

Tax Alert: Proposed regulations for the Interagency Validation Portal created under Act 187-2015

On November 17, 2015, Act No. 187-2015 (the “Act”) was approved to create the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico (the “Portal”), which will be directly supervised by the Puerto Rico Institute of Statistics (“PRIS”). The portal will be the vehicle through which Certifying (Issuing) Agencies and Granting (Recipient) Agencies will communicate to process, oversee, validate and award (including renovations, extensions and amendments) the tax incentives or benefits from the 34 legislative acts which promote the economic development of Puerto Rico.

In light of the above, on November 23, 2016, the PRIS proposed for adoption its REGULATION FOR THE OPERATION OF THE INTERAGENCY VALIDATION PORTAL FOR THE GRANTING OF INCENTIVES FOR THE ECONOMIC DEVELOPMENT OF PUERTO RICO, which aims to establish the rules and procedures that will govern the Portal’s operation in regards to:

- ✓ the government agencies’ various duties and access to the system;
- ✓ the evaluation of requests, validation and issuance of the now requisite Certificate of Compliance and its notification to beneficiaries;
- ✓ the due date for the issuance of the Certificate of Compliance, as well as its

- effective period and procedure to request a printed copy of it; and
- ✓ non-compliance consequences.

Proposed Regulations Certifying (Issuing) Agencies (CIA) and Granting (Recipient) Agencies (GRA)

A **CIA** will validate that a natural or juridical person meets the requirements to obtain a tax incentive or benefit requested or granted to promote an incentive activity, through a Certificate of Compliance.

Meanwhile, a **GRA** will be the recipient of the Certificate of Compliance and is responsible for granting any type of tax incentive or benefit to a natural or juridical person that meets the appropriate requirements.

Certificate of Compliance

The Certificate of Compliance (the “Certificate” or “CC”) will validate that the natural or juridical person meets the specific requirements of the law by virtue of which a particular privilege is granted and, therefore, qualifies for the tax incentive or benefit.

The Certificate will be issued through the Portal, whose use is limited to the Issuing and Recipient governmental agencies, as well as the PRIS, and will be valid for a one-year period.

It is the CIA’s obligation to notify the applicants of the expedition of the Certificate



Contact us

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



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on or before the 15th day of the second month after the close of the applicant's taxable year.

To standardize the necessary statistical and investigative information among the various agencies and users, all CCs will need to include the following information:

1. Taxable year for which the Certificate is being issued;
2. Issuance date;
3. Article or Section under which the fiscal incentives are granted;
4. Nature of the fiscal incentive granted, for which the Certificate is being issued;
5. Name of the compliant applicant, as such term is defined on Section 1.09(A)(18) of the Proposed Regulation;
6. Whether the incentive is transferable;
7. Whether the incentive is being granted for the first time or an extension of one previously granted;
8. Disclosure of applicable amendments or conditions, if any, imposed by the granting Agency on the Applicant;
9. Identification number for property or properties ("Número de Catastro") connected to the business;
10. Merchant Registration Number;
11. Employer Identification Number;
12. Registration Number within the Puerto Rico State Department;
13. Account number associated with the business, activity or person;
14. Confirmation by the Puerto Rico Permits Administration Office ("OGPe", for its acronym in Spanish) that the Applicant has one or more current Unique Certifications issued under Act No. 216-2014;
15. Any other information that the PRIS deems necessary through its Executive Director, which it deems necessary to

measure the fiscal benefit's impact on the Puerto Rico economy;

16. The name, title and signature's digital image of the authorized government agent responsible for validating that all of the information found within the CC is accurate and true, and that the Applicant has complied with all of the applicable the legal requirements for the granting and enjoyment of the fiscal benefits so bestowed under the particular incentives act.

Any CC that fails to include the aforementioned information will be deemed null and void. Nonetheless, in the event that the PRIS denies or revokes a CC, the CIA is not precluded from clearing any deficiency and re-submitting the revised information for the eventual issuance of the Certificate.

Considering the current fiscal crisis in Puerto Rico and the presence of the Puerto Rico Fiscal Oversight Board, the Portal will certainly play a preeminent role in regulating, monitoring and measuring the required compliance with the requirements and compromises established in the incentives grants.

Request for Copy of Certificate of Compliance

Any applicant can request copies of the Certificate of Compliance issued on its behalf by paying the appropriate fee (which will be set by the PRIS' Board of Directors) along with evidence of authorization act as a representative of the tax incentives beneficiary.

Moreover, any person may request a *Negative Certificate* whereby it is evidenced that a determined person does not hold a current Certificate of Compliance.

The PRIS online page will later detail which documents will need to be filed to request these certificates.

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