

Tax Alert: New electronic IVU Tax Return filing format under SURI

On October 18, 2016, the Puerto Rico Treasury Department (“PRTD”) issued Internal Revenue Circular Letter No. 16-13 (“CL 16-13”) with the following purposes:

1. to notify the consolidation of the three Monthly Sales and Use Tax (“IVU”) Returns in a single electronic format;
2. to inform the required information that must be included in the new format and establish the way to complete the new electronic format; and
3. to detail the transactions that must be filed through SURI and new functionalities.

Consolidation of the Monthly IVU Tax Returns

Effective for the period ended on October 31, 2016, a new electronic form for the filing of the monthly IVU returns shall be used. This format substitutes and consolidates the following forms:

1. Monthly IVU return (Form AS 2915.1A)
2. Monthly IVU return for pre-existing contracts (Form AS 2915.1E)
3. Monthly IVU return for the special SUT of 4% (Form AS 2915.1F)

Therefore, the above mentioned forms were required to be filed until the reporting period ended on September 30, 2016 and were due on October 20, 2016.

New electronic IVU filing format through SURI

The new available format will require additional information, as follows: (1) report of taxable transactions per location; (2) report of purchases from suppliers, including detailed

information about merchandise for resale for which credits or exemptions will be claimed; (3) detail of events for which an admission right, taxable or not, was charged.

Merchants, who are required to file the Monthly IVU Return for October 2016 and subsequent periods, must provide a detailed summary per location of the sales or transactions for the corresponding period.

It is important to note that the new system will have a checkmark that must be selected through the filing process by merchants who did not have sales or transactions in an active location. It will not be sufficient to include zero in the spaces provided for the amounts.

Reporting information about purchases between merchants

Merchants who are required to file a Monthly IVU Return and who made local purchases of merchandise for resale will be required to submit a report with detailed information about the suppliers in order to be able to claim a credit for the tax paid on those purchases. The merchant must include the following information of the supplier merchant:

- name;
- merchant registry number;
- description of the acquired merchandise;
- reference number of the commercial invoice;
- cost of the taxable or exempt merchandise, among others.

Internal Revenue Circular Letter No. 16-18 (“CL 16-18”) issued on November 18, 2016 and dated November 14, 2016, provides an exemption for the requirement of the



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November 20, 2016

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merchant registry numbers of the suppliers for the **October 2016 return only**. This exception only applies to the October 2016 returns that are filed on or before the due date of November 21, 2016.

CL 16-18 also states that the information detailed above may be submitted by transaction or grouped by supplier.

When an admission right has been charged, merchants must provide the following information by event. SURI will provide a template to include:

- name of the event;
- beginning and ending date for the ticket sales;
- amount collected for the sale of the admission rights;
- cost of the exempt admission rights.

New functionalities

As part of the changes introduced with the new electronic format, a template is included, which, once it is completed and uploaded during the filing process, will allow the taxpayer to automatically populate the return.

In addition, the printable format of the Monthly IVU Tax Return will contain new heading information, as follows:

- taxpayer identification number; and
- date and time in which the return was filed and received.

Once the Monthly IVU Return has been filed, the printable form will indicate the filing date and time. If the Monthly IVU Return filing process is initiated and the information submitted no later than the last day of the corresponding filing date, it will be considered filed on time by the PRTD. Pursuant to CL 16-13, if the due date is Saturday, Sunday or holiday, it is moved to the next working day.

Beginning on October 31, 2016, all IVU related transactions will be processed through SURI. The old system (PICO) will no longer

be available from 3:00pm on October 28, 2016.

In the case of Monthly IVU Tax Returns that were filed for periods between August 2014 and September 2016, SURI's platform will provide a tab for each return that was required to be filed.

Furthermore, SURI will also provide information of the Monthly IVU Returns that were filed for periods before August 2014.

Please contact our Tax Department should you require additional information regarding this or any other tax issue; we will be glad to assist you.