

July 26, 2017

Tax Update

New Sales Tax Prepayments

On July 19, 2017, the Governor of Puerto Rico signed H.B. 1133 into law as Act No. 46 which, among other things, requires certain merchants to prepay the sales tax collected during a particular month in bi-weekly installments.

Below is a summary of the most important provisions of Act 46 regarding the sales tax prepayments. Note that Act 46 also introduces amendments to the Puerto Rico Room Occupancy Rate Tax Act, particularly to accommodate collection of such tax by on-line short term rental companies.

Sales Tax Prepayments

The Puerto Internal Revenue Code of 2011, as amended (“Code”) establishes, as a general rule, that the sales tax collected on taxable transactions during a particular month shall be deposited with the Puerto Rico Treasury Department (“Treasury”) on or before the 20th day of the month following the month in which the sales tax was collected.

Act 46 amends the sales tax deposit provisions to require certain taxpayers to deposit (prepay) the sales tax collected during a particular month in two installments: **on the 15th and on the last day of the month during which the sales tax transaction occurred.**

Merchants required to comply with these prepayments are:

1. Large Taxpayers, as defined in Code Section 1010.01(a)(35), and
2. Merchants whose monthly average amount of sales tax deposited during the prior natural year exceeds \$2,000.

Applicable merchants shall be deemed to have complied with these requirements if the merchant deposited the lower of: (i) 80% of the sales tax determined for such month or (ii) 70% of the total sales tax remitted during that same month in the prior year.

Pursuant to Act 46, these provisions shall become effective for transactions occurring as of July 2017. However, given that Act 46 was signed into law after what would have otherwise been the first installment (July 15th), it is expected for Treasury to issue guidance providing relief.



For more information on this Legal Update, please contact:

Carlos E. Serrano

cserrano@reichardescalera.com
787.777.8815

Alba I. Joubert Pereira

ajoubert@reichardescalera.com
787.777.8825

Bibiana A. Cruz

bcruz@reichardescalera.com
787.777.8813

This communication is for information purposes only and does not constitute legal advice. This communication may be based on authorities that are subject to change and is not a substitute for professional advice or services. You should consult a qualified professional advisor before taking any action based on the information herein. This communication does not create an attorney-client relationship between Reichard & Escalera and the recipient.

[Unsubscribe.](#)