

September 27, 2017

## Tax Update

### *Puerto Rico Treasury Department Issues Temporary Guidance after Hurricane María*

Puerto Rico continues to struggle after the passing of Hurricane María. In an effort to alleviate this burden and help jumpstart Puerto Rico's recovery, the Puerto Rico Treasury Department ("Treasury") has issued the following Administrative Determinations:

- Administrative Determination No. 17-13 ("AD 17-13") – to extend the exemption on sales and use tax ("SUT") applicable to prepared food, and
- Administrative Determination No. 17-14 ("AD 17-14") – to expedite the issuance of provisional licenses to gasoline retailers.

Attached are both AD 17-13 and AD 17-14 (only available in Spanish) and below is a summary of their most important provisions.

#### **AD 17-13**

As a result of the Governor of Puerto Rico's state of emergency declaration on September 18, 2017, Treasury issued Administrative Determination 17-12 wherein it exempted natural persons from the SUT applicable to prepared foods. AD 17-13 extends such SUT exemption until 11:59 pm of October 8, 2017. The merchant shall report such sales in its Monthly Sales and Use Tax Return (Model SC 2915) in the line "Sales of Exempt Tangible Personal Property".

Note that such exemption will not apply to alcoholic beverages, but will apply to carbonated beverages and any confection or combination of flour, sugar and other ingredients that are sold as one product, to the extent these are usually sold with utensils and are to be eaten or consumed by a natural person in Puerto Rico for its flavor or nutritional value.

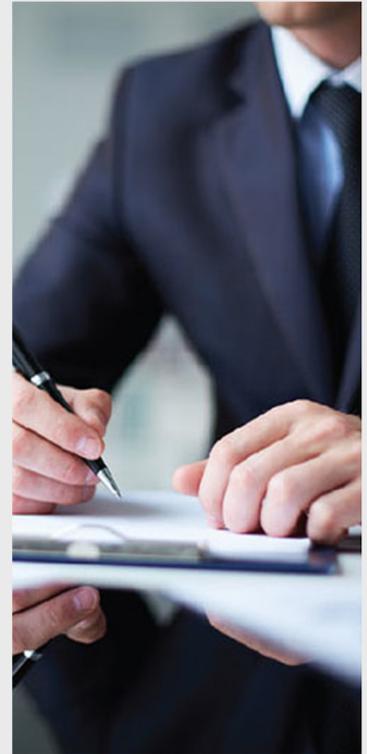
#### **AD 17-14**

AD 17-14 establishes that those gasoline retailers that had filed with Treasury all the applicable documentation to obtain a gasoline retailer license, for both Class A and Class D, on or before **September 20, 2017**, will be able to obtain a provisional license in an expedite manner.

To obtain the license, the gasoline retailer shall send evidence of all filed documentation to the following e-mail address: [puertos@hacienda.pr.gov](mailto:puertos@hacienda.pr.gov). Treasury will respond with the authorization through such e-mail.

The provisional license will be effective for 60 calendar days and will be free of charge.

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