



SALES AND USE TAX MONTHLY RETURN



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|--|--|---|--|---|--|
| PERIOD (MONTH/YEAR)<br><div>M M 2 0 Y Y</div>                    |  | <input type="checkbox"/> Amended Return |  | TAXABLE SALES (Do not include cents)                        |  |
| MERCHANT'S REGISTRATION NUMBER<br><div></div>                    |  |   |  | 5. SALE OF TAXABLE TANGIBLE PERSONAL PROPERTY + <div></div> |  |
| SOCIAL SECURITY OR EMPLOYER IDENTIFICATION NUMBER<br><div></div> |  |   |  | 6. SALE OF TAXABLE SERVICES + <div></div>                   |  |
| NAME OF MERCHANT OR RETAILER                                     |  |   |  | 7. TAXABLE ADMISSIONS + <div></div>                         |  |
| PURCHASES (Do not include cents)                                 |  |   |  | 8. RETURN OF TAXABLE ITEMS - <div></div>                    |  |
| 1. PURCHASES AND IMPORTS OF PRODUCTS FOR RESALE = <div></div>    |  |   |  | 9. TOTAL TAXABLE SALES = <div></div>                        |  |
| USE (Do not include cents)                                       |  |   |  | EXEMPT SALES (Do not include cents)                         |  |
| 2. IMPORTS FOR USE + <div></div>                                 |  |   |  | 10. SALE OF EXEMPT TANGIBLE PERSONAL PROPERTY + <div></div> |  |
| 3. AUTOCONSUMPTION AND USE OF INVENTORY + <div></div>            |  |   |  | 11. SALE OF EXEMPT SERVICES + <div></div>                   |  |
| 4. AMOUNT SUBJECT TO USE TAX (Add lines 2 and 3) = <div></div>   |  |   |  | 12. EXEMPT ADMISSIONS + <div></div>                         |  |
|  |  |   |  | 13. RETURN OF EXEMPT ITEMS - <div></div>                    |  |
|  |  |   |  | 14. TOTAL EXEMPT SALES = <div></div>                        |  |

The return and payment are due on the 10th day of the month following the month for which this return is filed. Make the payment payable to the Secretary of the Treasury - SUT and mail it to: Department of the Treasury, Sales and Use Tax Monthly Return, P.O. Box 70125, San Juan, PR 00936-8125, or hand it in at one of the Participating Banks.

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Retention Period: Ten (10) years.



## INSTRUCTIONS

### IMPORTANT NOTICE

The collection of the sales and use tax (SUT) of 1.5% is uniform and applies in all the municipalities of Puerto Rico. Out of this total, 0.5% is administered by the Department of the Treasury and 1% by each municipality.

It is important to remember that merchants will collect 7% in all the municipalities of Puerto Rico, out of which they will remit a total of 6% to the Department of the Treasury together with this return, and 1% to the municipality where their business is located. Nevertheless, if the municipality where the merchant operates is a Participating Municipality because it entered into a collection agreement with the Department of the Treasury, the merchant will remit a total of 7% to the Department of the Treasury together with this return. Please refer to the instructions of this return for a list of the Participating Municipalities.

Forms revised on or after November 1, 2009 shall be used for the deposit of collections made beginning on November 2009, which is due on December 10, 2009. Other forms of the return which have a revision date prior to November 1, 2009, as indicated in the upper left hand corner of the first page of the form, cannot be used for the deposit of the collections made on or after November 1, 2009.

### WHO SHALL FILE THIS RETURN?

All merchants who are in the business of selling taxable items in the Commonwealth of Puerto Rico and generate sales of less than \$500,000, can file this return using the paper form or electronically.

On the other hand, all merchants that have a sales volume of \$500,000 or more, are required to file this return electronically.

All individuals who are not merchants and have acquired taxable items subject to the use tax, including those who acquire a taxable item from another person who benefited from any of the exemptions provided in the Code, shall file this return using our webpage at [www.hacienda.gobierno.pr/ivu](http://www.hacienda.gobierno.pr/ivu), by clicking on the "Tax Filing and Payment System" button.

One return shall be filed for each commercial establishment or activity for which a Merchant's Registration Certificate has been issued indicating that the merchant is a collector of the SUT. Consolidated returns will not be allowed.

In the case of merchants whose Merchant's Registration Certificate indicates that they are not collectors of the SUT, they will not have the obligation to file this return to report their exempt sales. However, all merchants that sell taxable items, will have the obligation to file the corresponding Monthly Return.

