



Tax



Business



Taxpayer

Leased commercial rent exempt from the SUT postponed

July 20, 2020

The Puerto Rico Treasury Department recently issued Administrative Determination 20-17 (“AD 20-17”) with the purpose of postponing the effectiveness of the commercial lease exemption requirement.

Act No. 257 of December 10, 2018 (“Act 257-2018”) amended the provisions of Section 4030.14 of the Puerto Rico Internal Revenue Code of 2011 (“the Code”) and established a new requirement for the Sales and Use Tax (“SUT”) exemption on leased real property for commercial purposes. With this amendment, the lessee must provide evidence to the lessor that it complies with the requirement to maintain a fiscal terminal, according to the provisions of Section 6054.03 of the Code.

Pursuant to AD 20-17 the Puerto Rico Treasury Department determined that the requirements established by Act 257-2018 for the SUT exemption on commercial leases will be postponed until June 30, 2021. Therefore, as of Wednesday, July 1, 2021, all tenants must demonstrate to the landlord that they meet the requirement to maintain a fiscal terminal to be entitled to the SUT exemption.

Also, AD 20-17 mentions that the Puerto Rico Treasury Department will issue a publication detailing the certification that tenants must submit to their landlords to qualify for this exemption.

We are committed to keep you up to date with all tax-related developments. Please contact our Tax Department should additional information is required regarding this or any other tax issue. We will be glad to assist you.

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