

Sales and Use Tax

A review to implemented collection actions

After the repeal of the Value Added Tax (VAT) regime, the Sales and Use Tax (SUT) continues to be the consumption tax system in Puerto Rico. Now a days the business community continues to experience a sense of confusion due to all the changes that have been adopted into the SUT rules.

The Puerto Rico Treasury Department (PRTD) has stated that it will continue to work aggressively to implement the law and take action against merchants who have failed to remit the SUT collected from customers, as well as other withheld taxes. Some interventions performed by the PRTD have resulted in the assessment of millionaire debts and the foreclosure of properties, causing several merchants to close operations or file for bankruptcy.

It is important to emphasize that not remitting the SUT to the PRTD is unlawful and is penalized by law. Moreover, the difficult fiscal situation of the government of Puerto Rico has resulted in an increased enforcement of tough collection procedures by the PRTD.

The owners of businesses are fully responsible for establishing the adequate procedures to comply with the requirements of the law. This situation has brought inquiries about the effectiveness of the internal procedures the merchants presently have in place regarding the compliance with the law.

Other services we provide include:

- Consulting of tax incentives
- Assistance with governmental agencies
- Analyses to convert your business into a paperless environment
- Estate planning
- Transfer pricing

We are ready and able to help you

In order to minimize any risk associated with a Sales and Use Tax audit conducted by the Puerto Rico Treasury to your business, Kevane Grant Thornton can perform a Sales and Use Tax physical (IVU Check up) to find out if the procedures followed by your company are in compliance with all the statutory requirements.

By engaging in this type of review, you will have assurance that the procedures you have established are adequate to comply with the requirements of the law. At the end of the review, you will receive a full report detailing our findings and any possible exposure. In addition, we will provide our recommendations for improvement in any area found deficient.

The big questions for you:

- ① Did you register your business on time?
- ① Are all your localities duly registered?
- ① Are you filing both state and municipal monthly returns?
- ① Are you keeping all the necessary documentation?
- ① Are you paying the right amount of Sales and Use Tax?

Our tax experts can help you understand the complex SUT rules and provide you with sound, practical solutions.



Contact us

For assistance in this matter, please contact:

María de los Angeles Rivera, CPA
Partner, Tax and IBC Director
maria.rivera@pr.gt.com

Javier Oyola
Director, Tax
javier.oyola@pr.gt.com

Follow us on



Office

Kevane Grant Thornton LLP
33 Bolivia Street Suite 400
San Juan, Puerto Rico 00917-2013

T +1 787 754 1915
F +1 787 751 1284