### WHEN AND WHERE SHALL THIS RETURN BE FILED?

This return and the corresponding payment are due on the tenth (10<sup>th</sup>) day of the month following the month during which the transaction subject to the SUT occurred.

This return and the corresponding payment may be filed by accessing our website at [www.hacienda.gobierno.pr/ivu](http://www.hacienda.gobierno.pr/ivu) or by calling 1-800-796-6103. Also, you may hand it in at one of the Participating Financial Institutions or send it by mail to the following address:

DEPARTMENT OF THE TREASURY  
SUT MONTHLY RETURN  
PO BOX 70125  
SAN JUAN, PR 00936-8125

Payment shall be made by:

- check or money order payable to the Secretary of the Treasury - SUT;
- electronic transfer of funds; or
- any other method established by the Secretary.

Merchants that have a sales volume of \$500,000 or more, are required to remit the tax through an electronic transfer of funds.

Please refer to our webpage at [www.hacienda.gobierno.pr](http://www.hacienda.gobierno.pr), for additional information regarding payment methods. Please refer to the instructions of this return for a list of the Participating Financial Institutions.

### SPECIFIC INSTRUCTIONS FOR FILING THIS RETURN

**Period** – Indicate the month and year corresponding to the period for which this return is filed.

**Amended Return** – If you omitted sales or did not claim an exemption, deduction, or adjustment to which you were entitled, or believe that you are not entitled to an exemption, deduction, or adjustment claimed in your original return, you shall amend it. Completely fill in the oval for "Amended Return."

**Merchant's Registration Number** – Indicate the number assigned by the Department of the Treasury. If you are a merchant and you do not have a Merchant's Registration number, you shall fill out and file the Application for Merchant's Registration Certificate (Form AS 2914.1) as soon as possible.

**Social Security or Employer Identification Number** – Indicate your employer identification number. If you are an individual doing business under your own name and do not have an employer identification number, indicate your social security number.

**Name of Merchant or Retailer** – Indicate the trade name (known as d/b/a) of the commercial establishment for which this return is filed. You shall provide the same information included in the Application for Merchant's Registration Certificate (Form AS 2914.1) filed with the Department of the Treasury.

If you are an individual doing business under your own name, indicate your name and last name.

**Line 1** – Indicate the total purchase price of the items or goods for resale that you acquired in Puerto Rico or imported into Puerto Rico during the month.

**Line 2** – Indicate the total purchase price of the items or goods subject to the use tax that you imported into Puerto Rico during the month.

**Line 3** – Indicate the total amount of items or goods withdrawn from your inventory for resale for any purpose other than for resale. This includes withdrawals from inventory for deterioration, wear and tear, personal use, business use, distributions as samples or promotional items, and distributions as donations to charitable organizations.

In the case of withdrawals from inventory for deterioration or wear and tear, you shall include on this line 50% of the purchase price of the items or goods withdrawn from inventory.

In the case of all other withdrawals, you shall include on this line the total purchase price of the items or goods withdrawn from inventory.

**Line 5** – Indicate the total amount of sales of taxable tangible personal property generated during the month. The term tangible personal property is defined in Section 4010.01(gg) of the Code and refers to an item or personal property that can be seen, weighed, measured, felt or touched, or that is in any other manner perceptible to the senses, or that is susceptible to appropriation.

If you carried out bundled transactions, as such term is defined in Section 4010.01(qq) of the Code, that, because of their nature, are considered as sales of taxable tangible personal property, you shall also indicate the total amount of such sales on this line.

**Line 6** – Indicate the total amount of sales of taxable services generated during the month. The term taxable services is defined in Section 4010.01(nn) of the Code and refers to all services rendered to any person.

If you carried out bundled transactions, as such term is defined in Section 4010.01(qq) of the Code, that, because of their nature, are considered as sales of taxable services, you shall also indicate the total amount of such sales on this line.

**Line 7** – Indicate the total amount of sales of taxable admission fees generated during the month. The term admission fees is defined in Section 4010.01(l) of the Code and, in general, refers to the amount of money paid for admitting a person into any place of entertainment, sports or recreation.

**Line 8** – Indicate the sales price corresponding to taxable items that were returned during the month, and for which you reimbursed the purchasers for the amount of the tax that was originally collected. This deduction shall be reported in the return corresponding to the month in which the returns were made, regardless of the date of the original sale.

