



Tax



School



Tax relief

Back to School tax free periods

July 15, 2021

The Puerto Rico Treasury Department announced the dates of the back-to-school tax free periods for the fiscal year 2021-2022. The back-to-school tax free periods comprise two days in July and two days in January of each fiscal year. During the tax-free periods, the uniforms and school materials will be exempt from payment of the Puerto Rico Sales and Use Tax at the state and municipal levels.

On June 16, 2021, the Puerto Rico Treasury Department ("PRTD") issued Internal Revenue Circular Letter No. 21-14 ("CL 21-14") to establish the following SUT free periods:

- the first period will start the midnight of Friday, July 16, 2021, and will end at 11:59 pm on Saturday, July 17, 2021 (two days).
- the second period will begin the midnight of Friday, January 7, 2022, and will end at 11:59 p.m. on Saturday, January 8, 2022 (2 days).

Among the articles considered exempt during the exemption periods are:

1. **school uniforms** - According to Section 4030.20(c)(1) of the Code, a school uniform is clothing required by an educational institution. The uniform should not be appropriate for general or continuous use outside the school to substitute ordinary clothes. Furthermore, a school uniform includes pieces of clothing and footwear that complement the uniform, as required by the educational institution. There are some exclusions to the term uniform that will not be subject to the exemption such as belt buckles, patches and emblems sold separately, protective equipment against injuries and diseases, sports, and recreational equipment not appropriate for general use, among others.

Javier Oyola
Tax Director

Collaborated in the
preparation of this article.



2. **school materials** - The exemption covers school materials such as folders, plastic and manila envelopes, backpacks, lunch boxes, calculators, tape, chalks, compasses, crayons, erasers, glue, markers, index cards, paper, pens, pencils, pencil sharpeners, rulers, scissors, and storage media, such as flash drives. Additionally, school materials of art, music and retail instructional supplies, including paints (acrylic, tempera, and oil), brushes for artwork, clay and enamels, drawing and sketchbooks, watercolors, musical instruments, and maps, among others will also exempt from SUT.
3. **textbooks and notebooks** – The exemption covers the purchase or rental of printed books, e-books, digital versions of a printed book, and notebooks, but excludes publications by electronic media, magazines, and newspapers.
4. **Lay-Aways and purchases** by internet, phone, or mail will be considered as an exempt transaction if the items are fully paid and transferred or delivered to the buyer during the exemption period. A sale after the period of exemption does not qualify for the SUT Exemption.
5. **uniforms or school materials** purchased with the use of a rain checks, gift certificates, or gift cards during the exemption period will qualify for the exemption, regardless of the date when there were issued. Articles acquired before or after the exemption period will be subject to SUT, regardless of the date when the gift cards or gift certificates were purchased during the exemption period.

The PRTD will not require special reporting for the exempt sales made during the exemption periods. Merchants should report all the qualifying sales on the Sales and Use Tax Return as exempt sales.

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



Lina Morales
Partner Head of Tax
E lina.morales@pr.gt.com



María de los A. Rivera
Tax Partner and IBC Director
E maria.rivera@pr.gt.com



Francisco Luis
Tax Partner
E francisco.luis@pr.gt.com



Isabel Hernández
Tax Partner
E isabel.hernandez@pr.gt.com



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