

Tax Alert: Unified System of Internal Revenue at Puerto Rico Department of Treasury

On January 27, 2016, the Secretary of the Treasury (the “Secretary”) presented to the Governor of Puerto Rico the UNIFIED SYSTEM OF INTERNAL REVENUE (“SURI”, for its acronym in Spanish), a new Puerto Rico Treasury Department (“PRTD”) mechanism aimed at improving the agency’s administration of tax revenue and supervisory duties.

The new technology seeks to transform and update the PRTD’s tax oversight and collection responsibilities by increasing tax revenues, improving its services to taxpayer, and maximizing its efficiency, as well as assisting the Administrator of the new Office of Internal Revenue that the PRTD is creating.

For the development of SURI, the PRTD contracted Fast Enterprises, a company focused on tax technology solutions for governmental agencies across the USA, Europe and Asia.

As it stands today, the PRTD employs a myriad of diverging systems to administer its fiscal and oversight functions. Given that most of these do not share cross-platform elements, communications between the various systems have not been possible. By unifying all of the operating systems employed within the PRTD – the Puerto Rico Integrated Administration Systems (“PRITAS”) manages income and sales and use taxes, the REFO system that manages the processing of individual tax returns, the Integrated Merchant Portal (“PICO” for its acronym in Spanish)

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currently used to declare and pay the tax on merchandise imported to Puerto Rico, and the General Merchandise - administered by Excise Taxes; among other systems used by the PRTD – SURI endeavors to create operational efficiencies within the beleaguered agency and streamline the communication between the PRTD’s various divisions.

SURI’s implementation will be handled in there (3) phases:

- **Phase 1(a):** Value Added Tax, online services, tax return filings and payment modules (*operational by April and October 2016*)
- **Phase 2:** integration of corporate and other business-related taxes (*operational by December 2017*)
- **Phase 3:** integration of individuals, withholdings and Gift & Estate Taxes (*operational by December 2018*).

The Secretary’s stated intention is the renovation of the PRTD’s technology infrastructure in order to raise revenues collection, increase the amount of tax audits, reduce fraud, provide taxpayers with alternatives to perform transactions without the intervention of PRTD employees, and improve the agency’s internal processes. As a result, the agency will be able to work on a consolidated system, thus aiding its technical staff to better analyze the taxpayer’s current tax condition on a more efficient manner.



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