**Line 10** – Indicate the total amount of sales of exempt tangible personal property generated during the month, including the sale of:

- items and goods for resale;
- food and food ingredients, as such term is defined in Section 4010.01(a) of the Code;
- drugs for human consumption that may be acquired by medical prescription only, if they comply with the requirements established in Section 4030.12 of the Code; and
- any other sale of tangible personal property that qualifies for any of the exemptions established in the Code.

As may apply, you shall request and maintain evidence of the exempt status of all purchasers.

**Line 11** – Indicate the total amount of sales of exempt services generated during the month, including, as applicable, the sale of:

- services rendered to a person engaged in a trade or business or carrying out activities for the production of income;
- designated professional services, as such term is defined in Section 4010.01(ll) of the Code;
- services provided by the Government of Puerto Rico and the Federal Government;
- educational services;

- interests and other charges for the use of money;
- charges for services provided by financial institutions;
- insurance services and commissions;
- health or medical hospital services;
- services rendered by persons whose annual business volume does not exceed \$50,000; and
- any other sale of services that qualifies for any of the exemptions established in the Code.

The above indicated exempt services are defined in Section 4010.01(nn) of the Code and in Article 2301-1(pp) of Regulations No. 7249 of November 14, 2006 (Regulations No. 7249).

As may apply, you shall request and maintain evidence of the exempt status of all purchasers.

**Line 12** – Indicate the total amount of sales of exempt admission fees generated during the month, including the sale of admission fees for sports events or other types of events sponsored by public or private elementary schools, intermediate schools, high schools, universities or colleges that provide educational services.

As may apply, you shall request and maintain evidence of the exempt status of all purchasers.

**Line 13** – Indicate the sales price corresponding to exempt items (that were not subject to the sales tax) that were returned during the month. This deduction shall be reported in the return corresponding to the month in which the returns were made, regardless of the date of the original sale.

**Line 15** – The Amount Subject to the Sales and Use Tax represents the total amount subject to the taxes indicated in Sections 4020.01, 4020.02 and 6080.14 of the Code.

**Line 16** – Use this line to calculate the tax of 6% (5.5% indicated in Sections 4020.01 and 4020.02 of the Code and 0.5% indicated in Section 6080.14 of the Code and administered by the Department of the Treasury).

**Line 17** - Use this line to calculate the tax of 1% only if your commercial establishment is located in a Participating Municipality.

If your business is not located in a Participating Municipality, you shall indicate zero on this line. You will be responsible for remitting to the Municipality, the amount corresponding to 1% of the Amount Subject to the Sales and Use Tax (Line 15).

**Line 18** - Indicate the total amount of deposits of the SUT for the period made before filing this return.

**Line 19** – Indicate the total amount of the credit for sale of merchant's property if you meet the requirements of Section 4050.02 of the Code and Article 2702-1 of Regulations No. 7249.

**Line 20** - Indicate the total amount of the credit for bad debts if you meet the requirements of Section 4050.03 of the Code and Article 2703-1 of Regulations No. 7249.

**Line 21** - Indicate the total amount of the credit for taxes paid by the merchant if you meet the requirements of Section 4050.04 of the Code, Article 2704-1 of Regulations No. 7249 and Internal Revenue Circular Letter No. 09-12.

This credit applies to all registered merchants that have paid SUT in the purchase of taxable items for resale. The same is limited to 6% of the

amount paid to acquire the taxable items for resale, since the municipal portion attributable to the 1% collected by the municipalities cannot be claimed as credit. This credit can be claimed in the Monthly Return corresponding to the period in which said tax was paid. This credit does not apply to manufacturers.

Use the following worksheet to determine this credit.

