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CHANGES TO SALES TAX REMITTANCE REQUIREMENTS

Year 2017 Issue #4

On July 19, 2017 the Governor of Puerto Rico signed Act #46 ("Act 46-2017") which establishes that certain taxpayers are now required to deposit the sales tax collected twice a month (bimonthly).

Which taxpayers will be subject to bimonthly sales tax deposits?

- Large Taxpayers- taxpayers engaged in a trade or business in Puerto Rico that meet one of the following requirements will be considered large taxpayers:
 - ⇒ Commercial bank or trust company
 - ⇒ Private bank
 - ⇒ Securities or brokerage house
 - ⇒ Insurance company
 - ⇒ Entity engaged in the business of telecommunications
 - ⇒ Entity whose volume of business is \$50,000,000 or more, for the preceding year
- Taxpayers whose average monthly sales taxes deposited during the previous year exceeds \$2,000.00.

When are the installments due?

The fifteen and last days of each month.

What amount should be deposited?

Taxpayers required to deposit the sales tax collected in bimonthly installments will deposit the lesser of the following:

- 80% of the sales tax determined for the current month, or
- 70% of the total sales tax deposited during the same month of the previous year

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CHANGES TO SALES TAX REMITTANCE REQUIREMENTS (CONTINUED)

What are the penalties for not depositing the sales tax collected in bimonthly installments?

The penalty for not depositing the sales tax collected in bimonthly installments will be a 10% of the sales tax that should have been deposited.

Other Tax Legislation Pending Approval

In addition to the amendments mentioned above, the Puerto Rico Legislature approved various tax projects that are pending Governor's signature. These legislative projects are:

- Senate Bill No. 582 – proposes several changes that, if enacted, will substantially change the taxation rules for property obtained by bequest or transferred by donations.
- Senate Bill No. 577 – amends the deduction for mortgage interests, among others.

At RSM Puerto Rico we are ready to help you with these matters. If you have any questions or comments related to the content of this Tax Alert, please feel free to contact your Tax Advisor at RSM Puerto Rico.

Reminders & Due Dates

- August 10, 2017 – Monthly Declaration of Imports
- August 10, 2017 – Monthly Excise Tax Return
- August 10, 2017 – Deposit of Income Tax withheld on payments for services rendered
- August 15, 2017 – Deposit of Income Tax withheld on salaries of those employers classified as monthly depositors
- August 21, 2017 – Monthly Sales & Use Tax Return