

Tax Alert: New requirements for Fiscal Terminals in Puerto Rico

Puerto Rico Treasury Department just published Administrative Determination 15-20 (“AD 15-20”) which introduces some significant changes to point-of-sale terminals (“fiscal terminals”) used for the administration of the Sales and Use Tax.

AD 15-20 establishes that effective October 30, 2015, every merchant that has annual sales in excess of \$125,000 is required to install, possess and maintain a fiscal terminal. The most important change established by AD 15-20 is that effective October 30, 2015 merchants will be responsible for the required fiscal terminals. This means that merchants must assume all cost related to the acquisition, installation and maintenance, as well as any cost incurred for transmitting or transferring data to the Treasury Department. These fiscal terminals must be acquired from a certified provider authorized by the Treasury Department.

As a result, every merchant that possesses a fiscal terminal that was furnished by the Treasury Department will be required to return it on or before October 30, 2015.

Furthermore, it is the merchant’s sole responsibility to acquire the fiscal terminal from one of the Certified Providers and to install it within a thirty (30) day period, which will commence on October 1

The Treasury Department will provide instructions as to the procedures that will be

followed for the proper return of the terminals that were provided by the agency.

Exemptions

Every merchant that performs any of the following services or meets any of the following will be exempt from the aforementioned requirements:

- Annual Volume of Business does not exceed \$125,000;
- Designated professional services that are subject to the 4% Special Sales and Use Tax;
- Locations where only credit transactions are processed through a billing system;
- Merchants that sell property that is never under their physical possession (e.g. E-commerce, etc.);
- Vending machines, vending machines that provide admission rights and automatic teller machines (ATM’s);
- Merchants that render services exclusively at the buyer’s location and where there is no point of sale;
- The Government of Puerto Rico or the United States;
- Merchants that render educational services;
- Merchants that render Medical or Hospital Services;
- Merchants that have 5 transactions or less per month;



Contact us

For assistance in this matter, please contact us via maria.rivera@pr.gt.com or javier.ovola@pr.gt.com



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October 1, 2015

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- Merchants that mostly perform financing or intermediate financial services;
- Merchants that mostly perform Insurance services;
- Merchants engaged in the rental of real property for residential or commercial purposes;
- Merchants registered as temporary business that will operate for no more than 6 consecutive months per year; and
- Independent contractors that (i) render services exclusively to Merchants that have a duly executed Final Multilevel Agreement with the Puerto Rico Treasury Department and (ii) possess the Certification that identifies them as such.

If you have any questions you can contact our Tax Department and they will advise you with additional information regarding this or any other tax issue.

Penalties

Any merchant that has an obligation to maintain a fiscal terminal and does not comply with said responsibility will be subject to a penalty of up to \$20,000, as established by Section 6043.06(c) of the 2011 Puerto Rico Internal Revenue Code, as amended.

Informative Bulletin 15-14

In addition to the above changes, the Puerto Rico Treasury Department issued Informative Bulletin 15-14 in order to inform merchants and the general public that IVU-LOTO program has been discontinued. The final prize draw was held September 29, 2015.

Treasury Department's decision to eliminate the IVU-LOTO does not relieve the merchant's responsibility with regards to the fiscal terminal. The merchant must continue to collect the SUT, register the sale on the fiscal terminal, provide the consumer with the receipt that discloses the transaction cost separate from the SUT and remitting the SUT to the Treasury Department. The only difference is that the merchant will not be required to include the IVU-LOTO number in the receipt.