### WORKSHEET

- |   |  |
|---|--|
| 1. SUT of 6% sent to the Secretary paid in this period on purchases made for resale based on receipts and commercial invoices (you shall have all receipts and commercial invoices available in case that they may be required as part of an investigation or audit procedure). In the case of receipts or invoices that do not reflect separately the 6% SUT sent to the Secretary and the 1% municipal SUT, multiply the total amount of SUT paid by .8571 ( $6\% \div 7\%$ ) .....   |  |
| 2. <b>Carryover credit not used in the previous period:</b> Enter the amount indicated on line 6 of the <u>Worksheet</u> corresponding to the previous period .....   |  |
| 3. <b>Total credit available</b> (Add lines 1 and 2) .....  |  |
| 4. <b>Limitation:</b>   |  |
| (a) Enter the total of lines 16 and 17 of the SUT Monthly Return corresponding to this period   |  |
| (b) Enter the total of lines 18, 19 and 20 of the SUT Monthly Return corresponding to this period .....   |  |
| (c) Subtract line 4(b) from line 4(a) (If the result is less than zero, enter zero ("0")) .....   |  |
| (d) Multiply line 4(c) by .8571 ( $6\% \div 7\%$ ) .....  |  |
| 5. <b>Credit available for this period:</b> If you are a merchant that operates in a <u>Non Participating Municipality</u> , enter here and on line 21 of the SUT Monthly Return corresponding to this period, the smaller of lines 3 and 4(c). If you are a merchant that operates in a <u>Participating Municipality</u> , enter here and on line 21 of the SUT Monthly Return corresponding to this period, the smaller of lines 3 and 4(d) .....  |  |
| 6. <b>Carry forward credit for next period:</b> If you are a merchant that operates in a <u>Non Participating Municipality</u> and line 3 is <u>smaller</u> than line 4(c), enter zero ("0") here. If line 3 is <u>larger</u> than line 4(c), enter the difference here. If you are a merchant that operates in a <u>Participating Municipality</u> and line 3 is <u>smaller</u> than line 4(d), enter zero ("0") here. If line 3 is <u>larger</u> than line 4(d), enter the difference here. This will be the amount of credit that you may carry forward to next period (line 2 of the <u>Worksheet</u> corresponding to next period) ..... |  |

You shall maintain all the documentation needed to demonstrate that you have a right to the credits claimed on lines 19 through 21, so that you can present it upon request of the Department of the Treasury. The Secretary of the Treasury may reject a credit claimed on the return if it is not supported by the appropriate documents.

**Line 23** - If you did not pay the SUT on or before the tenth (10<sup>th</sup>) day of the month following the month during which the transaction subject to said tax occurred, you shall include interest calculated at an annual rate of 10% from the tenth (10<sup>th</sup>) day of the month to the date when the payment is made.

**Line 24** - In all cases where the payment of interest is applicable, a surcharge equivalent to 5% of the total unpaid amount shall be charged if the delay in payment exceeds 30 days, but not 60 days; or 10% of the total unpaid amount if the delay exceeds 60 days.

**Line 25** - A progressive penalty shall be imposed for not filing this return, unless you demonstrate that such omission is due to a reasonable cause and not to voluntary neglect. If the omission does not exceed 30 days, 5% shall be added to the SUT balance, and an additional 10% shall be added for each additional 30 day period or fraction thereof while the omission continues to exist, without exceeding 25% in total.

### RETURNED CHECKS

Every returned check drawn on behalf of the Secretary of the Treasury, will be subject to a \$25.00 minimum charge. This charge is in addition to any other interest, surcharges and penalties provided by the Code or any other fiscal law for omissions in fulfilling your tax responsibility. The Department will make the collection in a traditional or electronic manner.

### REQUIREMENT TO KEEP DOCUMENTS

All merchants shall maintain in Puerto Rico, for a period no shorter than six (6) years, all the information that serves as evidence of the taxable items received, used, sold, distributed, stored, or leased by said merchant, such as invoices, shipping documents, collections for said sales, and any other document that the Secretary could request.

Furthermore, all merchants shall maintain, for a period no shorter than six (6) years, accounting books, papers, documents, and any other evidence related to their sales and to the amount of the collected and deposited sales tax. The documents and information to be maintained include, but are not limited to, statements, invoices, commercial receipts, canceled checks, payment receipts, and exemption certificates.

### SIGNED RETURN

This return shall not be considered as filed and may not be processed unless you sign it with ink.

### NOTICE TO SPECIALISTS

All tax return specialists who prepare Sales and Use Tax Returns are required to file such returns electronically on behalf of their clients. The system will require you to enter your name and registration number. The Code provides administrative fines and penalties for specialists who do not provide this information or do not comply with any other of the requirements established in the Code.

**PARTICIPATING MUNICIPALITIES LIST**

The following municipalities participate in the SUT uniform administration agreement:

- Aguadilla
- Aibonito
- Arroyo
- Barranquitas
- Bayamón
- Ciales
- Culebra
- Fajardo
- Hatillo
- Juncos
- Lajas
- Lares
- Maricao
- Maunabo
- Naguabo
- Patillas
- Peñuelas
- Rincón

**PARTICIPATING FINANCIAL INSTITUTIONS**

The participating financial institutions where you can file and pay this return are:

- BBVA
- BPPR
- Banco Santander
- Citibank
- Doral Bank
- Eurobank
- First Bank
- RG Premier Bank
- Scotiabank
- Westernbank
- Participating Cooperatives