

January 9, 2023

Tax Update

Treasury Sets Effective Date for the Tax Credits Management System

On June 30, 2022, the Government of Puerto Rico enacted Act 52-2022 (“Act 52”), known as the “Puerto Rico Public Finance Stability Act”, creating a new tax framework for companies that had been subjected to the Act 154 tax regime. Among other items, Act 52 also introduced new requirements and limitations on the availability and claiming of tax credits.

Act 52 added a new Section 1051.16 to the Puerto Rico Internal Revenue Code of 2011 authorizing the creation of a new Tax Credits Management System (“MCC”, for its Spanish acronym) within the Puerto Rico Treasury Department. Administrative Determination No. [22-11](#) (“AD 22-11”) set January 1, 2023, as the effective date for the implementation of the MCC although taxpayers will be able to access it through the Unified Internal Revenue System (SURI) starting January 18, 2023. No agency shall grant or issue tax credits between January 1, 2023 and January 17, 2023.

Tax credits shall now be categorized as Pre-MCC or Post-MCC as follows:

Pre-MCC tax credits are those that have been:

- i) Claimed in a tax return for tax years beginning before January 1, 2023, or
- ii) issued via certification or administrative determination by a regulatory agency prior to January 18, 2023.

Pre-MCC tax credits do not have to be registered in the MCC and may be claimed, sold or transferred, and used within 3 years after taxable year 2023 (note that guidance assumes calendar years). AD 22-11 states that starting taxable year 2026 only Post-MCC credits shall be claimed.

Post-MCC tax credits are those that have been:

- i) Claimed in a tax return for tax years beginning after December 31, 2022, or
- ii) issued via certification or administrative determination by a regulatory agency on or after January 18, 2023.

Post-MCC credits have mandatory registration in the MCC. Tax credits impacted by Section 1051.16 and/or AD 22-11 include, but are not limited to:

- Research and Development credits issued under Act 73-2008, Act 83-2010 and Act 60-2019, as applicable including those with a Puerto Rico Industrial Development Company certification issued before January 1, 2023, but that



For more information on this Legal Update, please contact:

Carlos E. Serrano

cserrano@reichardescalera.com

787.777.8815

787.406.5257

Alba I. Joubert Pereira

ajoubert@reichardescalera.com

787.777.8825

787.432.8356

Ernesto J. Zayas García

ezayas@reichardescalera.com

787.777.8813

787.354.4757

have not been registered in the Integrated Tax Credit Portal (predecessor to the MCC) by January 18, 2023.

- Credits for the purchase of products manufactured in Puerto Rico, for technology transfers or for investment in energy efficient machinery and equipment under Act 135-1997, Act 73-2008, Act 83-2010 and Act 60-2019, as applicable.
- Tourism investment credits under Act 74-2010 and Act 60-2019.
- Credits issued to hospital units under Act 168-1968.
- Conservation easement credits under Act 183-2001.
- Film project credits under Act 27-2011 and Act 60-2019
- Opportunity Zones credits under Act 60-2019

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.](#)