



Tax



Business



Taxpayer

Changes in the file transmission layout for fiscal terminals

September 19, 2019

Back in September 2015, the Puerto Rico Treasury Department (“PRTD”) issued Administrative Determination 15-20 (“AD 15-20”) to establish that, after October 30, 2015, merchants with a total annual volume of sales exceeding \$125,000 were responsible for the acquisition, installation and maintenance of fiscal terminals provided by PRTD’s Certified Processors. According to AD 15-20, these merchants will be solely responsible for any cost associated with the transmission of information to the PRTD. The PRTD postponed the effectiveness of this rule several times until the Internal Revue Circular Letter 16-14 established November 1, 2017 as the effective date for these changes.

For taxable years commenced after December 31, 2018, Act 257-2018 introduces an Optional Tax for self-employed individuals and corporations that derive their income substantially from services subject to withholding at source. Recently enacted Act 60-2019 adopted the optional tax regime for partnerships and corporations of individuals (will refer to corporations, partnerships and corporations of individuals as “Entities”). The optional tax will be computed on gross revenue without the benefit of operating expenses or deductions and will not be subject to the agreed upon procedures or compliance attestation reports.

Recently, Act 257-2018 imposed a reduced Sales and Use Tax (“SUT”) rate of 7%, beginning on October 1, 2019, which would apply to restaurants selling taxable items considered as prepared foods, carbonated beverages, confectionery products, and candies. According to Administrative Determination 19-03, merchants that meet certain requirements will be eligible to receive authorization to collect and remit the reduced SUT rate. Among the requirements, restaurants must maintain a fiscal terminal at each point of sale, even if the annual volume of business does not exceed \$125,000.

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According to the PRTD, the aforementioned requirement on fiscal terminals will not only affect the restaurants but all processors because the file transmission layout has changed. Those merchants who do not qualify for the reduced rate (restaurants or not) must modify the layout to comply with the file structure and place \$0.00 in the field related to the 6% SUT. Otherwise, the file will be rejected.

Finally, as a result of the above requirements, all processors will need to be re-certified with the Fiscal Terminal Program before the implementation date of October 1, 2019. Further guidance from Treasury is expected during the upcoming days.

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