

October 11, 2016

Tax Update

Procedure to Publish Rulings and Administrative Letters on a No-Name Basis

On September 30, 2016, the Puerto Rico Treasury Department (“Treasury”) issued Tax Policy Circular Letter No. 16-06 (“TPCL 16-06”), amending Circular Letter 99-01 (“CL 99-01”) to: (1) establish that public interest rulings and administrative determination letters issued privately to the taxpayers pursuant to CL 99-01 will be published to the public on a no-name basis; and (2) establish the procedure that must be followed by Treasury to release the ruling letter to the public.

Below we summarize the most significant provisions of TPCL 16-06.

Procedure for the Publication of Rulings

TPCL 16-06 provides that every time a private ruling is issued by Treasury, such ruling will be issued as a public ruling within a period of 6 months. The public ruling will not set forth the name of the taxpayers mentioned in the private ruling or details which may lead to the identification of the taxpayer, including addresses and identification numbers. As a result, effective as of September 30, 2016, all ruling replies to be issued by Treasury shall include a proposed public ruling covering the issues of the private ruling granted. Treasury will follow this publication process, unless a taxpayer files an objection to the publication of the ruling in accordance with the procedures established in TPCL 16-06.

TPCL 16-06 further provides that once a public ruling is published, subsequent rulings issued by Treasury that consider similar or identical facts to the public ruling already published, may be released to the public at Treasury’s sole discretion.

In the event of a rejected ruling, Treasury may issue a public ruling stating the facts and the reasons for such denial.

Public rulings issued by Treasury will be published in www.hacienda.pr.gov, under the links named “Publications” and “Internal Revenue Area / Tax Policy Area.”

Other Important Matters Concerning the Publication of Rulings

Commencing on October 30, 2016, taxpayers filing a ruling request pursuant to CL 99-01 will be required to include a draft of the proposed public ruling to be issued by Treasury, in compliance with TPCL 16-06. Failure to include such draft, shall be considered by Treasury as an incomplete ruling request. If the ruling request is approved by Treasury and the taxpayer does not submit a draft of public ruling before the date the private ruling is issued, a draft of public ruling prepared by Treasury will be issued with the ruling reply for the review of the



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taxpayer. Once Treasury issues the private ruling along with the public ruling, the taxpayer will be able to object the public ruling following the procedures established in TPCL 16-06.

Taxpayers who filed a ruling request prior to September 30, 2016, will receive, along with the ruling reply, a proposed draft of a public ruling based on the ruling requested. Please note that Treasury may also request the taxpayer to prepare the public ruling. Therefore, taxpayers with pending ruling requests will be allowed to file a proposed ruling.

TPCL 16 also includes information with respect to: the format in which the proposed public ruling shall be made available to Treasury, the form and content of the proposed public ruling, taxpayer's revision period and right to object the proposed public ruling, procedure for filing an objection, and issuance of a final notice of publication and right to appeal.

The provisions of TPCL 16-06 are effective immediately.

You may access TPCL 16-06 (in Spanish) [here](#).

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