



THE POWER
OF BEING
UNDERSTOOD

DEDUCTIBILITY OF EXPENSES—MOTOR VEHICLES

Year 2015 Issue #1

The Puerto Rico Treasury Department (“PRTD”) has issued Administrative Determination 15-01 with the purpose of informing all taxpayers the applicable rules for deducting expenses related to the use and maintenance of motor vehicles on income tax returns for the 2014 tax year.

Previously, Regulation No. 8297 was approved to establish the rules and requirements for the deductibility of expenses related to the use and maintenance of motor vehicles for income tax purposes. One of the most relevant aspects was that expenses would only be allowed at a standard mileage rate subject to compliance with several documentation requirements. These new rules had been postponed a few times through Administrative Determinations 12-06, 12-10, 13-03 and 13-18, respectively.

Through the current Administrative Determination 15-01, the PRTD has expressly stated their intention to repeal the above mentioned Regulation and evaluate the issuance of new rules in the future. Consequently, for 2014 and until further notice, taxpayers engaged in a trade or business in Puerto Rico will be allowed to deduct actual expenses incurred in the use and maintenance of motor vehicles in Puerto Rico, or a standard mileage rate, subject to certain limitations.

Please contact us here at RSM where we are prepared and committed to answer all your inquiries related to these new rules.

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