



THE POWER OF BEING UNDERSTOOD

NEW REQUIREMENTS FOR SALES & USE TAX FISCAL TERMINALS

Year 2015 Issue #18

The Puerto Rico Treasury Department (hereinafter "PRTD") has issued Administrative Determination 15-20 (hereinafter "AD 15-20") with the purpose of: 1) establishing changes related to the use of a Sale and Use Tax (hereinafter "SUT) fiscal terminal, 2) to provide guidance related to the process for merchants in possession of a fiscal terminal and 3) the applicable penalties for non-compliance.

AD 15-20 establishes that as of October 30, 2015, only merchants with a Volume of Business (hereinafter "VOB") greater than \$125,000, on an annual basis, are required to install or maintain a SUT fiscal terminal. The period used to calculate the VOB will be the previous tax year used by the merchant. AD 15-20 also states that, merchants with aggregated VOB of \$1,000,000 or more need to have a fiscal terminal integrated in each point of sale or a cashier able to electronically transmit information to the PRTD. Under this new requirement, the following merchants, among others, are relieved to install a fiscal terminal:

- Merchants with VOB lower than \$125,000;
- Merchants who solely provide the following services:
 - ◊ Designated Professional Services
 - ◊ Educational Services
 - ◊ Health Services
 - ◊ Rental of Real Estate
- Merchants with no point of sale location;
- Dispensing machines, ATMs or admission fee vending machines;
- Merchants with less than five transactions per month;
- Financial Services as defined in section 4010.01 (nn)(2)(E) of the code;
- Insurance Services as defined in section 4010.01 (nn)(2)(F) of the code;
- Independent contractors certified by a multilevel agreement with the PRTD.

Also, as of October 29, 2015 each SUT fiscal terminal previously provided by the PRTD was discontinued and each merchant will be responsible for the new SUT fiscal terminal acquisition and maintenance cost. Therefore, any merchant that currently possess a fiscal terminal issued by the PRTD, and is also required to possess or maintain a SUT fiscal terminal under these new rules will have until October 30, 2015 to acquire a new fiscal terminal from an approved PRTD provider. AD 15-20 includes a full list of SUT fiscal terminal providers approved by the PRTD.

It is important to highlight that eventually the PRTD will provide further instructions regarding the collection of each PRTD discontinued SUT fiscal terminal. As such, do **NOT** dispose your current Fiscal Terminal. Also, AD 15-20 reminds that merchants who do not comply with the rules related to the SUT fiscal terminals may be subject to penalties up to \$20,000.

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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