

March 3, 2011 www.mcvpr.com**TAX ALERT*****COMMENCEMENT OF MANDATORY REAL PROPERTY TAX REGISTRY***

As informed on our [Tax Alert of July 15, 2010](#), Act No. 71 of July 2, 2010 (Act 71), as amended, orders the Inter-Agency Committee therein formed to create a registry for all real property not yet assessed and all improved “commercial and industrial real property”.

Taxpayers will have until **May 13, 2011** to register such properties. Registration can only be made through the Municipal Revenue Collection Center’s website (www.crimpr.net) or by phone: 1-855-539-7171.

The main benefits of registering the properties are:

- (a) Real property (residential) not yet assessed- residential property will be exonerated from the property tax for the 5 fiscal years prior to fiscal year 2010-11. Therefore, the owner will only have to pay the tax commencing with taxable year 2010-11.
- (b) Improved “commercial and industrial real property” not yet assessed - Improved “commercial and industrial real property” will be exonerated from the property tax for the three prior years to taxable year 2010-11. Therefore, the owner will only pay the tax commencing with taxable year 2009-10.

Failure to register will carry a penalty equivalent to 10% of the tax, for residential properties, or 10% of the assessed value of the property, for commercial and industrial properties. In addition, a \$1,000 penalty will be imposed to residential properties not assessed, \$5,000 to commercial properties not assessed and \$250,000 to industrial properties not assessed.

It seems that properties registered in the mandatory registry will also be subject to the special real property tax levied by the P.R. Treasury Department. For further details on the special real property tax, please [click here](#). With the introduction of a new definition for “commercial and industrial real property”, Act 71 appears to be an attempt to tax certain classes of real estate not covered by the special property tax.

If you have any questions or comments, or wish additional information regarding these matters, please contact any of the attorneys listed below, all members of our Tax Practice Group:

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