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TAX ALERT

Increase to Use Tax Bonds due to the enactment of Act 72-2015

As informed in our [McV Tax Alert of June 3, 2015](#), Act 72-2015 amended the Puerto Rico Internal Revenue Code of 2011 (“Code”), to raise the 6% state portion of the sales and use tax to 10.5% effective July 1, 2015, among other amendments.

In general, Section 4042.03 of the Code provides that a merchant may have a use tax bond (“Bond”) in place to defer the payment of the use tax on imported articles (“Use Tax”) to the 10th day of the following month. Many Bonds were determined using the current 6% Use Tax rate. Consequently, after June 30, 2015, the amounts of the Bonds merchants currently have in place may not be sufficient to cover their Use Tax liability on all shipments of imported articles received during a month, since the Use Tax rate will increase from 6% to 10.5%.

Merchants that do not have enough Bond-balance available to cover their Use Tax liability, will not be able to defer the payment of the Use Tax to the 10th day of the following month and will have to pay the Use Tax prior to taking possession of their imports.

Merchants with a Bond in place should re-determine and increase the amount of their Bond to cover the 4.5% Use Tax increase on imported articles that will enter in effect on July 1, 2015.

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

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