



Temporary sales and use tax exemption on prepared foods in Puerto Rico

March 19, 2020

Following the worldwide outbreak of Coronavirus (COVID-19) and the cases identified on the Island, the Governor of Puerto Rico issued Executive Order No. OE-2020-020, in which she declared Puerto Rico in a state of emergency.

As a result, the Puerto Rico Department of Treasury issued Administrative Determination 20-08 to provide a temporary exemption from the state and municipal Sales and Use Tax (“SUT”) established in Sections 4020.01, 4210.01 and 6080.14 of the Code, to the prepared food purchased by any natural person located in Puerto Rico (“Temporary SUT Exemption in Prepared Food”). The merchant will report said sales in his Monthly SUT Return (Form SC 2915) in the line identified as “Sale of Exempt Tangible Personal Property”.

The exemption period will begin at 12:01 a.m. on Friday, March 20, 2020, and will conclude at 11:59 p.m. Sunday, April 19, 2020. The Exemption will not apply to the sale of alcoholic beverages.

The Department also determines that for one (1) day between the publication date of Administrative Determination 20-08 (March 19, 2020) and the effective date of the Temporary Exemption of IVU in Prepared Food, all those individuals who need to visit commercial locations or food centers to implement the programming to comply with the Temporary SUT Exemption on prepared food, will be considered essential services. Those individuals would need to have a copy of Administrative Determination 20-08 so that it can be verified that they are carrying out an activity allowed by the government during the curfew period established by the governor.

If a merchant, by act or omission, collects from a consumer the SUT on a sale of prepared food exempt from the payment of said tax under this Administrative Determination, the merchant will be obliged to immediately refund the amount of the Tax on Sales charged to the consumer or said funds shall constitute funds of the Government of Puerto Rico from the time of its collection.

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Kevane Grant Thornton will continue to work remotely during this time. 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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