

November 6, 2007

## **INFORMATIVE BULLETIN FROM INTERNAL REVENUE NO. 07-21**

**SUBJECT: CLOSING AGREEMENT TO PAY THE SALES AND USE TAX DIRECTLY TO THE SECRETARY OF THE TREASURY IN ACCORDANCE WITH SECTION 2811 OF THE PUERTO RICO INTERNAL REVENUE CODE OF 1994, AS AMENDED**

Paragraph (a) of Article 2811-1 of Regulation No. 7249 of November 14, 2006 (Regulation) establishes that any merchant who qualifies under said section and wishes to request a permit to pay the sales and use tax (SUT) directly to the Secretary of the Treasury (Secretary), instead of paying it to the seller of the taxable items, shall do so by presenting a closing agreement with the Secretary in accordance with the provisions of Section 6126 of the Puerto Rico Internal Revenue Code of 1994, as amended (Code).

To that effect, the purpose of this Informative Bulletin is to notify the procedure that shall be used to request and obtain a closing agreement with the Secretary in accordance with Sections 2811 and 6126 of the Code.

### **I. Discussion**

As established by paragraph (a) of Article 2811-1 of the Regulation, any merchant who wishes to request a closing agreement with the Secretary shall include in said agreement his or her general information and the following:

1. a certification in which he or she agrees to file the SUT Monthly Return, as provided in Section 2602 of the Code, and to pay the SUT for the taxable items on the date established in Section 2606 of the Code;
2. a description, with the detailed information that the Secretary shall determine, of the accounting system through which the applicant shall make the distinction between the taxable items and the exempt items;

3. an explanation of the business reasons that justify the use of the permit to pay the SUT to the Secretary directly, and the merchant's capacity to comply with the requirements of information and payment imposed by Subtitle BB of the Code and the Regulation;
4. evidence that establishes that the applicant annually purchases taxable items with a value of eight hundred thousand (800,000) dollars or more, excluding the value of the taxable items purchased for resale or to be used as raw materials or machinery and equipment by a manufacturing plant;
5. the bond that, in keeping with the power conferred to him or her by Section 2810 of the Code, the Secretary may at his or her discretion request in the amount that he or she deems reasonable; and
6. any other information that the Secretary may require.

## II. Procedure

Any merchant, who wishes to request and obtain a closing agreement with the Secretary in accordance with the dispositions of Section 2811 of the Code, shall follow the procedure established below:

1. All requests shall be sent to the Assistant Secretary of Internal Revenue (Assistant Secretary), Office No. 620 of the Intendente Ramírez Buliding in Old San Juan, o sent via mail to the following address:

Department of the Treasury  
Assistant Secretary of Internal Revenue  
Office No. 620  
P.O. Box 9024140  
San Juan, Puerto Rico 00902-4140

2. The request shall be in writing and shall include the information indicated in the draft of the closing agreement that is attached to this Informative Bulletin. In addition, the request shall include the name and address of the person to whom the Assistant Secretary shall send the Total Exemption Certificate once the closing agreement has been approved. The request will not be processed until **all** the information has been submitted.

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3. The corresponding fee indicated in Regulation No. 6103 of February 25, 2000, shall be paid. Said payment shall be made by money order or check payable to the Secretary of the Treasury.

For additional information regarding the dispositions of this Informative Bulletin, please call (787) 721-2020 extension 3611 or toll free (1) (800) 981-9236.

Cordially,

Juan C. Méndez Torres

Attachment