



Tax



Property



People

CRIM requests taxpayers the appraisal of real property

March 22, 2019

Pursuant to Section 3.19 of Act No. 83 of August 30, 1991, as amended, also known as the Municipal Property Tax Act (“Act 83-1991”), every person who owns taxable assets which have not been appraised for the levy of taxes or which have not been appraised nor paid taxes during any fiscal year, to report such properties to the Municipal Revenue Collection Center or “CRIM” for its Spanish acronym.

Background

Act No. 80 of August 1991, as amended, created the CRIM, governmental entity responsible for segregating, appraising, levying, notifying, collecting and distributing public funds from real and personal property taxes collected pursuant to Act 83-1991.

Property taxes constitute one of the main sources of revenue for the municipal governments. As such, the Government recognizes that, although every person who owns taxable assets is required to report them for appraisal in lieu of taxes, not every person does or if they do, the appraisal process is backlogged. Furthermore, the Government estimates that there are more than 1,000,000 of taxable real property unappraised, as the official data shows there are currently 659,001 real property currently subject to tax, 750,708 tax-exonerated and 55,089 tax-exempt.

Therefore, due to the fiscal crisis Puerto Rico is undergoing, and in efforts to increase the collection of taxes for the state and municipal governments, the Governor enacted Act No. 6 of February 12, 2019 to assist the CRIM with the appraisal of real property, and simultaneously increasing the basis of taxable real property. On December 10, 2018, the PRTD implemented Phase 2 of its SURI system, whereby the following transactions will now be handled electronically:

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Act No. 6 of February 12, 2019 (“the Act”)

The Act adds **Article 3.01B** to Act 83-1991 to allow owners of real property not subject to mortgage creditors, to engage the services of an Authorized Professional Evaluator (or “EPA” for its Spanish acronym), to appraise the property and determine its classification and tax liability not previously appraised due to Act 83-1991. The EPA cannot be the owner, its employees or any person related to the owner by consanguinity on the fourth degree or in the second degree of affinity. The appraisal should be filed with the CRIM on or before **December 31, 2020, or six months** after acquisition of the property or improvements to the property.

Furthermore, the Act also **amends Articles 3.08 and 3.48** of Act 83-1991. The amendments to **Article 3.08** introduce appraised property pursuant to Article 3.01B to the list of unappraised property the CRIM is required to maintain an up-to-date cadastre, classification and appraisal of real estate. When the property is appraised by CRIM, the levy, notification and collection of taxes shall be prospective from the date the appraisal was performed.

Meanwhile, the amendments to **Article 3.48**, introduce appraised property in accordance with Article 3.01B to the administrative review procedure and judicial challenge of real property tax. The amendment also reduces the term for the CRIM to issue its decision from sixty (60) days to thirty (30) days from the date of filing the petition for administrative review by a taxpayer.

The Executive Director of the CRIM is required to issue regulations pursuant to the Act in a period no greater than ninety (90) days after the effectiveness of the Act – that is, from February 12, 2019.

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



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