed for Non-Bonded Importers

On March 26, 2015, Puerto Rico Department of Treasury ("Treasury") issued [Administrative Determination No. 15-05](#) ("AD 15-05") to reestablish the procedure provided in Internal Revenue Circular Letter No. 14-06 of July 24, 2014 ("CL 14-06") regarding the declaration and payment of the use tax on imported property ("Use Tax") as to importers that do not have a use tax bond ("Bond") in place ("Non-Bonded Importers"). The provisions of AD 15-05 are effective on May 1, 2015, for merchants with an Employer Identification Number ("EIN") (or Social Security Number ("SSN") in the case of individuals) ending in an even number or zero, and June 1, 2015, for merchants with an EIN or SSN ending in an odd number.

As previously informed, Treasury issued Administrative Determination No. 14-15 of August 5, 2014 ("AD 14-15") to temporarily suspend the procedure established in CL 14-06 for electronically reporting and paying the Use Tax on taxable items imported into Puerto Rico through Treasury's Merchant's Integrated Portal ("PICO" for its Spanish acronym). Thereafter, Treasury issued Administrative Determination No. 14-20 of August 29, 2014 ("AD 14-20") to establish an alternate procedure to complete and submit the Declaration of Imports ("Declaration") through PICO in those instances in which Treasury authorized the automatic release of the imported property pursuant to the AD 14-15 ("Complementary Declaration"). The provisions of AD 14-15 and AD 14-20 would be in effect until Treasury notified in writing the reestablishment of the procedures provided in CL 14-06. See our [August 7, 2014](#) and [September 3, 2014](#) McV Tax Alerts.

On November 6, 2014, Treasury issued Administrative Determination No. 14-27 repealing the alternate procedure established in AD 14-15 and AD 14-20, solely for importers with a Bond in place ("Bonded Importers"), and reestablishing the procedure provided in CL 14-06 in connection with the declaration, reporting and payment of the Use Tax for such merchants. See our McV Tax Alert of [November 17, 2014](#).

Through AD 15-05, Treasury now repeals the alternate procedure established pursuant to AD 14-15 and AD 14-20, with respect to Non-Bonded Importers, effective May 1, 2015 or June 1, 2015, as the case may be. Consequently, commencing on these dates, Non-Bonded Importers will not be able to obtain automatic release of the taxable items imported into Puerto Rico and will be required to follow the procedure provided in CL 14-06, which requires the filing of the Declaration prior to taking possession of taxable items.

However, for property imported prior to May 1, 2015, or June 1, 2015, as applicable, the Non-Bonded Importer must file a Complementary Declaration pursuant to the procedure established through AD 14-15 and AD 14-20.

If you have any questions, you may contact any of the attorneys of our Tax Practice Group listed below:

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