

Tax Insights: Puerto Rico Legislature to evaluate proposed tax Reform Bills

Puerto Rico House of Representatives' President, Hon. Jaime Perelló, has filed three Bills which propose substantial changes to our tax system.

The proposed legislative pieces are:

- **House Bill 2838:** proposes to eliminate the sales and use tax, imposing a consumption tax of 15% over sales, use, storage and consumption, including 1% of municipal tax and an intermediate rate of 9% applicable to restaurants.
- **House Bill 2839:** proposes a 10% excise tax on importation, effective January 1, 2017, thus eliminating the sales and use tax as of December 31, 2016.
- **House Bill 2840:** would increase from 4% to 5.5% the tax imposed on foreign corporations on the acquisition of products manufactured or produced wholly or partly on the island and the services related to that property. This tax was originally established by Law 154-2010.

If any of these measures are approved, approximately 80 percent of individual taxpayers will be relieved from filing their income tax returns, meaning that individual taxpayers with income of \$40,000 and married couples earning up to \$80,000 would be exempt from filing income tax returns. The rest of the taxpayers would experience reduced tax rates depending on their income level.

Public hearings of these proposals will begin on March 29, 2016.

We will keep you up-to-date in relation with this or any other matter that affects the way you do business in Puerto Rico.

Please contact our Tax Department for further assistance.



Contact us

For assistance in this matter, please contact us via maria.rivera@pr.gt.com, llina.morales@pr.gt.com, francisco.luis@pr.gt.com or isabel.hernandez@pr.gt.com



Adding true value means exceeding our clients' expectations, anticipating their needs and being proactive and innovative in the accounting profession.

Through the **Kevane Grant Thornton business and tax application for mobile devices** you will have access to our Alerts, Tax News and other related matters, plus a customized tax calendar for individuals, businesses and other entities, thus providing an excellent tool to manage filing and payment due dates with government agencies in Puerto Rico.

Download for free the application. Available for iPhone, Motorola and all tablets.



Follow us on  and 

March 17, 2016

DISCLAIMER: This update and its content do not constitute advice. Clients should not act solely on the basis of the material contained in this publication. It is intended for information purposes only and should not be regarded as specific advice. In addition, advice from proper consultant should be obtained prior to taking action on any issue dealt with this update.

© 2016 Kevane Grant Thornton LLP All rights reserved.
Kevane Grant Thornton LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please visit www.kevane.com for further details.