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Department of the Treasury Administrative Determination 09-02

The Department of the Treasury has issued Administrative Determination 09-02 ("DA 09-02") to provide guidance on some of the effective dates of Act No. 7 of March 9, 2009, "Ley Especial Declarando Estado de Emergencia Fiscal y Estableciendo Plan Integral de Estabilización Fiscal para Salvar el Crédito de Puerto Rico" ("Act No. 7").

Sales and Use Taxes

DA 09-02 postpones to November 1, 2009 the elimination of the resale exemption provided by Section 2407 and 2502 of the Puerto Rico Internal Revenue Code of 1994 ("Code"), as amended. The effective date of Section 2704 regarding the credits that may be taken in the returns in lieu of the resale exemption is also postponed to November 1, 2009.

The changes regarding the monthly return date, remission, and payment of sales and use taxes covered by Sections 2602, 2606 and 2607 of the Code will apply to sales made on or after November 1, 2009. Therefore, the monthly return date, remission, and payment of sales and use taxes of sales corresponding to the month of November will be due on December 10, 2009.

Moratorium on Certain Tax Credits

With regard to the moratorium on tax credits, DA 09-02 provides that the informative return required by Section 1040M(d) is due on July, 31, 2009. Act No. 7, provides that the informative return is an indispensable requirement to have the right to claim the credits.

Excise Taxes

DA 09-02 provides that the changes to Section 2011 of the Code will be effective on July 1, 2009. Among other things, Section 2011 provides that motorcycles will be subject to the progressive excise tax rates applicable to motor vehicles.

Department of the Treasury Circular Letter 09-03

Apart from what is provided by DA 09-02, the Department of the Treasury issued Circular Letter 09-03. Said letter provides that the inventory of any manufacturer, rectifier, distiller or trafficker of alcoholic beverages will be subject to the increase in excise taxes. Said persons will be obligated to inform and pay said increase in excise taxes to the Secretary of the Treasury, no later than ten (10) days after June 1, 2009. The inventory may be informed in Treasury Form SC 2304.

The Tax Group at Fiddler Gonzalez & Rodriguez, PSC, attorneys and counselors at law, will keep you posted of new developments. If you know anyone that would like to receive the FGR tax updates, please feel free to forward this newsletter or reply to this email in order to be added as recipient. Stay tuned for further updates of **FGR TAX WATCH**.

If you have any questions in regards to the above, please do not hesitate to contact our offices so that we may explain the amendments to the provisions of the Code in more detail. Our address is: Fiddler González & Rodríguez, PSC, P.O. Box 363507, San Juan, PR 00936-3507. Fax (787) 754-7532. Our website is www.fgrlaw.com

We welcome your questions and comments. You may contact any of the professionals below:

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