

Tax
Insights

Our experience with SURI three months after its implementation

On October 31, 2016, all merchants for Sales and Use Tax (“SUT”) purposes, withholding and non-withholding agents, were required to register and use the Puerto Rico Department of Treasury’s (“PRTD”) new electronic platform, known as the *Internal Revenue Unified System* (“SURI” for its Spanish acronym).

To our knowledge and own experience, most merchants consider the registration process as very user friendly. Today, SURI requests basic company information same as formerly required by *Form AS 2914.1 – Application for Merchant’s Registration Certificate and Exemption Certificate*, and additionally requests confirmation of merchant’s imports and exports of merchandise, accounting system, payment methods accepted, collection mechanisms, among others.

This new additional information allows the PRTD to have a better understanding of the merchant’s operations and a more complete profile on its records.

As stated since the beginning of the process, all information located in PRTD’s prior system PICO was transferred to SURI. During the process, some merchants, in their majority retailers, have received notification letters from PRTD indicating that the review of Sales and Use Tax (“SUT”) transactions, performed as part of the conversion process and data

integration with SURI resulted in adjustments to the balance of credits available in their SUT accounts.

Consequently, outstanding balances not originally considered under PICO were assessed. Concerned merchants proceeded to submit SUT Credit Claims through SURI, which due to the holiday season and the changes in government administration have taken more that expected to process.



In recent meetings held with PRTD’s new administration, they confirmed that they are working in the design of new processes that will accelerate the review of the documentation, and have also informed us that they will provide a grace period to merchants experiencing these delays in order to ease their day to day operations.



Contact us

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The assessment of such outstanding balances affected the renewal process of the Reseller Certificates and Municipal SUT Exemption Certificates, which for the most part were effective until December 31, 2016.

The outstanding balances reflected in merchants' accounts, which resulted from PRTD not being able to complete their review process, contributed to the denial of renewal applications creating a circular effect. We have also been informed that in such cases, the Reseller Certificates will reflect an effective date of January 1, 2017, allowing these merchants to claim the credits for SUT paid on the import/purchase of inventory for resale.

Experience demonstrates that the system is very easy to use and merchants can now verify their balances, status of requests and review notices at any time. Also, it is convenient enough because tasks can be performed and issues resolved electronically without the need to visit PRTD.

As for every change, the worst part is to adapt to the new processes and procedures.

We understand PRTD's new administration is reviewing SURI's performance from merchants' and internal use perspectives, however, it is of utmost importance that the platform is reviewed and optimized so it can provide both merchants and PRTD the tools needed to report, pay and monitor compliance and payment of the SUT.

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