

Compliance With Tax Exemption Grant Requirements Post Hurricane Maria

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An McV Tax Alert

November 3, 2017

In the aftermath of Hurricane María, many tax exemption grantees have had difficulty meeting their grant's requirements. Tax exemption grants usually condition their benefits on continued production and compliance with terms and conditions, such as a minimum tax payment, employment, capital investment, and production level. Failure to meet any requirement in the tax exemption grant or the act under which it was issued can result in revocation.

The Office of Industrial Tax Exemption ("OITE") issued Informative Bulletin No. 2017-04 ("IB 2017-04") yesterday to require that a grantee that is not in compliance with any of the terms and conditions of its tax exemption grant due to Hurricane Maria must file a sworn statement with OITE requesting an amendment. The sworn statement must provide a detailed description of the grantee's specific situation, the remedy sought, and evidence supporting the petition. OITE will examine the application on a case-by-case basis taking into consideration the specific circumstances of each grantee.

IB 2017-04 applies to grantees under the following statutes:

- Act 126-1966 (Maritime Freight Transportation)
- Act 8-1987 (Puerto Rico Tax Incentives)
- Act 75-1995 (Rehabilitation of Río Piedras)
- Act 135-1997 (Tax Incentives Act of 1998)
- Act 73-2008 (Economic Incentives for the Development of Puerto Rico)
- Act 83-2010 (Green Energy)
- Act 20-2012 (Export of Services)
- Act 22-2012 (Individual Investors)
- Act 273-2012 (International Banking Center)

Every grantee must review the terms and conditions of its tax exemption grant; if it is not in compliance with any of the terms and conditions of the grant, or was required to discontinue production for more than 30 days, it must file an application for amendment of grant as required by IB 2017-04.

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