



April 27, 2011 [www.mcvpr.com](http://www.mcvpr.com)

## TAX ALERT

### *IVU Loto Program Compliance Deadline*

As informed in our January 13, 2011 McV Tax Alert, the Puerto Rico Treasury Department ("Treasury") has placed in operation its sales and use tax control program known as the "IVU Loto". For more information on the IVU Loto Program ("Program") you may access [our January 13, 2011 McV Alert](#). You can also follow the link to the [guidelines](#), [regulations](#), [questionnaire](#) and a [presentation](#) from Treasury with respect to the IVU Loto.

During the month of March, Treasury published a newspaper advertisement requiring all merchants, whether withholding agents (green Merchant Registration Certificate) or not (red Merchant Registration Certificate) to complete an IVU Loto questionnaire on or before **April 30, 2011**. The answers provided in the questionnaire will determine if the merchant is required to participate in the Program and the adequate fiscal terminal to be installed.

Failure to comply with the requirements of the Program, including answering the questionnaire on or before April 30, 2011, may result in penalties of up to **\$20,000**.

#### *Exemption from Generating and Printing IVU Loto Numbers*

On March 31, 2011, Treasury published [Administrative Determination No. 11-04](#) which allows non-profit entities created and administrated exclusively for religious or educational purposes, to be exempted from the obligation of generating and printing the IVU Loto drawing participation number on their receipts, invoices, tickets, or other evidence of sale given to a customer (the "Exemption").

In order to qualify for the Exemption, the entity must request a determination letter from Treasury, which must be displayed at all times in a visible place in the locality. Requirements for the issuance of the determination letter include:

1. complete and file [Form SC 2945](#);
2. tax exempt status under the Puerto Rico Internal Revenue Code of 1994 or the Internal Revenue Code for a New Puerto Rico;
3. filing of all applicable tax returns; and
4. no outstanding tax debt, including that for which the entity is a withholding agent, or a payment plan for any such debt.

If you have any questions or would like our assistance, you may contact any of the following members of our [Tax](#) and [Retail](#) practice groups:

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